Reporting period
1/1/2019 – 31/12/2019

DISCLOSURE INSIGHT ACTION

2020 CLIMATE CHANGE RESPONSE

CONTENTS

AIB Group Plc - Climate Change 2020

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

AIB is a financial services group operating predominantly in the Republic of Ireland and the United Kingdom. We provide a range of services to retail, business and corporate customers, with market-leading positions in key segments.

AIB is our principal brand across all geographies. In Ireland, EBS is our challenger brand and Haven is our mortgage broker channel.

AIB is committed to backing sustainable communities and making a positive contribution to society. Our business strategy aims to achieve a balance between investing to sustain competitiveness while delivering attractive returns. In an evolution of our four-pillar 2017-2019 strategy, we have added Sustainable Communities as a fifth pillar, reflecting our ambition to be both a leading financial institution in climate action and a meaningful part of the communities in which we operate. Our purpose remains: to back our customers to achieve their dreams and ambitions.

In 2019, AIB committed to making €5bn available to support Ireland's transition to a lower-carbon economy. In September, AIB became a Founding Signatory of the United Nations Environment Programme – Finance Initiative (UNEP FI), committing to align our business with the Sustainable Development Goals and the Paris Agreement on Climate Change. In that same month, AIB also became a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) and launched a Green Bond Framework in line with the globally recognised International Capital Markets Association (ICMA) green bond principles.

AIB was the main sponsor of Climate Finance Week Ireland (CFWI19), which took place on November 2019. The annual AIB Sustainability Conference featured as a key event of the week's schedule.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Ireland
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

EUR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which organizational activities does your organization undertake?

Bank lending (Bank)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Sustainable Business Advisory Committee, established by the Board of AIB Group, is the overarching Board Advisory Committee responsible for the guidance of AIB's Sustainability and Climate Agenda. A Director of the Board chairs the Sustainable Business Advisory Committee (SBAC). In 2019, membership of SBAC was refreshed following changes to the AIB Group Board membership and includes members of the Executive Committee (the Chief Executive Officer, Chief People Officer and the Director of Corporate Affairs & Strategy) along with three Non-Executive Directors. Board committee oversight of sustainability within AIB ensures that there is clear accountability and leadership from the Board for climate change issues. A Director's presence on the committee ensures that there is continuity and clear upstream communication (Board of Directors) and downstream communication (CEO, Executive Committee and AIB senior managers). Throughout 2019 SBAC continued to support the business, with particular focus and contribution to the development and approval of the refreshed sustainability and climate strategy as part of AIB's Group Strategy to 2022. 2019 Examples: Through the year, The Sustainable Business Advisory Committee (SBAC) received updates and oversaw many sustainable initiatives such as a) the €5bn Climate Action Fund that would be available over five years to support Climate Action, b) our new Green Mortgage product, offering a new lower rate of interest for Private Dwelling Home (PDH) mortgage customers with a BER rating of between A1 and B3, c) the Green Bond Framework which would allow AIB to issue green bonds and meet the demands of investors who are increasingly seeking to invest in green bonds. Additionally SBAC considered the Group becoming Founding Signatory of the UNEP FI Principles for Responsible Banking at the UN General Assembly and a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) which cumulatively position the Group strongly to deliver on its aims of long-term sustainable growth for the benefit of our stakeholders.
Other, please specify (Leadership Team and Senior Managers)	The Sustainability Implementation Group (SIG) was established in 2019 to embed the refreshed sustainability and climate strategy in the business. SIG comprises members of senior representatives from each business area across AIB who have specific responsibilities, including: • agreeing the Group plan and deliverables to enable the sustainability and climate strategy • development of appropriate processes, propositions, targets and data points in support of the plan and overall ambition • ownership of business area reporting to support ongoing stakeholder engagement and communications • advocacy for sustainability and climate issues within their business area, in particular across management teams SIG is chaired by AIB's Director of Corporate Affairs, Strategy & Sustainability.
Chief Sustainability Officer (CSO)	AIB's CSO heads up AIB's Office of Sustainable Business (OSB). The OSB (Office of Sustainable Business) is responsible for guiding AIB's approach relating to sustainability and to co-ordinate, develop key policies and activities relating to sustainability. Its role is to integrate a sustainable approach across all areas and at all levels of AIB. A key objective for the OSB is to work with the business to continue to integrate Environmental, Social and Governance (ESG) principles across all AIB activities. This includes understanding, measuring and disclosing the impact of our activities on all AIB stakeholders, society and the environment. The CSO is a member of SBAC, the Sustainable Business Advisory Committee and SIG, the Sustainability Implementation Group.
Other, please specify (Head of Energy, Climate Action)	The Head of AIB's Energy, Climate Action and Infrastructure oversees a strategically important team, with a particular focus providing financial solutions to support Ireland as it transitions to a low carbon economy. The Head of Energy and Climate action is a member of SBAC, the Sustainable Business Advisory Committee and SIG, the Sustainability Implementation Group.
Chief Executive Officer (CEO)	The CEO is responsible for driving forward AIB's Sustainability strategy and climate action agenda. The CEO sits on the Board and is a member of SBAC, Sustainable Business Advisory Committee.

C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our bank lending activities Climate-related risks and opportunities to our investment activities Climate-related risks and opportunities to our other products and services we provide to our clients The impact of our own operations on the climate The impact of our bank lending activities on the climate	The "SBAC" Sustainable Business Advisory Committee advised the Board of Directors on sustainability, environment and climate change issues, supervising the execution of AIB's sustainable business strategy in accordance with the approved Group Strategic and Financial Plan. Since its formation, the SBAC meets a minimum of 4 times a year and met eight times during 2019.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Sustainability committee	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Other, please specify (Sustainability Implementation Group (SIG))	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Chief Sustainability Officer (CSO)	Corporate Sustainability/CSR reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our other products and services	Quarterly
Other, please specify (EEHS Manager (Energy, Environment and Health & Safety Manager))	Operations - COO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Within AIB, the organisational structure is as follows: Executive Committees (Including Sustainability Sponsor) -> Sustainable Implementation Group (SIG) -> CEO -> Sustainable Business Advisory Committee (members: C-Suite Officers and Non-Executive Directors) -> Board of Directors

The CSO heads up the Office of Sustainable Business and reports to AIB's Director of Corporate Affairs, Strategy & Sustainability (AIB's Sustainability Sponsor and SIG chairman).

The EEHS manager is based within AIB's SPS (Sourcing, Property and Security) division. The EEHS manager liaises with the CSO and the COO on all relevant matters pertaining to operational energy, environment and climate change. The EEHS is also a member of the SIG.

i) A description of the responsibilities of each position and/or committee

a) AIB recognises the need to take precautionary measures to anticipate, prevent or minimise the causes of climate change and mitigate its adverse effects. This means both continuing to focus on improving our own impact on the climate as well as providing the finance to support our customers as we transition to low carbon economies. Senior managers from AIB's business lines, in collaboration with the Office of Sustainable Business (OSB), the Sustainable Implementation Group (SIG), and the Board's Sustainable Business Advisory Committee (SBAC), together provide focused governance on this issue on an ongoing basis.

b) The organisation is extremely cognisant of the potential impacts it may have on the environment. This is particularly important when dealing with the operational activities of over 300 branches. At AIB, the practical implementation of initiatives to improve our own environmental impact is the responsibility of the AIB EEHS Team within the SPS department.

ii). Why responsibilities have been assigned to these positions and committees

Climate change is one of the greatest challenges of our time, and the role of finance to support the transition to a low-carbon economy cannot be understated or underestimated. While this issue requires a long-term outlook, action is required NOW, which is why, in 2019, AIB has placed this issue at the heart of our strategy, pledging to DO MORE in addressing the climate change agenda.

The SBAC, Sustainable Business Advisory Committee, advises the Board of Directors on our sustainability and climate strategy, which is aligned to our strategic and financial plan. The SBAC includes members of the Executive Committee (the Chief Executive Officer, Chief People Officer and the Director of Corporate Affairs & Strategy) along with three Non-Executive Directors. SBAC focus is to ensure that sustainability and climate issues are embedded into how AIB is doing things, implementing the strategy into each business division and, to support AIB's CEO in driving this agenda forward.

The SBAC is supported by the SIG, Sustainable Implementation Group, which comprises members of the Leadership Team and senior managers representing a cross section of the bank's different functions. The members are an integrated working group that support ongoing projects, executes and monitors AIB's ESG and climate change-related strategy.

The CEOs role as a member of SBAC, as well as the Board and ExCo is to develop and own AIBs climate change and ESG-related strategy. To provide leadership and to ensure there is sufficient focus on sustainability and climate action, so that AIB delivers against the strategy and meets stakeholder expectations.

The CSO's role is to integrate environmental, Social and Governance (ESG) principles across all areas and at all levels of AIB. The CSO's team will coordinate AIB's response to the Task Force for Climate Related Financial Disclosures (TCFD).

AIB has developed an Environmental and Energy Management Strategy lead by the EEHS Manager. The group operates all its locations under an Integrated Management System (IMS) ISO 14001 and 50001. As part of the IMS KPIs, objectives and targets on waste, water and energy use as well as carbon emissions are set up on an annual basis. Its progress is closely monitored and externally audited yearly. The team reports monthly to the SPS management team and the COO, on a quarterly basis meetings are held with the CSO for updates and once a year there is an annual revision with the CEO and leadership team.

AIB has an emissions reduction plan based upon: i) AIB's commitment to reduce its ROI Scope 1 and 2 GHG emission intensity by 50% by 2030 (as a signatory company of the Low Carbon Pledge); b) efforts made across the business each year to further refine our data and add new categories for Scope 3 emissions. In addition, the group has a 2020 target to improve its energy efficiency by 33% from its 2009 baseline. Reports on progress against each of these emission categories (Scope 1, 2 and 3) and energy improvements are cascaded upwards from the EEHS and the CSO to board level. This allows for board oversight on climate-related issues.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Energy manager	Monetary reward	Energy reduction target Efficiency target	a) Energy management objectives are assigned to the SPS department and feed into the overall objectives for that business/department unit. An Energy team is established within the department under the management of the EEHS Manager. Obtainment of objectives are assessed through a formal Performance Review and business review system for appraisal during the year and at year end. The achievement of objectives and performance in the role determines the level of pay increase achieved. Management of climate change issues, including the attainment of targets, is managed through our career and performance development programme, Aspire, which was rolled out in 2016 to all AIB employees. On the basis of each employee's objectives, which are set out at the beginning of every year, Aspire recognises and rewards both what was achieved during the year and how it was achieved. This encourages performance as well as behaviours in line with our Values. Recognition and reward is reflected in access to levels of salary progression. Without divulging any personal information, the salary of the Energy Manager in 2019 would have reflected any uplift in base salary due to the attainment of objectives in 2018 including energy reduction objectives and efficiency targets. Please note, there is no bonus or cash incentive schemes available to AIB employees due to our Relationship Agreement with Irish State. b) AIB are obliged to fulfil the obligations set out in the National Energy Efficiency Action Plan (NEEAP), and subsequent revisions, as originally published by the Irish Government in 2009. Accordingly AIB must work to meet the requirement of achieving 33% energy savings by 2020 and 50% energy savings by 2030 (from 2009 baseline). Shorter term targets are set based on these long term objectives. In 2019 the Energy Team continued to develop and roll out initiatives that would deliver more sustainable operations such as achieving carbon and energy reductions with LED lightning upgrades in our branch network and the sourcing green gas in our GB locations. In March 2019, AIB opened its new HQ in Molesworth St (Dublin) that was designed and built to LEED Platinum standard and will reduce our building energy consumption impact.
Environmental, health, and safety manager	Monetary reward	Emissions reduction target	a) Carbon and Energy reduction objectives are assigned to the SPS department and feed into the overall objectives for that business/department unit. The EEHS heads up the Energy and Environmental team within SPS. Obtainment of objectives are assessed through a formal Performance Review and business review system for appraisal during the year and at year end. The achievement of objectives and performance in the role determines the level of pay increase achieved. Management of climate change issues, including the attainment of targets, is managed through our career and performance development programme, Aspire, which was rolled out in 2016 to all AIB employees. On the basis of each employee's objectives, which are set out at the beginning of every year, Aspire recognises and rewards both what was achieved during the year and how it was achieved. This encourages performance as well as behaviours in line with our Values. Recognition and reward is reflected in access to levels of salary progression. Without divulging any personal information, the salary of the EHS Manager in 2019 would have reflected any uplift in base salary due to the attainment of objectives in 2018 including emission reduction objectives. Please note, there is no bonus or cash incentive schemes available to AIB employees due to our Relationship Agreement with Irish State. b) All AIB locations in ROI and UK are operated under the International Management Standards, ISO14001 (Environment) and ISO 50001 (Energy). A series of projects are planned and executed annually to reduce the amount of our own Scope 3 emissions (waste and water related) onsite, as well as reducing the level of emissions generated from our Scope 1 and 2 sources. Shorter term targets are set based on long term objectives (eg. 50% intensity emissions reduction by 2030). As an example of short term target: in 2019, developing an "Environment and Climate Action" awareness course to generate widespread sustainable cultural change among staff and trialled a return scheme for all take-away containers in our HQ restaurant & cafes onsite. Helping to prevent the generation of 3.3 tonnes of waste annually.
Chief Operating Officer (COO)	Non-monetary reward	Emissions reduction target Energy reduction target Efficiency target	Management of climate change issues, including the attainment of targets, is managed through our career and performance development programme, Aspire, which was rolled out in 2016 to all AIB employees. On the basis of each employee's objectives, which are set out at the beginning of every year, Aspire recognises and rewards both what was achieved during the year and how it was achieved. This encourages performance as well as behaviours in line with our Values. Please note, there is no bonus or cash incentive schemes available to AIB employees due to our Relationship Agreement with Irish State.
All employees	Non-monetary reward	Other (please specify) (Peer to peer recognition & other rewards)	"Appreciate" is AIB's on-line, bank-wide recognition programme that enables peer-to-peer recognition and empowers employees to recognise behaviours that demonstrate our purpose and values. AIB's EEHS Manager gives recognition to colleagues and business teams that are contributing and supporting AIB's efforts to reduce its environmental impact. All full and part-time AIB employees are eligible to participate in Appreciate. A range of awards are available to recognise varying levels of employee contribution. Distribution of reusable cups and water bottles, GIY growing kits, special discounts for staff on residential waste management, etc. are used as non-monetary rewards to incentivise sustainable behavioural change.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	Yes, as the default investment option for some plans offered	ESG principles are taken into consideration in the passive equity options offered to scheme members. The Group provides a number of retirement benefit schemes. All defined benefit schemes were closed to future accrual from 31st December 2013 and all staff accrue pension benefits on a defined contribution basis from 1st January 2014. Each scheme member either selects their own investing strategy or avails of the default strategy. In either case, if equity funds are involved, ESG criteria is taken into consideration by the investment manager. Each scheme has a trustee board and AIB works with the trustees of each scheme to monitor the performance of investments. Although the Group has interaction with the trustees, it cannot direct the investment strategy of the schemes.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	5	
Medium-term	5	10	
Long-term	10	30	

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

a) A substantive financial impact has a gross financial impact >€1M.

b) Aligned to a materiality matrix, mismanagement of identified risks is assessed and evaluated as per Gross Impact and Gross Likelihood. To evaluate gross financial impact a series of criteria applicable to each risk are considered, such as impact capital reserves, damage the core earnings capacity or adverse impact on share price. A cornerstone of our risk management approach is the Three Lines of Defence model. The First Line of Defence, our business units, owns the risks and is responsible for identifying, reporting and managing them. Mismanagement of the risk may result in an event which could cause a financial impact for the impacted business units. €1m has been determined to be a substantive financial impact on the context of those units.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

AIB adopts an enterprise risk management approach to identifying, assessing and managing risks: The, 1LOD, first line of defence (all business lines) owns the risks and is responsible for identifying, recording, reporting and managing them, and ensuring that the right controls and assessments are in place to mitigate them. The, 2LOD, second line of defence (Risk & Compliance) sets the frameworks and policies for managing specific risk areas, approves all large credit exposures, provides advice and guidance in relation to the risk and also provides independent review, challenge and reporting on AIB's risk profile. (For example, the Equity Investment Strategy includes a section on sustainability and the Financial Risk function reviewed that as part of the 2LOD process. The Financial Risk function will work to further integrate ESG considerations into governance documents as 1LOD information becomes available). The, 3LOD, third line of defence (Group Internal Audit (GIA), under the Head of Group Internal Audit) is the Internal Audit function, which provides independent assurance to the Board Audit Committee on the effectiveness of the system of internal control. The Board has ultimate responsibility for the governance of all risk-taking activity at AIB. AIB uses a variety of approaches and methodologies to identify and assess its principal risks and uncertainties. a) A Material Risk Assessment ("MRA") is undertaken on at least an annual basis. The MRA identifies and assesses the most serious material risks facing the Group in terms of their likelihood and impact, considering the risks against a materiality matrix. The risks are assessed before and after controls to reduce them. Rating is based on worst estimate and uses a colour coded likelihood approach to assess the potential and actual risk impacts on Customers, Financials, Reputation or Operations. b) Other assessments of risks are undertaken, as required, by business areas, focusing on the nature of the risk, the adequacy of the internal control environment, and whether additional management action is required. c) Periodic risk assessments are also undertaken in response to specific internal or external events. Reports on the Group's risk profile and emerging risks are presented at each Executive Risk Committee ("ERC") and Board Risk Committee ("BRC") meeting. The Group has identified climate change as a key risk driver for the business model, credit risk and operational risk. Climate Risk and its impacts are being assesses in the Group's Material Risk Assessment Process. In line with the Group's 2022 strategy, the risk function will work to further integrate ESG considerations (and in particular the impact of climate risk) into the Group's risk management approach and will carry on ongoing reviews of all other risk frameworks and polices. The bank's strategy is informed by the Material Risk Assessment - this identifies the risks to the Group, which are considered during the strategy setting process. The Risk Appetite Statement (RAS) is determined by the Board and outlines the level and types of risks that AIB is willing to take in its pursuit of the Bank' strategic objectives. The RAS qualitative statements describe AIB's attitude to taking a managing risk. It also contains risk appetite metrics, in the form of watch triggers and limits. The watch triggers and limits monitor changes in the Bank's risk profile. Breaches of watch trigger or limits are escalated to the Executive Risk Committee and the Board Risk Committee. If limits are breached, they are escalated to the full Board and our Regulators. Our refreshed core strategy to 2022 has introduced an additional strategic pillar – Sustainable Communities – which sets out a clear direction for sustainable finance and climate action. The strategy addresses risks and opportunities that may impact our business in the short term and we have reflected that right across our agenda for business and investment. Regarding medium and long term risk and opportunities, SBAC (The Sustainable Business Advisory Committee) and SIG (The Sustainability Implementation Group) continue to support the business in identifying, assessing and responding to R&O and will advise on how to incorporate them as part of our future business strategy. AIB process for prioritizing climate-related risks and opportunities; a) Risks: A standard set of criteria, captured in the 'Materiality Matrix' is employed for assessing the significance of risk exposures and incidents to determine whether and how they should be reported and escalated. Worst estimate for any one of the following potential or actual impacts affecting Customers, Financials, Reputation or Operations will determine risk priorities. b) Opportunities: These should align to our strategy pillars (sustainable communities, customer first, simple and efficient, risk and capital, talent and culture) and our values. Market research, legal and stakeholder requirements and financial implications will be taken into account to prioritize the opportunity. CASE STUDIES: i) Physical Risk "Extreme weather events": Not only one area would have categorised this as a risk. a) Property: as a Continuity Risk (Natural event that could cause damage to property), b) IT Security team = natural event that could cause a local power failure, c) local market team = continuity risk (natural event that could cause financial loss for our branches). All teams would have entered this information on Shield (our risk management system). Operational controls of these teams, as alignment of internal standards with ISO 22301 or preventive maintenance measures (procuring flood barriers), will then reduce the likelihood and impact of the risk. ii) Transition Risk "Carbon pricing policy developments": Recently, the Irish Committee on Climate Action agreed a series of increases for the carbon tax from 2020 (from €20 per tonne of CO_2 to €80 in 2030). This tax applies to certain fuels for heating and for transport purposes. This risk has been categorised under Compliance with Environmental Legislation on Shield. A Group Energy Management Strategy was actioned by the Board. Milestones within the Energy Strategy are designed to reduce the impact and likelihood of this risk. This risk is monitored and evaluated on Shield by our Energy and Environmental Team within AIB's SPS division. ISO 14001 and ISO 50001 are used to manage and control the risk, any adverse events breaking the risk are captured and assessed on Shield.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	AIB's objective is to conduct its business in accordance with both the letter and the spirit of the relevant laws, regulations and codes which apply to its regulated activities, as well as AIB's internal compliance policies and standards and to act with integrity, honesty and fairly in dealing with its customers. Compliance is a key component of the Bank's internal control framework. The Regulatory Compliance Risk Management Framework ('the Framework') sets out the internal control and governance structures in place in order to achieve the Group's regulatory compliance objectives. While the Board has ultimate responsibility for the governance of all risk taking activity in the Group, it has delegated a number of risk governance responsibilities to various committees and key officers. The Group operates a Three Lines of Defence (3LOD) Model. Self-assessment of risk is completed at business unit level (1LOD, first line of defence). The 1LOD is responsible and accountable for the identification, assessment, management, monitoring and reporting climate-related risks in their areas of responsibilities. AIB has energy savings reporting obligations under EAS (Ireland) and ESOS (UK) regulations. The 1st line of defence (AIB SPS division) identifies "non-compliance with current energy regulations" as a risk and assesses its gross impact using the materiality matrix. a) That division ensures that the right controls and assessments are in place to mitigate the impact of this risk. Such as: i) establishment of Energy and Environmental Policies that include a commitment to fulfil compliance obligations. b) building a dedicated E&E Team within SPS who will make sure AIB meets ESOS/EAS obligations ii) implementation an Integrated Management System (Energy & Environment) in all our locations . b) After controls are in place the risk is given a Net Risk Value. All these processes are recorded using our Risk Management System (Shield). Any potential breach of compliance with ESOS/EAS is notified by the SPS (1LOD) via AIB's Energy & Environmental Team to AIB's second line of defence (2LOD).
Emerging regulation	Relevant, always included	Compliance is a key component of the Bank's internal control framework. The Regulatory Compliance Risk Management Framework sets out the internal control and governance structures in place in order to achieve the Group's regulatory compliance objectives. While the Board has ultimate responsibility for the governance of all risk taking activity in the Group, it has delegated a number of risk governance responsibilities to various committees and key officers. The Group operates a Three Lines of Defence (3LOD) Model. Self-assessment of risk is completed at business unit level (1LOD, first line of defence). The 1LOD is responsible and accountable for the identification, assessment, management, monitoring and reporting climate-related risks in their areas of responsibilities. Carbon pricing policy developments: the Irish Committee on Climate Action agreed a series of increases for the carbon tax from 2020 (from €20 per tonne of CO2 to €80 in 2030). This tax applies to certain fuels for heating and for transport purposes. This risk has been categorised under Compliance with Environmental Legislation and assessed on Shield by AIB's SPS Division (1LOD). That division ensures that the right controls and assessments are in place to mitigate the impact of this legal risk. Such as the implementation of an Energy & Environmental Strategy to reduce the impact and likelihood of this type of risk. The SPS division ensures that all Energy & Environmental legislation is continually under review by means of subscription to a web-based legal register and that at least on an annual basis a compliance check is performed by the EEHS Manager. The web-based register provides updates and notifications on emerging regulation. If changes are identified, risk implications are evaluated using the Risk Matrix and communicated to the relevant key officer who will introduce the information in Shield (our risk management system).
Technology	Relevant, always included	Our credit risk and business model risk frameworks have been adjusted to ensure that climate risks are considered in the development of our risk policies and business model. The impact of low carbon technology is considered as part of our risk assessment processes. New technologies and shifts on demand will influence of our financing decisions. We understand the benefits to the bottom line for businesses who introduce energy saving measures, and we factor those benefits into our credit decisions process. In 2019, AIB launched its Green Bond Framework, in line with the globally recognised International Capital Markets Association (ICMA) green bond principles. Through this framework, we are backing our customers in addressing the transition to a low-carbon economy and are showing our intent to our investors to lead the way in funding sustainable Irish business. Regarding technological risk, AIB has a specialist team within its business banking division dedicated to provide products for financing business involved in the energy sector. AIB has a dedicated funds for investing in large energy efficiency projects and start-up companies in the sustainable technologies sector. The Group's new project finance policy sets out the rules for financing of long term infrastructure, industrial projects and public services. It identifies sectors which the Group is keen to support with project finance (e.g. renewable energy) as well as sectors which are excluded (e.g. oil and gas exploration). As an example, to incentivise and accelerate Ireland's transition to lower carbon transport options, AIB in collaboration with a number of our distributor partners offers additional discounts to some of our existing car finance offerings for electric vehicles. AIB is supporting the adoption and growth of electric vehicles in the Irish market and our products will continue to develop as customers migrate to electric automobiles, which will be a key enabler in tackling Ireland's decarbonisation challenge. AIB is demonstrating of technological risk by providing financing to the Irish economy to mitigate.
Legal	Relevant, always included	The legal and regulatory landscape in which AIB operates is constantly evolving, and the burden of compliance with laws and regulations is increasing. AIB defines legal risk as the potential for loss arising from the uncertainty of legal proceedings and potential legal proceedings, but excludes strategic and reputational risk. Regulatory compliance risk is defined by AIB as the risk of regulatory sanctions, material financial loss or loss to reputation which the AIB may suffer as a result of failure to comply with all applicable laws, regulations, rules, standards and codes of conduct applicable to its activities. The Regulatory Compliance function operates a risk framework approach that is used in collaboration with business units to identify, assess and manage key compliance risks at business unit level. These risks are incorporated into the RCAs (Risk and Control Assessments) for the relevant business unit. Regulatory compliance monitors relevant regulatory guidance relating to climate risk and complete impact assessment for all regulation which may impact the Group. Example: AIB UK is required to consider the Prudential Regulatory Authority's policy (PS 11/19) and supervisory statement (SS3/19) on the financial risks of climate change and incorporate these within the context of the overall Group's objective of supporting customers to transition to a low carbon economy. Following the publication of the PS 11/10 and SS3/19 concerning the management of the financial risks from climate change. AIB UK submitted an action plan setting out how they plan to achieve the overall management of climate change risk. Regulatory Compliance report to the Chief Risk Officer and independently to the Board, through the Board Risk Committee, on the effectiveness of the processes established to ensure compliance with laws and regulations within its scope.
Market	Relevant, always included	The Group is exposed to market risk through the following wholesale market risk factors: interest rates, foreign exchange rates, equity prices, inflation rates and credit spreads. Changes in customer behaviours and the relationship between wholesale and retail rates give rise to changes in the Group's exposure to market risk factors and are also an important component of market risk. Climate change is increasingly a key risk driver of market prices, be that investor appetite for certain sectors or where weather events could begin to impact on government finances and thereby impact sovereign bond prices, for example. Market risk is identified and assessed using portfolio sensitivities, Value at Risk ("VaR") and stress testing An example of market risk that is included in our risk assessments is credit risk. In certain portfolios, market and credit risk are closely linked. As a result in 2019, a credit risk working group was established to perform a high level portfolio review on the impact of climate change on the Group's portfolios. The Group's project finance policy identifies sectors which the Group is keen to support with project finance (e.g. renewable energy) as well as sectors which are excluded (e.g. oil and gas exploration). In addition, a number of other sectors considered to be incongruent with the aims of sustainability were identified for exclusion from future lending. The Group is working to incorporate these exclusions into credit risk policy in 2020.
Reputation	Relevant, always included	The Group's relationships with its stakeholders, including its customers, staff and regulators, could be adversely affected by any circumstance that cause real or perceived damage to its brands or reputation. Any damage to the Group's brands and/or reputation could have a material adverse effect on the Group's business, results of operations, financial condition or prospects. AIB may be adversely affected through the manifestation of physical risks (such as the impact on property from weather-related events) and transition risks (the financial risks as a result of the transition to a low-carbon economy). Failure to manage these risks would result in either financial and/or reputational impact from a lack of adherence to sustainable principles. Sustainable Communities is now the fifth pillar of our refreshed strategy, this is reflective of the work we are doing to ensure that we have a climate resilient and responsive business. In September 2019, we became a Founding Signatory of the UNEP FI Principles for Responsible Banking and became a supporter of the Task Force for Climate-Related Financial Disclosures. We are making progress working to integrate Environmental, Social and Governance (ESG) considerations into our lending decisions. Our Energy, Climate Action & Infrastructure and Structured Finance teams incorporate ESG considerations in both customer due diligence and assessment for finance. Cases with potential negative ESG impacts are escalated to senior management for review. In 2019, as a result of these considerations, we exited a syndicated loan transaction.
Acute physical	Relevant, always included	The Group has 325 locations across Ireland and the UK some of them are located in coastal areas vulnerable to flooding or storm surges. Published work on Ireland's climate outlook predicts an increase in the severity, duration and/or frequency of extreme weather events. AIB is exposed to this risk through our operations and our customers. Our vulnerability to these events was exposed in 2018, when Ireland and UK were impacted by Storm Emma, a cold spell that caused the disruption of AIB's operations for several days due to unusually low temperatures and heavy snowfall. AIB's Engineering Team created a series of initiatives to ensure business operational continuity. A €100,000 emergency expenditure was approved to cover among others: weekend works, auxiliary visits to our branches, 24/7 specialist services to enable de-icing, anti-icing and snow clearing services. The learnings of these actions are now integrated on our operational controls and business continuity management procedures and will help us to reduce the impacts of this type of risk. Acute Physical risks might also affect the operations of our clients. For example, drought conditions can led to a collapse in grass growth, limited grazing and an interruption to silage production. The agriculture sub-sector might see an impact on their cash-flows underpinning their ability to repay debt.
Chronic physical	Relevant, always included	We recognise the potential negative impacts and opportunities present by chronic physical risks. At an operational level, increases in the mean ambient temperature have resulted in increased running costs to our AIB branch network. This has a direct effect on the energy costs associated with cooling of buildings and computer equipment as well as increase of maintenance works budget to provide a comfortable working environment for our staff. Potential financial impact of extra maintenance and "fuel" operational cost has been estimated as €250,000. A credit risk working group was established to perform a high level portfolio review on the impact of climate change on the Group's portfolios. Physical risks can potentially result in large financial losses, impairing asset values and the creditworthiness of AIB borrowers. Case Study: Dry and very warm temperatures in summer had a direct impact on our operations since 2017 onward. Based on data gathered by AIB SPS since 2017, raising temperatures have required 25% more A/C reactive maintenance services each summer period. Learnings from 2017 summer extra operational costs have been applied since and a new set of operational controls was implemented to manage this risk and to reduce its net risk. The new controls were really effective to handle the operation of our branches during the summer of 2018 in which Ireland and the UK experienced a period of unusually hot weather from the 22nd of June to the 7th of August 2018.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	Yes	We use scenario analysis to test AIBs portfolio against the potential impacts of climate change. The initial focus for these scenarios have been on where we believe we can have the biggest climate impact in terms of our lending portfolio. In doing so, we considered a) the highest emitting sectors in ROI/UK; and b) AIB's largest credit exposures. Based on these criteria, we focussed on the agriculture, mortgages, commercial property, transport and energy sectors. The findings have enabled us to understand the business environment in which those sectors are operating from a climate change perspective and how those sectors may need to adapt in order to mitigate the risks identified. For further information on scenario analysis please see section C. 3.1b. AIB has incorporated a section on ESG considerations into the Equity Investment Checklist and continue to explore opportunities and processes for implementing ESG factors into the overall strategy. A credit risk working group was established to perform a high level portfolio review on the impact of climate change on the Group's portfolios.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	This option is not applicable

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	Minority of the portfolio	Qualitative	The assessment of our portfolio exposure cover less than 50% of our portfolio and thus we have selected minority of the portfolio. Tools used to assess our portfolio exposure: We use scenario analysis to test AIBs portfolio against the potential impacts of climate change. The initial focus for these scenarios have been on where we believe we can have the biggest climate impact in terms of our lending portfolio. In doing so, we considered a) the highest emitting sectors in ROI/UK; and b) AIB's largest credit exposures. Based on these criteria, we focussed on the agriculture, mortgages, commercial property, transport and energy sectors. The findings have enabled us to understand the business environment in which those sectors are operating from a climate change perspective and how those sectors may need to adapt in order to mitigate the risks identified. For further information on scenario analysis please see section C. 3.1b. A second tool used is our exclusion list. Our wholesale 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. Further info here: https://aib.ie/corporate/sector-expertise/excluded-activities AIB's Equity Capital (EC) team considers ESG as part of the due diligence process for new investments. A component of EC's strategy is to support 'responsible' or 'sustainable' investing, and incorporate ESG considerations into their investment decisions and overall portfolio management process. In recent years, there has been a transformational shift towards sustainability led investment strategies in the marketplace. EC will endeavour to be a responsible investor and strive to be part of this growing community which fosters a long term focus on company performance, investment returns and market behaviour. EC's strategy will evolve over time as it refines its approach to integrating material ESG issues into the investment decision making process. AIB has incorporated a section on ESG considerations into the Equity Investment Checklist and continue to explore opportunities and processes for implementing ESG factors into the overall strategy. Assessment of opportunities: AIB has established a Socially Responsible Investment (SRI) Bond portfolio 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). Sustainable bonds aim to deliver sustainable value. The Socially Responsible Investment bond portfolio represents AIB's next step in contributing to sustainable economic development. AIB has designed four key Pillars of Sustainable Investment for our SRI Portfolio. 1) Focuses and Exclusions: a) Our SRI portfolio will focus on the project categories such as renewable energy, sustainable water management, pollution prevention, green buildings, energy efficiency and social projects. b) In order to ensure the SRI portfolio maintains a high standard of socio-economic and environmental contribution, we will exclude some issuers as there are some industries where we deem there to be no foreseeable pathway to responsibly invest in them. For example, corporate issuers whose primary business is in Natural gas fracking. 2) Reporting: We require issuer reporting to align with the ICMA Green/Social Bond Principles reporting recommendations 3) SRI Engagement: We will look more favourably upon issuers who actively engage in the world of socially responsible investment and upon issuers whose frameworks incorporate some of the UN Sustainable Development Goals (SDGs). 4) Living the Sustainable Way: Internal governance is a significant factor in our analysis of a sustainable bond issuer. We are looking to see issuers who conduct themselves and grow in a socially responsible way. In terms of ESG issuer scoring, we rely on external ESG reviews to contribute to our investment decisions.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Unknown	Risks: Water is critical to the oil & gas industry. The extraction of hydrocarbons produces large volumes of water. It's recognised that these activities have a negative impact on water security. AIB Corporate, Institutional and Business Banking (CIB) has elected to implement a Sustainability Exclusion List (https://aib.ie/corporate/sector-expertise/excluded-activities) across all its wholesale businesses units. 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. Such as activities involved in: a) Onshore/offshore exploration, extraction or refining of Oil; b) Natural Gas fracking; Opportunities: a) AIB has committed to make five billion euros of funding available (one billion euro per annum) to support Ireland's transition to a lower carbon economy. This funding is also available for propositions on the area of water infrastructure. b) Our SRI portfolio will focus on Sustainable management of wastewater, such as: Efficient urban and rural drainage and Environmentally friendly flood mitigation systems.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	This option is not applicable

C-FS2.2e

(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Unknown	Risks: a) We assess the risks associated with our forestry lending on a case by case basis as per BAU policies and processes. b) AIB Corporate, Institutional and Business Banking (CIB) has elected to implement a Sustainability Exclusion List across all its wholesale businesses units (https://aib.ie/corporate/sector-expertise/excluded-activities). 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. Such as activities involved in: a) Deforestation or the burning of natural ecosystems for the purposes of land clearance; b) Timber from illegal trading or logging operations; c) Production or trade in wood or other forestry products other than from sustainably managed forests d) Producing, processing animal fur Opportunities: In 2019, AIB committed to make five billion euros of funding available (one billion euro per annum) to support Ireland's transition to a lower carbon economy. This funding is also available for propositions on the area of forestry.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	This option is not applicable

C-FS2.2f

(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?

	We request climate-related information	Please explain
Bank lending (Bank)	Yes, for some	a) In Real Estate Lending, All residential and commercial development loans are monitored to ensure that they are compliant with current building regulation. This ensures an 'A' rating for all units. This is now being moved to NZEB for both. All new CRE property applications seek a Building Energy Rating (BER) Number. These ratings are taken into account in both the commercial terms analysis and the credit analysis process. b) In all Renewable Energy Lending we carry out due diligence on compliance with various permitting requirements such as Planning Permission which can include an Environmental Impact Assessment. There is a section in each credit paper which discusses ESG aspects of the case. Finally, as part of the Green Bond process we calculate the quantity of tonnes of CO2 avoided for each case. c) Our Corporate banking Business Unit has commenced providing Sustainability Linked Loans. Under these arrangements customers are required to provide climate related information both prior to sanction and on an ongoing basis during the term of the loan. Risk Assessment also includes Sustainability commentary and where appropriate an Environmental Protection Agency template is also factored into risk assessment. d) AIB's Equity Capital (EC) team considers ESG as part of the due diligence process for new investments. A component of EC's strategy is to support 'responsible' or 'sustainable' investing, and incorporate ESG considerations into their investment decisions and overall portfolio management process. In recent years, there has been a transformational shift towards sustainability led investment strategies in the marketplace. EC will endeavour to be a responsible investor and strive to be part of this growing community which fosters a long term focus on company performance, investment returns and market behaviour. EC's strategy will evolve over time as it refines its approach to integrating material ESG issues into the investment decision making process. They have incorporated a section on ESG considerations into the Equity Investment Checklist and continue to explore opportunities and processes for implementing ESG factors into the overall strategy. e) AIB has established a Socially Responsible Investment (SRI) Bond portfolio. In order to measure the impact of our investment, we require issuer reporting to align with the ICMA Green/Social Bond Principles reporting recommendations for both Allocation and Impact Reporting. We require the issuing framework to have a Second Party Opinion, as per the ICMA Green/Social Bond Principles. These reports allow us to demonstrate and contextualise the positive impact AIB's investments are having throughout the world.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	This option is not applicable

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation	Other, please specify (Energy Savings reporting obligations)

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

Policy and legal risk

Company-specific description

The Group has energy savings reporting obligations under EAS (Ireland) and ESOS (UK) regulations. For its UK operations AIB is required to comply with ESOS, (Energy Service Obligation Scheme) and for its ROI operations via Irish legislation via the EAS (Energy Auditing Scheme - SI 426 of 2014). In addition, under SI 542 Energy Services Directive, AIB has been considered a Public Body under Energy Efficiency Legislation (since 2012) as it is 71% State owned. As such the organisation is now required to achieve 33% energy savings by 2020. There is a financial risk associated with fines for non-compliance with these legal requirements. AIB is a customer driven organisation. Negative publicity will affect credit ratios and customer perception. The risk of legal or regulatory sanctions could result in material financial loss or reputational damage. The Group might experience reduced revenues from services and products due to customer negative perception. Over the past 12 months AIB has brought considerable focus and energy to the bank's sustainability and climate action strategy, pledging to Do More.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
1070447.22

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
To calculate this figure the following approach was taken: imposition of all fines listed below plus the addition of financial impact due to loss of reputation. 1) There is a financial risk associated with fines for non-compliance with the schemes. Non-compliance with EAS is subject to a class A fine (€5,000). Fines for non-compliance with the mandatory Energy Savings Opportunity Scheme (ESOS) can reach: €50,830.32 for businesses that do not respond to enforcement notices; €50,830.32 for failure to notify the Environment Agency; €101,660.64 for failure to undertake an energy audit; €5,647.81 for failure to maintain records and €56,478.13 for false or misleading statements. 2) A failure to meet regulatory requirements could have a reputational impact due, for example, to adverse comment in the national and/or local media. It's likely that the potential financial impact caused by reduced revenue due to loss in reputation associated with failure to adhere to this legal obligation would be less than €1m. For the purpose of this exercise it has been roughly estimated as €800,000.

Cost of response to risk
50000

Description of response and explanation of cost calculation
AIB has a dedicated Energy Team that's responsible for managing the Group's compliance of ESOS and EAS. The team is responsible for identifying, recording, reporting and managing the risks that current energy regulations could pose to AIB. The team mitigates the risk by ensuring that the right controls and assessments are in place. CASE STUDY: The Energy team developed an Energy Management Strategy with a phased approach. a) Phase 1 (1st compliance period, Dec 2015) that prepared our ROI largest head offices to achieve ISO 50001 certification and programmed the required energy audits in the UK (signed off by a qualified auditor). Both methods warranted compliance with ESOS and EAS obligations. b) Phase 2 (second compliance deadline, Dec 2019) involved the roll out of its ISO 50001 across all ROI and UK locations. In 2018, AIB achieved such certification, an accolade that will serve to reduce its energy targets and as a method of compliance for EAS/ESOS 2019 requirements. AIB have demonstrated compliance with both EAS & ESOS, during 2019, with certification to ISO 50001:2018 which satisfies the requirements of both EAS & ESOS. The use of ISO 50001 underpins the approach of AIB to Energy Management across the jurisdictions under the EAS & ESOS schemes. How the cost of management was calculated: a) Maintenance, surveillance audits and software requirements of AIB's ISO 50001 cost approximately €50,000 a year. b) Other costs would be incurred across the bank and business lines and would include the operation of the Energy Team and its monitoring role; such costs are not separately identified in our reporting and would not be realised for reason of commercial sensitivity

Comment

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Enhanced emissions-reporting obligations

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
Policy and legal risk

Company-specific description
The legal and regulatory landscape in which AIB operates is constantly evolving, and the burden of compliance with laws and regulations is increasing. AIB is exposed to this risk through a) our operations and b) our customers. a) Our Environmental Policy includes a commitment to fulfil compliance obligations. An ISO 14001 process identifies new environmental requirements and AIB's SPS division ensures that the right controls and assessments are in place to mitigate the impact of this risk to our own operations. b) A National Climate Action Plan was published in 2019 with sectoral target emission cuts for Energy, Transport, Built Environment, Enterprise and Agriculture. Non-compliance with the law would represent significant risk for customers operating in these sectors as it could have impacts on the environment, on their reputation and ultimately the cash flows underpinning their ability to repay debt. As set out in our general T&C of business lending, we require our customers to comply with all applicable laws relating to their business and property including laws relating to the environment and associated licences/authorisations. Failure to manage the risk of emerging regulation would result in a financial impact, such a non-compliance fines, from a lack of adherence to environmental obligations and, from a credit risk perspective, might leave the Group open to an increased level of risk where its customers are required to comply with changes in environmental regulation and inability to do so could affect their solvency.

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
15500000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

a) Our own operations, there is a financial risk associated offences for not adhering to certain environmental obligations. We've used the addition of penalties that are set up in Irish Law, such as a maximum of: €500,000 (Environmental Liability SI 547:2008) and €15,000,000 (EPA, Water Services and WMA Acts) to assess the potential impact of emerging regulations. b) Our customers: From a credit risk and indirect exposure aspect, AIB can leave itself open to an increased level of risk where its customers are required to comply with changes in environmental regulation. The potential financial impact of this risk is not disclosed due to commercial sensibility. The potential financial impact figure is the addition of all the figures disclosed above

Cost of response to risk

50000

Description of response and explanation of cost calculation

A) The SPS division ensures that all Energy & Environmental legislation is continually under review by means of subscription to a web-based legal register and that at least on an annual basis an compliance check is performed by the EEHS Manager. The web-based register provides updates and notifications on emerging regulation. If changes are identified, risk implications are evaluated and communicated to the relevant key officer who will introduce the information in our risk management system. With the objective of improving energy efficiency, reducing AIB's environmental impact and lower its carbon emissions the team has implemented, across all AIB locations, two international management standards, an ISO 50001 (Energy Management) & ISO 14001 (Environmental Management). B) A credit risk working group was established to perform a high level portfolio review on the impact of climate change on the Group's portfolios. Credit Risk reviews the impact of climate risk on the Group Credit Framework and supporting credit policies, enhancing where required. This team also supports a review of credit applications to ensure the Group is collecting relevant data from customers to support deeper analysis of our portfolios and reporting. C) Our compliance division monitors relevant regulatory guidance relating to climate risk and complete impact assessments for all regulations which may impact the Group. CASE STUDY 1: In 2019, the Group's published a project finance policy that sets out the rules for financing of long term infrastructure, industrial projects and public services. It identifies sectors which the Group is keen to support with project finance (e.g. renewable energy) as well as sectors which are excluded (e.g. oil and gas exploration) How the cost of management was calculated: Maintenance, surveillance audits and software requirements of AIB's ISO Management Systems cost approximately €50,000 a year. Other cost would be incurred across the bank and business lines and would include the operation of the credit and EEHS teams and its monitoring role; such costs are not separately identified in our reporting and would not be realised for reason of commercial sensitivity.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Current regulation	Mandates on and regulation of existing products and services

Primary potential financial impact

Other, please specify (Increased costs and/or reduced demand for products and services resulting from fines and judgments)

Climate risk type mapped to traditional financial services industry risk classification

Please select

Company-specific description

The Group is exposed to the risk posed by regulation of existing products and services through customers operating in industry sectors with mandates on climate measures. New legal requirements can see customers facing higher costs and may lead to clients being unable to repay loans. AIB would face this type of political and legal risk depending on how the Irish Government decides to implement measures to meet Irish 2020 and 2030 reduction emission target agreed when Ireland ratified the Paris Agreement. In 2019, Ireland developed a climate action plan with ambitious targets to tackle climate breakdown. This plan sets out a detail sectoral roadmap to deliver a cumulative reduction in emissions from 2021 to 2030 aligned with the specific make-up of greenhouse gas emissions unique to Ireland. It will impact the following sectors electricity, buildings, transport, agriculture, enterprise & public services and waste. These targets and any supporting new legislative measures to be introduced to achieve them, will impact AIB customers operating in those sectors. For example, regarding agriculture, the plan requires a 10-15% cut of its GHG emissions from a 2017 baseline. AIB has a long tradition of providing finance to the agricultural sector and any legislative measure which have a negative effect on that sector may be also a risk to AIB. In 2019, the Irish Government had a public consultation for the agri sector, 'Ag-Climatise', aimed at translating these overall sectoral ambitions into more detailed actions and targets. The consultation closed in January 2020. Nevertheless, the finalised roadmap has not yet been published. Clearly the challenge facing agriculture to attain these targets is going to require changes to established farming systems with an ever increasing focus on farm sustainability and would impact AIB's farming customers, cash flows and capacity of loans repayment might be impacted by the introduction of new measures. The agriculture sub-sector comprises 9% of AIB's non-property business portfolio. Transitioning to a low-carbon economy is an imperative. We are contributing to ongoing dialogue on the climate agenda as lead sponsor for Climate Finance Week Ireland 2019 and will continue to support this for 2020. We also participate in industry level dialogue through our membership of and participation in the Banking and Payments Federation of Ireland and UK Finance.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

1000000

Potential financial impact figure – maximum (currency)

50000000

Explanation of financial impact figure

We selected a range of "€1,000,000" to "€50,000,000" as potential impact as the initial estimate of the financial risk of such measures are at present unknown until the relevant legislation is implemented. The Climate Action Plan was published in June 2019 and established emission reduction targets for all sectors.

Cost of response to risk

4200000

Description of response and explanation of cost calculation

AIB is exposed to risk through customers operating in industry sectors with mandates on climate measures. The Group has taken as series of actions to minimise the impact of this risk: a) We have a wide range of sector specialists in place, providing expert knowledge and insights, such as the Energy, Climate Action and Infrastructure team or the Agri Advisor team; b) We publish Outlook reports that examine and analyse the key issues affecting particular sectors within the Irish economy; c) We monitor relevant regulatory guidance relating to climate risk and complete impact assessments for all regulations which may impact the Group; d) We provide staff and customer awareness training; e) in 2019 we committed to make five billion euros of funding available (one billion euro per annum) to support Ireland's transition to a lower carbon economy and; f) in 2019 AIB announced that we will fund a body of research to be undertaken by the Economic and Social Research Institute, a body that provides evidence for public policy in Ireland, on a range of climate-related questions. CASE STUDY: Collaboration with industry partners is key to finding innovative ways to make farming in Ireland more sustainable. Teagasc's (Ireland's Agriculture and Food Development Authority) Greenhouse Gas research group has been working to develop solutions to address farming emissions. Much of the answer lies in farm efficiency: so if we can produce food with fewer inputs, then this reduces emissions to the atmosphere and costs to the farmer. AIB is been supporting TAMS Farm Investment for the past few years with a series of farm development loans that will achieve better efficiency and to lower emissions of our farmers. Furthermore, in 2019, we partnered with a) Teagasc, on the Grass10 initiative profiling best practice in grassland management via farm walks and other resources. We also held a number of insights events which focused on sustainability and farm succession; b) a number of industry stakeholders and are one of the main sponsors of the new NovaUCD AgTech Connector Innovation Hub to bring together the AgTech ecosystem in Ireland. How the cost of management was calculated: a) Estimated internal cost for relevant sector specialist teams are around the range of €200,000. b) €4m investment in the Yield Lab European AgTech Venture Capital Fund c) Other costs would be incurred but are not separately identified for reason of commercial sensitivity.

Comment

AIB's Equity Capital team is backing the AgTech sector through an investment in the Yield Lab European AgTech Venture Capital Fund. The €21m fund will invest in early stage companies that improve the sustainability of food production and reduce the contribution of the sector to climate change and environmental pollution. We backed the fund with a €4m investment.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

Please select

Company-specific description

The Group has 325 locations across Ireland and the UK some of them are located in coastal and river areas vulnerable to flooding or storm surges. As a result of climate change, according to a data and mapping analysis by Gamma Location Intelligence (GLI) of vulnerable coastal areas, our locations in Dublin, Louth, Limerick, Clare and Galway are the most vulnerable to flooding due to a single weather event. Furthermore, published work of Dr Paul Nolan of UCD and his work with Met Eireann on Ireland's climate outlook predicts an increase in the severity, duration and/or frequency of extreme weather events. AIB is exposed to this risk through our operations and our customers. a) Extreme weather events could affect AIB's business continuity, especially the activities at headquarters and the branch network. The presence of heavy rain and winds, snow and ice could prohibit customer and staff access to AIB locations. This risk scenario materialised in Oct 2017 with Hurricane Ophelia (the worst storm to affect Ireland in 50 years) and in 2018 with storm Emma, a cold spell that caused the disruption of AIB's operations across the country for several days due to unusually low temperatures and heavy snowfall. b) Acute Physical risks might also affect the operations of our clients. For example, drought conditions can led to a collapse in grass growth, limited grazing and an interruption to silage production. The agriculture sub-sector might see an impact on their cash flows underpinning their ability to repay debt. AIB could face revenue loss and damage to daily business incomes if: a) there is an operational disruption of our services. Customers now expect these services to be available 365 days without disruption. b) client operations are adversely affected due to these events. Disruption of their activity may lead to clients being unable to repay loans or investments.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1160000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Impact to own operations: i) An emergency expenditure of €100,000 to cover facilities works such as: auxiliary visits to our branches, 24/7 specialist services to enable de-icing, anti-icing and snow clearing services. ii) Works needed to repair physical damage caused to AIB buildings by this type of events, estimated on €60,000. c) In-case of impact on client's operations, €1 million has been estimated as revenue loss. Note that this figure could be higher or lower depending on the specific scenario circumstances and type of clients affected. The potential financial impact figure is the addition of all the figures disclosed above.

Cost of response to risk
150000

Description of response and explanation of cost calculation
a) In line with ISO 22301, AIB has suitable business continuity plans in place to cope with the risks associated with company outages which can occur due to unexpected disruptions or disasters, such as fires, floods, etc. Our BCM ensures that our services can withstand major operational disruptions and that we can continue to deliver our critical services and products to our existing customers. b) AIB's SPS division has specific procedures with facilities service providers to be executed in case of extreme weather events. c) Data gathered during extreme climate events is used to update AIB's practices and are incorporated in future loan conditions. CASE STUDY: In addition to the work AIB is already doing through investment in clean energy and in ensuring all AIB office buildings have a more sustainable footprint, in 2019, a) AIB sponsored Climate Finance Week Ireland in a further effort to support Ireland's programme to address climate change. b) AIB was a funding a body of research to be undertaken by the Economic and Social Research Institute (ESRI) on a range of climate-related questions (ESRI has pre-eminent role in providing evidence for public policy in Ireland). The research will enable us to inform our customers on the social dialogue of how Ireland is embracing the challenges and opportunities that climate change brings. How the cost of management was calculated: €50,000 a year for ISO maintenance, surveillance audits and software requirements; €100,000 budget for maintenance equipment to restore the situation (eg. de-icing equipment). Other cost would be incurred for sponsorships, research funding and across the bank & business lines as part as its daily operations; such costs are not separately identified in our reporting and would not be realised for reason of commercial sensitivity.

Comment

Identifier
Risk 5

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Reputation	Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
Reputational risk

Company-specific description
Concern about climate change has significantly increased in the last decade. Investment decisions are not only taken based on financial factors: Sustainability criteria are also considered. Customers are demanding new low carbon economy products and services, and stakeholders are requiring that we act in a Sustainable manner across Environment, Social & Governance criteria. We are responding to the issues that matter to our stakeholders, holding ourselves to account for the progress we are making to meet and exceed their expectations of us. Lack of adherence to sustainable/climate principles would result in reputational impact. AIB may be adversely affected by a change in customer and market perceptions of the Group. Changing perceptions could result in withdrawals of customer deposits, an unwillingness of customers to apply for credit. It's important for AIB that our brand is perceived as a proactive "sustainable" brand among our key stakeholders and interested parties (customers, employees, investors, government & society and regulators). As a public and large financial company sustainability commitments and annual carbon footprint reductions are key for our "green" brand credibility and associated business value. Under EU law it is now mandatory for large companies to disclose certain information on the way they operate and manage social and environmental challenges. AIB began reporting under this requirement in our Annual Financial Report. In addition, we have produced an Annual Sustainability report since 2016. This report is aimed at our various stakeholder groups who want to know more about our sustainability approach and performance but is also published online and available for our customers to review. It is prepared in accordance with Global Reporting Initiative (GRI) and independently assured by Deloitte. Poor and non'transparent environmental disclosure of these initiatives could negatively affect AIB's reputation and potentially lead to loss of customers and investors.

Time horizon
Medium-term

Likelihood
About as likely as not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
1000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
a) Brand Finance, an Irish independent brand valuation and strategy consultancy, recognised AIB as the second most valuable Irish brand, estimating its brand value at €1.9billion. While there has not been detail work done to estimate the value of Sustainability as part of the overall brand value, in line with previous CDP submissions, a conservative estimate of €1M has been shown. b) Financial losses due to loss of clients and investors are not easily quantifiable. It's well known that financial markets frequently use sustainability indexes to do this. As an example, CDP has over 515 institutional investors representing in excess of US$ 96 trillion assets. A negative "climate change" image and a poor environmental disclosure could lead to financial losses due to dilution/loss of these investors that consider AIB's "sustainability credentials" when making an investment decision.

Cost of response to risk
50000

Description of response and explanation of cost calculation
Our refreshed three-year strategy to 2022 introduced a new strategic pillar – Sustainable Communities. In essence, sustainable finance and climate action now have an elevated position as core strategic priorities and this is reflected right across our agenda for business and investment. Furthermore, we use international management standards, ISO 50001 & 14001 as a foundation to reduce our environmental impact; we calculate and disclose our carbon footprint annually; we disclose ESG-related information as part of our AFR and Sustainability reports; we complete ESG questionnaires from ESG rating agencies; we provide environmental employee awareness, we

complete materiality assessments of sustainability issues among AIB's stakeholders and, we're a signatory member of UNEP FI and TCFD supporter. CASE STUDY 1) In 2019 we pledged to our customers, as both a business and corporate citizen, to 'do more' with regard to Environmental Sustainability when we launched our pledge to Do More: We announced publicly "Over the last number of years at AIB we have been working to build a more sustainable business. We've invested in wind energy projects, launched a €5 billion Climate Action Fund and created a Green Mortgage. And yet, it's still not enough. And we will keep telling ourselves that every day. AIB alone is not the solution to climate change, but we are doing everything we can to be a part of it. AIB. We pledge to DO MORE." And we invested in a campaign that promoted this commitment to Irish consumers and stakeholder. 2) Reinforcing our support for Ireland's programme to address climate change, in 2019, we sponsored Climate Finance Week Ireland. We launched a green bond framework, became a Founding Signatory of the UNEP FI Initiative. We also became a Supporter of the Task Force on Climate related Financial Disclosures (TCFD). Our alignment with these key initiatives will help us to continue to progress at pace on the climate action agenda. How the cost of management was calculated: €50,000 are business as usual costs and cover the management cost the ISO 14001 and 50001 ISO systems, including: Surveillance audits and Pegasus Legal Register maintenance (Energy, H&S and Environment). Other costs would be incurred across the bank and business lines and would include the operation of several AIB teams and its ESG monitoring role; such costs are not separately identified in our reporting and would not be released for reasons of commercial sensitivity.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other, please specify (Energy Efficiency Improvements)

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

AIB´s Energy and Environmental Plan is designed to minimise the environmental impact of our estate and our own carbon footprint. AIB started out on its journey towards best practice energy management in 2012 and embarked upon a coordinated energy reduction approach with ISO50001 in 2014. The structured and systematic approach to energy management and performance measurement has provided savings on energy consumption and carbon savings through the identification of opportunities (eg: installation of external lighting controls or A/C and BMS systems upgrades) to reduce our energy consumption. Lower demand on energy has resulted in energy costs savings. In 2018 we achieved ISO 14001 and ISO 50001 certification across all our locations in UK and ROI. AIB's actions on Climate Change and these standards are closely inter-related as the Group environmental and energy strategies are key to reduce carbon emissions and energy consumption. This proactive strategy is an advantage to enhance AIB's "green" brand reputation, as well as a method of Climate Change awareness to our staff, shareholders, investors and customers.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2000478

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The financial implication disclosed is the total savings achieved to end of 2019 thanks to the implementation, in 2014, of an energy management system to meet the ISO 50001 standard. Annual energy costs savings since the implementation of our ISO 50001 are approx. $372,812 (€333,413). Since 2014, savings have increased sixfold, to total of €2,000,478. More information is published in this AIB case study: http://www.cleanenergyministerial.org/sites/default/files/2018-05/CEM_EM_CaseStudy_AIB_Ireland.pdf

Cost to realize opportunity

300000

Strategy to realize opportunity and explanation of cost calculation

Key to our energy reduction programme, run by our Energy Team, is the implementation of an energy management systems (EnMS) across all our locations in ROI and UK. This EnMS meets the ISO 50001 criteria. Energy reviews are carried out to identify significant areas of energy use and consumption and prioritize opportunities for improving energy performance. The information gathered results in objectives and targets that are discussed annually at boardroom level. Action Plans are agreed to achieve targets and objectives. The management system is reviewed externally by a 3rd party on an annual basis. Some benefits are: increased business competitiveness, improved data gathering for annual carbon footprint, reduction on GHG emission, a significant reduction in energy consumption, lower energy costs and compliance with applicable legislation. Case Study: In 2019 these objectives included: developing an "Environment and Climate Action" awareness course to generate widespread sustainable cultural change among staff and achieving carbon and energy reductions with LED lightning upgrades in our branch network and the sourcing green gas in our GB locations. a) Our digital 'Environment and Climate Action' programme uses animation and gamification to bring content to life through self-led learning, and the impact is profound and will help our team to change energy use behaviour among our staff. The goal is transforming behaviours, shifting mind sets, and empowering cultural change to make the world a better place through our people. b) As part of the EnMS AIB is continually reviewing its operations and looking to make changes where required to reduce its carbon footprint and improve its energy efficiency. As an example, in 2019 an opportunity was identified to upgrade the existing lighting installation in a series of branches. The project started in AIB South Mall and the upgrades will realise estimated savings in of over 142,813 kWh per annum. The annual cost to realize opportunity is calculated as the addition of: a) Approx. €250,000 spent per annum to carry on visibility studies to implement the energy efficient measures identified thanks to the Energy Management System. b) €50,000 for the management cost of the ISO system.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
In expansion of power generation from Renewable energy sources in Ireland, the UK and across Europe is being supported by government through pricing support scheme's namely REFIT & RESS in Ireland, CfD's in the UK and other similar schemes elsewhere. These scheme's support the provision of long term Project Finance to fund the construction and operation of generation capacity in the form of onshore and offshore wind capacity as well as biomass generation. As a result in 2019 onshore wind accounted for 32.5% of electricity generated in Ireland with 24 new windfarms being built with a capacity of 463MW. In 2017 AIB established an Energy, Climate Action and Infrastructure team in recognition that a centre of excellence was required in an essential growth sector. This team is now one of the largest in the Irish market and is supporting AIB's goal of playing a leadership role in assisting Ireland in delivering its sustainability and decarbonisation goals. The team manages a diverse portfolio and provides solutions to energy companies across both the conventional power and renewable energy mix (e.g. onshore & offshore wind, solar, and biomass).

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
1500000000

Potential financial impact figure – maximum (currency)
2500000000

Explanation of financial impact figure
Financial Impact range figures relate to the estimated size of loan book by 2025.

Cost to realize opportunity
10000000

Strategy to realize opportunity and explanation of cost calculation
AIB has established a team of c. 30 professionals across our Dublin, London and Belfast offices who have strong experience and expertise in providing long term finance in this sector. The Team has developed strong relationships with both domestic and international investors in this segment as well as peer Banks and advisers which has resulted in a strong pipeline of opportunities. This has led to AIB executing transactions in the onshore & offshore wind, biomass, solar and waste to energy asset classes. These relationships are maintained on an ongoing basis not just through our proven ability to execute transactions but by being members of industry associations, speaking at industry events and interacting with advisers and government on the ongoing development of policy in this area. Illustrative examples of projects funded by AIB in 2019 are as follows: a) In December 2019 AIB funded 37.5MW of green energy generation capacity by providing acquisition finance for Foresight Group LLP's purchase of two onshore wind farms. The green energy produced by the wind farm alone is sufficient to power 10,548 homes, saving 51,000 tonnes of CO2 emissions every year compared to energy produced by coal-fired power stations. b) AIB provided c. €44m of debt finance to support the development of Huntstown Bioenergy facility located in Co. Dublin, Ireland. The project will operate an anaerobic digestion plant and process garden and food waste in order to generate electricity. c) AIB, alongside other international banks provided funding to the refinance of Beatrice offshore windfarm. Beatrice is a 588MW offshore windfarm located off the UK coast which cost c. £2.5bn to build, consists of 84 turbines and generates enough electricity to power 450,000 homes. Cost to realise the opportunity is a rough estimate based on number of employees working in the area and associated costs / overheads'.

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
Increased awareness of climate change by business and individuals is creating a new demand of financial services. AIB leads the offer of green financial products for the Irish market. For the last two years green lending has been the fastest-growing part of our balance sheet. As per our customer research, this growing is expected to continue as more customers demand green finance products. In our latest customer research, finding showed that 76% of all adults stated that sustainability is 'important for Ireland right now', and 75% felt personally responsible for living sustainably. Aligned with our sustainability strategy, in 2019, AIB launched a Green Bond Framework which would allow AIB to issue green bonds and meet the demands of investors who are increasingly seeking to invest in green bonds. The Green Bonds will finance and / or refinance loans that meet the requirements as described in the AIB Green Bond Framework. The objective of AIB Green Bonds is to fund projects or assets that mitigate climate change by reducing emissions, protect ecosystems or otherwise have a positive environmental impact in support of the 10 strategic outcomes of the "Project Ireland 2040" - the Government's long-term overarching strategy to make Ireland a better country for all of its people, and Ireland's Climate Action Plan. Given AIB's leading presence in the Irish economy, the intended AIB Green Bond issuances serve as testament to AIB's leadership and commitment to sustainability and society.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
1500000000

Potential financial impact figure – maximum (currency)
2500000000

Explanation of financial impact figure
Non-preferred Senior (i.e. MREL debt) can be comfortably issued in Green format. AIB has an MREL issuance plan over the short term (next 0-5years) and would expect to deploy green issuance to support this. Volume is expected to be c. €1.5bn to €2.5bn of green bonds and can vary depending on various market factors.

Cost to realize opportunity
1001200000

Strategy to realize opportunity and explanation of cost calculation
The following actions reflect our management approach to expand our low carbon products and services: 1) Our Finance Team work with our Centre of Excellence for Energy, Climate Action and Infrastructure , the Energy Team and consult industry experts and customers to bring about a new line of green loans. 2) We understand the benefits to the bottom line for businesses who introduce energy saving measures, and we factor those benefits into our credit decision process. 3) ING Bank advised on the Green Bond framework development itself while independent third party Sustainalytics carried out the second party opinion analysis, providing views on the robustness and credibility of the Green Bond Framework within the meaning of the Green Bond Principles. 4) The Group used two specialized consultants, Navigant and Carbon Trust, to assess the carbon impacts of its Green Portfolio. In June 2019, the Group increased lending through our Climate Action Fund initiative. A €5bn fund made available for climate related and green products over the next five years and available to customers through a number of products and incentives – from electric vehicles, energy-efficient homes, to production of renewable energy. In September 2019, we launched a Green Bond Framework showing our intent to our investors to lead the way in funding sustainable businesses. The GBF, in line with the globally recognised International Capital Markets Association (ICMA) green bond principles to support lending to projects in energy-efficient building, renewable energy, CO2 reduction and other climate-related initiative, would allow AIB to issue green bonds and meet the demands of investors who are increasingly seeking to invest in green bonds. The Green Bond Framework seeks to align with the EU Taxonomy published at the end of June 2019, which establishes a system to classify environmentally-sustainable activities by setting out metrics and thresholds. Subject to market conditions, it is our intention to issue our inaugural Green Bond in 2020. How the cost to realize opportunity was calculated: Cost includes the annual total sum AIB is making available to lend for climate related products (€1,000,000,000), in 2019 we launched a five billion euro fund to support Climate action (One billion euro per annum to be made available for climate related and green products) and €1.2m for marketing and resourcing.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?
Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?
Yes, qualitative

C3.1b

(C3.1b) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 4.5	i. We used the NGFS 2x2 framework to develop a range of qualitative scenarios to test AIBs portfolio against the potential impacts of climate change. The axes were "physical impact" and "transition pathway". The primary scenario used was what we called the "Orderly Scenario - 2 degrees temperature outcome". This was based on the IPCC RCP 4.5 global model but adapted from the published work of Dr Paul Nolan, UCD, and his work with Met Eireann (which uses the RCP 4.5 scenario) to be specific for Ireland's climate outlook over the medium term (2030) and long term (2050). Ireland is the largest market of our business operations. We used the TCFD framework to structure the scenario elements. Key elements on the physical environment included outlook for temperature, precipitation, heavy rainfall events, wind levels & sea level rise. On the wider transition environment we included policy and legal supports, technology developments, market and economic outlook and reputation / consumer engagement. AIB chose the 'orderly' scenario because it is specific to Ireland's climate outlook and thus should give the most accurate results for AIB since Ireland is the largest market for business operations. Under this scenario we expected to see the following: an increase in mean annual temperatures 0.9-1.7 degrees, with a particular increase in hot days, leading to an increase in the length of the growing season; precipitation levels to reduce by 0-20% but with increased heavier rainfall events; overall levels of wind to decline but with greater chances of high intensity storms; some increase in the level of flooding severity/frequency but also increased likelihood of droughts; & sea level rise of 55-60cm by 2100. ii. Using the above scenario, we considered the potential impacts of climate change on the sectors outlined at (iii) below over a 10 year period and how this might impact the business unit strategy over the next 3 years. The reason for this approach was to encourage a medium-term outlook, past the usual AIB 3 year planning cycle and longer term than typical 5 year lending cycles. iii. The initial focus for this scenario was on where we believe we can have the biggest climate impact in terms of our lending portfolio. In doing so, we considered a) the highest emitting sectors in ROI/UK; and b) AIB's largest credit exposures. Based on these criteria, we focussed on the agriculture, mortgages, commercial property, transport and energy sectors. iv. As a result of the scenario analysis, we have developed an understanding of the business environment in which the above sectors are operating from a climate change perspective and a view of what needs to be done to achieve the business objectives and strategic direction identified for each sector. For example, for the agriculture sector, the view is that it is likely that EU CAP funding requirements will change under this scenario and, as such, will need to be closely monitored in terms of potential impacts on the sector. This has been looked at from both an external perspective (eg. green products, customer engagement) and from an internal perspective (eg. data capture, policy changes etc). v. The results from the above scenario analysis are now being taken into account in the development of a programme setting out a clear roadmap of what needs to be done to achieve our business objectives and further develop our strategy. This programme will take account of findings from this exercise as well as broader considerations (eg. regulatory, reporting etc). vi. It is clear from the scenario analysis that a better understanding of the average energy label of our mortgage portfolio is required. Discussions have begun in terms of how this might be achieved and a number of initiatives and methodologies are being considered.
RCP 6	i. AIB used a second "Disorderly" scenario to understand the impacts of a 2-3 degree rise in global temperatures based on the IPCC Representative Concentration Pathway RCP 6 model. The model was also made specific for Ireland's climate forecast. The key difference with this scenario is that it assumes a failure in public policy to address climate change in the earlier stages and therefore the market determines a range of outcomes in terms of technology adoption, consumer attitudes and preferences. However, in the latter part of the scenario, the policy position improves somewhat to limit the level of temperature rise and associated physical impacts. ii. Again using the TCFD framework and this second scenario, we considered the potential impacts of climate change on the sectors outlined at (iii) below over a 30 year period from both the physical and transition risk and opportunity perspectives. The reason for this approach was to start encouraging a longer term view for short, medium and longer-term strategy planning. The focus of this scenario was on a high level of sudden, unanticipated and disruptive transition risk, which would occur over the longer term due to inactivity in the shorter term. This allowed the business units to consider how the sector may need to adapt in order to mitigate the risks identified, which in turn fed into the potential opportunities that arise. iii. The initial focus using the above scenario has been on where we believe we can have the biggest climate impact in terms of our lending portfolio. In doing so, we considered a) the highest emitting sectors in ROI/UK; and b) AIB's largest credit exposures. Based on these criteria, we focussed on the agriculture, mortgages, commercial property, transport and energy sectors. iv. As a result of the work outlined at (i), (ii) and (iii) above, we now have a view of potential impacts over the longer term as well as what needs to be done now to prepare for this. Again, this has been looked at from both an external perspective (eg. green products, customer engagement etc) and from an internal perspective (eg. data capture, policy changes etc). v. Taking this view of the work that needs to be undertaken, we are in the process of developing a programme setting out a clear roadmap of what needs to be done to achieve successful implementation. This programme will take account of findings from this exercise as well as broader considerations (eg. regulatory, reporting etc). vi. Sustainability is central to our strategy and is now a 5th Strategic Pillar. As such, we are committed to managing the ESG risks associated with all our business relationships and are increasingly taking into account, providing training on and integrating ESG factors into our risk management processes.
RCP 8.5	I. Finally, AIB used a "Hot House World" scenario to understand the impacts of a 4 degree rise based on the model RCP 8.5. This scenario was adjusted for Ireland specific climate forecasts as per work from Met Éireann and various Irish academics. In this scenario we continue as we are and green house gas emissions increase with limited mitigation. The resulting physical disruption pose a real challenge to society and require a level of adaptation. This scenario expects to see an Increase in mean annual temperatures, leading to a significant increase in the length of the growing season from a temperature perspective. However, precipitation levels are expected to reduce quite significantly, but with increased heavier rainfall events in the winter and autumn due to higher temperatures. Overall the level of wind is expected to decline but with greater chances of high intensity storms and hurricanes. Increase in flooding severity and frequency but also increased likelihood of prolonged droughts. In addition to the general changes noted above, there is also an increased likelihood of climate shocks, leading to shorter term (likely less than a year) higher impact events e.g. droughts or prolonged rainfall. Finally, there is the greater potential from global impacts from, for example, reduced supply of water, that could impact on Ireland. II. Again using the TCFD framework and this third scenario, we considered the potential impacts of climate change on the sectors outlined at (iii) below over a 30 year period from both the physical and transition risk and opportunity perspectives. The focus of this scenario was on a high level of physical risk, which would occur over the longer term. This longer term focus allowed the business units to consider how the sector may need to adapt in order to mitigate the physical risks identified, which in turn fed into the potential opportunities that arise through innovation etc. III. The initial focus using the above scenario has been on where we believe we can have the biggest climate impact in terms of our lending portfolio. In doing so, we considered a) the highest emitting sectors in ROI/UK; and b) AIB's largest credit exposures. Based on these criteria, we focussed on the agriculture, mortgages, commercial property, transport and energy sectors. IV. As a result of the work outlined at (i), (ii) and (iii) above, we now have a view of potential impacts over the longer term as well as what needs to be done now to prepare for this. Again, this has been looked at from both an external perspective (eg. green products, customer engagement etc) and from an internal perspective (eg. data capture, policy changes etc). V. Taking this view of the work that needs to be undertaken, we are in the process of developing a programme setting out a clear roadmap of what needs to be done to achieve successful implementation. This programme will take account of findings from this exercise as well as broader considerations (eg. regulatory, reporting etc). VI. Sustainability is central to our strategy and is now a 5th Strategic Pillar. As such, we are committed to managing the ESG risks associated with all our business relationships and are increasingly taking into account, providing training on and integrating ESG factors into our risk management processes.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Increased awareness of climate change by business and individuals is creating a new demand of financial services. As a result of climate related opportunities the Group has for example established an Energy, Climate Action and Infrastructure team and offers green financial products that facilitate the transition to the low carbon economy. The Group's new project finance policy sets out the rules for financing of long term infrastructure, industrial projects and public services. It identifies sectors which the Group is keen to support with project finance (e.g. renewable energy) as well as sectors which are excluded (e.g. oil and gas exploration) due to climate related-risks. Case Study - To support Ireland's transition to a lower-carbon economy, in 2019, we launched a number of products and services including €5bn Climate Action Fund, a Green Mortgage (we offer a competitive five-year fixed rate mortgage to new and existing AIB private dwelling house "PDH" mortgage customers whose property has a building energy rating "BER" between A1 and B3) and, a Green Bond Framework which will facilitate Green Bond issuances. Financial magnitude impact: High - In 2019 we funded a total of €1.2bn in green lending. Time Horizon - Short term. To ensure that we have a climate and responsible business AIB has placed climate action and sustainability at the heart of its refreshed strategy to 2022. Aligned with our strategy, in 2019 we launched a Climate action fund, that's available for climate related and green products over the next five years.
Supply chain and/or value chain	Yes	In 2019, we reviewed and updated our Third Party Management program laying the foundations to build strong sustainable supplier relationships and our Strategic Sourcing team continues to work to support the Group Sustainable and Climate Action Objectives. The team a) works with all AIB business areas to support our suppliers in their pursuit of continuous improvement, and delivery of innovation and value, b)maintain an emphasis on ensuring suppliers are aware and support AIB's sustainability and climate action agenda. Lack of adherence to sustainable/climate principles would result in reputational risk. AIB may be adversely affected by a change in stakeholder perceptions of the Group. The Group has implemented the following actions on: a) Energy Procurement: i) the strategy includes renewable energy targets. All our locations in ROI and UK are powered by renewable energy and since 2019 we're sourcing green gas in our GB locations. ii) As part our catering offer, our catering consumables are reusable or compostable to tackle plastic waste. b) Tendering Processes: ESG criteria is used when deciding on the most appropriate supplier for engineering projects. Procurement contracts include clauses that ensure energy efficiency and environmental factors are taken into account and have green objectives for our suppliers (eg: quarterly reports of energy saving opportunities). Energy and Environmental best management practices have been integrated by our soft and hard facilities partners as part of daily practices. Case Study: In 2019, at our new headquarters in Molesworth St, Dublin, we trialled a return scheme for all take-away containers in the restaurant and cafes onsite. Compostable single-use disposables were eliminated and replaced by reusable containers made from re-purposed materials like coffee and rice husk. Results show a) a reduction of 58% in procurement costs, b) the prevention of 3.3 tonnes of waste annually in the building and, c) a reduction scope 3 emissions. Financial Magnitude of impact: Low - Medium. Annual cost for premium tariff on renewable energy supply is in the region of €150,000. Further information on financial impacts cannot be disclosed due to commercial sensitivity. Time Horizon - In the short term, AIB continues to explore opportunities to increase its % of renewables in its energy supply. AIB procures 2 years in advance.
Investment in R&D	Yes	Ireland's Climate Action Plan has set a 10 year ambition to decarbonise five key sectors of the economy – electricity, transport, built environment, industry and agriculture. We see a key role for AIB in helping to address the environmental issues where we operate and in providing finance to support our customers – existing and new and across all our operation – to decarbonise in these sectors. AIB added Sustainable Communities as a pillar strategy, reflecting our ambition to be both a leading financial institution climate action and a meaningful part of the communities in which we operate. Case Studies: 1) In 2019, AIB's Equity Capital team backed the AgTech sector through a €4m investment in the Yield Lab European AgTech Venture Capital Fund. The fund will invest in early stage companies that improve the sustainability of food production and reduce the contribution of the sector to climate change and environmental pollution. This fund will increase the availability of that essential early stage growth capital and address equity funding availability within the area of agri-food technologies. 2) Recognising the challenge the green transition presents for businesses and people all over Ireland, in 2019 AIB announced that we will fund a body of research to be undertaken by the Economic and Social Research Institute on a range of climate-related questions. Financial Magnitude of impact: High - AIB established a Climate Action Fund, making €5bn available over five years to support Climate Action and our Green Mortgage. These additional initiatives are in addition to the finance we provide for renewable energy. Further information on this financial impacts cannot be disclosed due to commercial sensitivity. Time Horizon: Short to Medium Term, this is in line with the information disclosed in question 2.1 and is also linked to Project Ireland 2040 National Development Plan 2018-2027. Our aim is to fund projects or assets that mitigate climate change by reducing emissions, protect ecosystems or otherwise have a positive environmental impact in support of the 10 strategic outcomes of the "Project Ireland 2040" - the Government's long-term overarching strategy to make Ireland a better country for all of its people, and Ireland's Climate Action Plan.
Operations	Yes	From our own operations, there is a financial risk associated to offences for not adhering to certain energy and environmental obligations, for example AIB is a participant in Ireland's National Energy Efficiency Action Plan (NEEAP) which requires a 33% improvement in energy performance from a 2009 baseline by 2020. Lack of adherence to this regulations, might causa reputational damage. AIB may be adversely affected by a change in customer and market perceptions of the Group. The Group has also identified climate-related opportunities in relation to managing and operating its estate network. AIB can reduce operational costs due to implementation of International Standards such as ISO14001 and ISO5000. The Group has implemented an Energy (EnMs) & Environmental (EMS) Strategy with the objective of reducing its environmental impacts, improving energy efficiency and performance improvement across the Office Network and Estate. The Strategy places a strong emphasis on operational control, training and improving the skillset of staff who are key influencers in terms of energy use and is based on the implementation of a structured EnMS, ISO 50001 and EMS, ISO 140001 across all its locations. Designed to minimise the environmental impact of our estate and our own carbon footprint, AIB´s Energy & Environmental Strategy Plan is aligned with AIB's Group Strategy and is a key component of AIB's 5th pillar, "Sustainable Communities". Case Study: In 2019 we launched a digital "Environment and Climate Action" awareness course to generate widespread sustainable cultural change among staff. The course is helping the Energy team to change energy use behaviour among our staff, achieving carbon and energy reductions. Financial Magnitude of the impact: Low-Medium: €250,000 per annum to carry on visibility studies to implement the energy efficient measures identified thanks to the ISO 50001 system. The EnMS has achieved a +€2m energy cost avoidance since its implementation. Time Horizon - Short term - As part of the EnMS & EMS objectives and targets are agreed on an annual basis and monitored regularly and include the purchase of green electricity in UK and ROI as well as the integration of energy and environmental clauses on AIB's maintenance contracts. These objectives are aligned with AIB's sustainability and climate action strategy.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital allocation Access to capital Assets	CASE STUDY: We recognise we have a long-term role to play in providing the finance for Ireland's transition to a low-carbon economy. With our Climate Action Fund we are embracing this opportunity. In June we announced a €5bn Climate Action Fund, made available for climate related and green products over the next five years. This fund will be available to customers through a number of products and incentives – from electric vehicles, energy-efficient homes, to production of renewable energy. In 2019 we funded a total of €1.2bn in green lending. 1 - Revenue: Our goal is to provide a full suite of financial solutions to our customers in a sustainable and responsible manner. We provide finance for the production of renewable energy lending – through our multi-disciplinary Energy, Climate Action & Infrastructure team and we support sector-specific initiatives to aid carbon transition. In 2019 we launched a new Green Mortgage product, offering a new lower rate of interest for Private Dwelling Home (PDH) mortgage customers with a BER rating of between A1 and B3. Our renewable and green mortgage products will provide added revenue from new and existing clients. Magnitude: Medium-High impact. Time Horizon: Medium term. 2 - Operating Costs: 1) Internal resources: We have a wide range of sector specialists in place, providing expert climate and ESG knowledge and insights, such as the Energy, Climate Action and Infrastructure team, the Agri Advisor team, the Office of Sustainable Business or the Energy & Environmental team. 2) Emphasis on operational control to reduce our environmental impact and our operating costs. The Group has a) integrated energy and environmental clauses on its maintenance contracts and b) implemented two international standards ISO14001 and ISO50001 to manage and minimise its environmental impact, resulting in emissions reduction and lower operating costs related to energy, water, waste, etc. Magnitude: Medium impact. Time Horizon: Medium term. 3 - Capital Allocation: AIB Property and Facilities Division allocates funds annually to upgrade the energy efficiency of our physical assets (boilers, lighting, HVAC systems, etc.) and reduce our associated carbon emission. Our buildings are operated with an ISO 50001 energy management system that monitors energy expenditure. As part of this system we maintain a list of energy opportunities that will be assessed by the Energy Team and independent experts on a regular basis. Capital funding might be allocated to energy optimisation projects. Magnitude: High impact. Time Horizon: Short-Medium term. 4 - Access to Capital: As a bank, AIB has a meaningful contribution to make in addressing many of the pressing current and emerging societal issues, including advancing the transition to a low-carbon environment. In 2019, we issued our Green Bond Framework which would allow AIB to issue green bonds. The objective of AIB Green Bonds is to fund projects or assets that mitigate climate change by reducing emissions, protect ecosystems or otherwise have a positive environmental impact in support of the 10 strategic outcomes of the "Project Ireland 2040" and Ireland's Climate Action Plan. Magnitude: Medium-High impact. Time Horizon: Medium term. Assets: The Strategy Division within AIB SPS plans and designs our approach to current and new required properties. For the acquisition of new office buildings, a life cycle perspective of the property is considered and sustainable buildings are preferred. This strategy has seen AIB moving two non-efficient head offices into two new LEED buildings (Molesworth Street and Central Park) with a total 2,000 employee capacity. The project started in 2017 and finalised in March 2019. Magnitude: High impact. Time Horizon: Short term.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C-FS3.2

(C-FS3.2) Are climate-related issues considered in the policy framework of your organization?

Yes, we have exclusion policies for industries and/or activities exposed or contributing to climate-related risks

C-FS3.2b

(C-FS3.2b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Type of exclusion policy	Portfolio	Application	Description
Coal	Bank lending	New business/investment for new projects	The Bank's Corporate, Institutional and Wholesale division has implemented an 'Exclusion List of Activities' in the Wholesale Business Units, namely Corporate Banking, Real Estate Finance, Energy Climate action & Infrastructure and Investment Banking (excluding Private banking) This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in: a) Coal fired power 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; b) Onshore/offshore exploration, extraction or refining of Coal; It is intended this exclusion policy will be rolled out across the Group within the next 12 months to the extent practical.
Oil & gas	Bank lending	New business/investment for new projects	The Bank's Corporate, Institutional and Wholesale division has implemented an 'Exclusion List of Activities' in the Wholesale Business Units, namely Corporate Banking, Real Estate Finance, Energy Climate action & Infrastructure and Investment Banking (excluding Private banking) This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in: a) Natural Gas fracking; b) 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; c) Onshore/offshore exploration, extraction or refining of Oil; It is intended this exclusion policy will be rolled out across the Group within the next 12 months to the extent practical
Other, please specify (Entities or their subsidiaries, involved in the activities listed in the comment box)	Bank lending	New business/investment for new projects	AIB Corporate, Institutional and Business Banking (CIB) has elected to implement a Sustainability Exclusion List across all its wholesale businesses units. 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. In addition to the above and regarding to industries and/or activities exposed or contributing to climate-related risk, AIB CIB Wholesale will not provide term loan products or advisory services to any entities or their subsidiaries, involved in: a)Exploration, extraction and upgrading of oil sands projects; b)Nuclear Power Generation; c)Nuclear waste transportation, decommissioning and/or final disposal of high-level nuclear waste; d)Deforestation or the burning of natural ecosystems for the purposes of land clearance; e) Timber from illegal trading or logging operations; f) Production or trade in wood or other forestry products other than from sustainably managed forests; It is intended this exclusion policy will be rolled out across the Group within the next 12 months to the extent practical.
Coal	Bank lending	New business/investment for existing projects	The Bank's Corporate, Institutional and Wholesale division has implemented an 'Exclusion List of Activities' in the Wholesale Business Units, namely Corporate Banking, Real Estate Finance, Energy Climate action & Infrastructure and Investment Banking (excluding Private banking) This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in: a) Coal fired power 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; b) Onshore/offshore exploration, extraction or refining of Coal; It is intended this exclusion policy will be rolled out across the Group within the next 12 months to the extent practical.
Oil & gas	Bank lending	New business/investment for existing projects	The Bank's Corporate, Institutional and Wholesale division has implemented an 'Exclusion List of Activities' in the Wholesale Business Units, namely Corporate Banking, Real Estate Finance, Energy Climate action & Infrastructure and Investment Banking (excluding Private banking) This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in: a) Natural Gas fracking; b) 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; c) Onshore/offshore exploration, extraction or refining of Oil; It is intended this exclusion policy will be rolled out across the Group within the next 12 months to the extent practical
Other, please specify (Entities or their subsidiaries, involved in the activities listed in the comment box)	Bank lending	New business/investment for existing projects	AIB Corporate, Institutional and Business Banking (CIB) has elected to implement a Sustainability Exclusion List across all its wholesale businesses units. 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. In addition to the above and regarding to industries and/or activities exposed or contributing to climate-related risk, AIB CIB Wholesale will not provide term loan products or advisory services to any entities or their subsidiaries, involved in: a)Exploration, extraction and upgrading of oil sands projects; b)Nuclear Power Generation; c)Nuclear waste transportation, decommissioning and/or final disposal of high-level nuclear waste; d)Deforestation or the burning of natural ecosystems for the purposes of land clearance; e) Timber from illegal trading or logging operations; f) Production or trade in wood or other forestry products other than from sustainably managed forests; It is intended this exclusion policy will be rolled out across the Group within the next 12 months to the extent practical.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2017

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based)

Base year
2011

Covered emissions in base year (metric tons CO2e)
28855.7

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2025

Targeted reduction from base year (%)
57

Covered emissions in target year (metric tons CO2e) [auto-calculated]
12407.951

Covered emissions in reporting year (metric tons CO2e)
14809

% of target achieved [auto-calculated]
85.4019598669703

Target status in reporting year
Underway

Is this a science-based target?
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)
We have used the SDA Tool V8 available on Science Targets website to develop our medium term (ABS1) and long term (ABS2) SBT. The lack of methodology for setting Scope 3 targets for financial institutions has prevented us from publishing these targets. We have been in contact with the SBT organisation to keep up to date with the latest developments regarding a methodology for financial institutions. It is our understanding that this is at an advanced stage and we will continue to participate with this process with the ultimate goal of publishing our targets. Note 1: Data from all our locations in ROI (AIB and EBS), UK (FTB and AIB GB), as well as our US have been considered. Note 2: This is a company-wide target and there is no exclusions. Note 3: In 2019, we adjusted this target to include all sources of Scope 1 emissions (Previously, our fugitive gases and fleet emissions were excluded). We re-ran the model (SDA Tool V8). This resulted in a slight variation of our original % SBT. The new calculated % emissions target was used when reporting ABS1 information. Note 4: This target meets the required 2.1% year-on-year emissions reductions between base year and target year. Note 5: Year on year, AIB achieved a 24.16% reduction and is on is target to achieve a 57% reduction by 2025. (In 2018, AIB reduced the emissions within the Scope of this target by 31.15% and in 2019 added a further reduction of 24.16%. Achieving, in 2019, a total emission reduction of 55.31%).

Target reference number
Abs 2

Year target was set
2017

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based)

Base year
2011

Covered emissions in base year (metric tons CO2e)
28855.7

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2036

Targeted reduction from base year (%)
78

Covered emissions in target year (metric tons CO2e) [auto-calculated]
6348.254

Covered emissions in reporting year (metric tons CO2e)
14809

% of target achieved [auto-calculated]
62.4091245181706

Target status in reporting year
Underway

Is this a science-based target?
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)
We have used the SDA Tool V8 available on Science Targets website to develop our medium term (ABS1) and long term (ABS2) SBT. The lack of methodology for setting Scope 3 targets for financial institutions has prevented us from publishing these targets. We have been in contact with the SBT organisation to keep up to date with the latest developments regarding a methodology for financial institutions. It is our understanding that this is at an advanced stage and we will continue to participate with this process with the ultimate goal of publishing our targets. Note 1: Data from all our locations in ROI (AIB and EBS), UK (FTB and AIB GB), as well as our US have been considered Note 2: This is a company-wide target and there is no exclusions. Note 3: In 2019, we adjusted this target to include all sources of Scope 1 emissions (Previously, our fugitive gases and fleet emissions were excluded). We re-ran the model (SDA Tool V8). Results didn't show a variation of our original % SBT. Note 4: This target meets the required 2.1% year-on-year emissions reductions between base year and target year. Note 5: Year on year, AIB achieved a 24.16% reduction and is on is target to achieve a 78% reduction by 2036. (In 2018, AIB reduced the emissions within the Scope of this target by 31.15% and in 2019 added a further reduction of 24.16%. Achieving, in 2019, a total emission reduction of 55.31%).

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2018

Target coverage
Country/region

Target type: absolute or intensity
Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Other, please specify	Other, please specify (Emission Reduction)

Target denominator (intensity targets only)
Other, please specify (Metric tons of CO2 per unit revenue)

Base year
2014

Figure or percentage in base year
9.58

Target year
2030

Figure or percentage in target year
4.79

Figure or percentage in reporting year
6.71

% of target achieved [auto-calculated]
59.9164926931106

Target status in reporting year
Underway

Is this target part of an emissions target?
N/A

Is this target part of an overarching initiative?
Other, please specify (Low Carbon Pledge powered by Business in the Community Ireland's Leader's Group on Sustainability)

Please explain (including target coverage)
AIB signed up to the Low Carbon Pledge powered by Business in the Community Ireland's Leader's Group on Sustainability in Nov 2018. All signatory companies commit to reducing their Scope 1, 2 & 3 GHG emission intensity by 50% by 2030. Note 1: Only data from our locations in ROI has been considered Note 2: All Scope 1 and 2 sources included. Scope 3 included sources: business travel, waste generation & water consumption. Note 3: In March 2020, AIB reported its progress against the 2050 target to Business in the Community. This information is disclosed here.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	1	59
Implementation commenced*	2	72
Implemented*	2	1777
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Building controls and BMS upgrades)

Estimated annual CO2e savings (metric tonnes CO2e)
27.7

Scope(s)
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
25988

Investment required (unit currency – as specified in C0.4)
150000

Payback period
4-10 years

Estimated lifetime of the initiative
6-10 years

Comment
Following on from the ISO 50001 expansion to the whole AIB group, AIB have continued to reduce carbon emissions through reduction in energy consumption. Installation of small measures across various branch buildings including, water heater/boiler timers, upgrade of small BMS systems, installation of external lighting controls, installation of TRVs to radiators, additional controls to heating systems. These initiatives are delivering annual carbon savings of 27.7 tonnes of CO2.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
9

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
7571

Investment required (unit currency – as specified in C0.4)
340000

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment
Following on from the ISO 50001 expansion to the whole AIB group, AIB have continued to reduce carbon emissions through reduction in energy consumption. AIB has replaced and upgraded a number of branch locations containing R22/R407C/R410a air conditioning systems and ongoing monitoring of HVAC systems. These initiatives are delivering annual carbon savings of 9 tonnes of CO2.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Building controls and LEED certification)

Estimated annual CO2e savings (metric tonnes CO2e)
1741

Scope(s)
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
640000

Investment required (unit currency – as specified in C0.4)
7500000

Payback period
11-15 years

Estimated lifetime of the initiative
16-20 years

Comment
AIB under their Property Strategy project sees a rationalisation of existing property portfolio. This has reduced the number of properties occupied in the UK and Northern Ireland. Further decanting of its Headquarter campus. AIB has acquired a new Head Office building with LEED Platinum status, seeing staff decanted to AIB Molesworth Street, Dublin. The project is delivering annual carbon savings of 1,741 tonnes of CO2. In addition has created a workplace local strategy that reduces commuting times by allowing staff to work from home or from hubs located on principal commuting routes

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	AIB strives to be compliant with all relevant regulatory requirements and standards. To ensure full compliance is achieved and consistently repeated AIB has implemented an integrated, Energy and Environment, management system to meet the ISO 50001 (Energy) & ISO 14001 (Environment) international standards. One of the primary cornerstones was an ability to actively measure/monitor its level of compliance, and have this compliance expressed as a percentage. The IMS greatly facilitated AIB achieving full compliance with regard to its Trade Effluent Licences. Other environmental aspects that had to be complied with were GHG regulations, as well as ensuring the appropriate emergency response procedures were in place to deal with potential environmental incidents e.g. an oil leak entering storm drains etc. Following the publication of the Prudential Regulatory Authority Policy Statement PS11/19 and Supervisory Statement SS3/19 concerning the management of the financial risks from climate change, AIB UK submitted an action plan setting out how they plan to achieve the overall management of climate change risk.
Dedicated budget for other emissions reduction activities	AIB's electricity purchase is 100% from renewables in both the UK and Ireland. As well as supplying AIB with 100% Green Electricity, our utility companies provide an enhanced online reporting mechanism - providing accurate and up to date consumption data. This has allowed the organisation to more effectively track, monitor and manage energy consumption performance. AIB procured green gas for its GB locations during 2019. Every year AIB allocates a capital investment budget to the Energy Manager for investment in energy, reduction projects. Budgets are planned for 3 years in advance with a pipeline of projects maintained under the ISO 50001 energy opportunities register. Payback and projected savings are used to build a business case for investment.
Employee engagement	AIB has made Sustainability a pillar of the organisation and has seen employees take a greater role in reducing carbon footprint on a day to day basis. Our Energy and Environmental Management Systems have detailed energy and environmental awareness plans. Our intranet page, as well as our dedicated blog has dedicated information aimed to increase behavioural change (carbon infographic, waste segregation tips, energy saving tips, etc.). In 2019, we launched a new "Environment and Climate Action" awareness course' designed to make staff more aware of their environmental / energy impacts. This digital course underpins employee engagement, and drives a sustainable, widespread culture change, helping our people make holistic changes that benefit their whole lives and the environment.
Financial optimization calculations	All energy expenditure and energy processes are reviewed annually to identify if savings can be made and where these savings can be made. Necessary investments and budget for energy and fuel efficiency projects are made based on supporting financial optimisation calculations as well as meeting and supporting the objectives of the organisations' Energy and Environment Policies.
Internal incentives/recognition programs	"Appreciate" is AIB's on-line, bank-wide recognition programme that enables peer-to-peer recognition and empowers employees to recognise behaviours that demonstrate our purpose and values. All full and part-time AIB employees are eligible to participate in Appreciate. A range of awards are available to recognise varying levels of employee contribution. AIB's Energy & Environmental Manager gives recognition to colleagues and teams that are contributing and supporting the team's actions to "green" AIB's operations. Our career and performance development programme, Aspire, was rolled out in 2016. On the basis of each employee's objectives, which are set out at the beginning of every year, Aspire recognises and rewards both what was achieved during the year and how it was achieved. This encourages performance as well as behaviours in line with our Values.
Internal finance mechanisms	Maximise efficiency of existing energy supplier arrangements/contracts. A business case is made for each initiative proposed based on financial optimisation calculations as well as supporting the objectives of the organisations' Environmental and Energy Policies.
Other	1) We were proud to be the lead sponsor of Ireland's Climate Finance Week 2019. Organised by Sustainable Nation Ireland and supported by the Department of Finance, Climate Finance Week took place in multiple venues across Dublin and Cork, from 4–8 November. The agenda saw over 2,200 attendees at c. 20 events taking place over five days. Core themes of the week were risk, opportunity, technology, policy and disclosure. We opened the week with our third Sustainability Conference welcoming over 500 people to Dublin Castle and inviting them to join a climate conversation. 2) AIB Business banking sponsors Energy Efficiency Seminars for SME's around the country.
Dedicated budget for energy efficiency	On an annual basis, a capital budget is allocated to the energy manager for energy reduction projects. A full measurement and verification programme is put in place to ensure savings are fully achieved.
Dedicated budget for low-carbon product R&D	Annually AIB explores the market for financing opportunities for new low carbon finance products. In June 2019, AIB announced a €5bnClimate Action Fund, made available for climate related and green products over the next five years. This fund will be available to customers through a number of products and incentives – from electric vehicles, energy-efficient homes, to production of renewable energy. In 2019 we funded a total of €1.2bn in green lending.
Internal price on carbon	AIB's internal carbon price is used when evaluating funding of energy efficiency projects and as a driver to reach the bank energy reduction target (33% reduction on primary energy by 2020). This evaluating criteria has a significant funding impact on projects with lower return on investment but with a potential to reduce AIB's carbon footprint significantly.
Partnering with governments on technology development	In June 2019, AIB announced its commitment to make five billion euros of funding available (one billion per annum to be made available for climate related and green products) to support Ireland's transition to lower carbon economy. In addition, recognising the challenge the green transition presents for businesses and people all over Ireland, AIB will fund a body of research to be undertaken by the Economic and Social Research Institute on a range of climate-related questions. This recognises the ESRI's pre-eminent role in providing evidence for public policy in Ireland. The research will enable us to inform our customers on the social dialogue of how Ireland is embracing the challenges and opportunities that climate change brings. We were proud to be the lead sponsor of Ireland's Climate Finance Week 2019. Organised by Sustainable Nation Ireland and supported by the Department of Finance. Core themes of the week were risk, opportunity, technology, policy and disclosure.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation
Product

Description of product/Group of products

Green Residential Mortgages: In 2019, AIB introduced a Green 5 Year Fixed Mortgage rate of 2.50%, to support the growing number of customers who are motivated to purchase homes to reduce their carbon footprint and live more sustainably. AIB's Green 5 Year Fixed Mortgage Rate is available in ROI, for new and existing PDH customers whose property has a Building Energy Rating (BER) of between A1 and B3.

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Climate Action Lending)

% revenue from low carbon product(s) in the reporting year
1

% of total portfolio value

Asset classes/ product types

Bank lending	Residential Mortgages

Comment
Please note that the information regarding revenue from low carbon products is not identified separately in our official reports and is not released for reasons of commercial sensitivity. Estimated at 1%.

Level of aggregation
Product

Description of product/Group of products
Real Estate Development Finance funds the development of new build residential and commercial property. Under current building regulations all new buildings must be A rated and will soon need to comply with 'Near Zero Energy Buildings' or NZEB requirements. As a result funding in this area qualifies as low emissions / green lending.

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Climate Action Lending)

% revenue from low carbon product(s) in the reporting year
1

% of total portfolio value

Asset classes/ product types

Bank lending	Corporate Real Estate

Comment
Please note that the information regarding revenue from low carbon products is not identified separately in our official reports and is not released for reasons of commercial sensitivity. Estimated at 1%.

Level of aggregation
Group of products

Description of product/Group of products
Renewable Energy Project Finance Facilities: Our Energy, Climate Action & Infrastructure team manages a diverse portfolio which includes investments in all asset classes across the power and energy sectors. We provide solutions to energy companies across both conventional power and renewable energy (e.g. wind, solar, hydro, biomass and waste to energy).

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Climate Action Lending)

% revenue from low carbon product(s) in the reporting year
1

% of total portfolio value

Asset classes/ product types

Bank lending	Project Finance

Comment
Please note that the information regarding revenue from low carbon products is not identified separately in our official reports and is not released for reasons of commercial sensitivity. Estimated at 1%. For example, in 2019, the Energy, Climate Action & Infrastructure team was involved in a project that funded 37.5MW of green energy generation capacity by providing acquisition finance for Foresight Group LLP’s purchase of two onshore wind farms. The green energy produced by the wind farm alone is sufficient to power 10,548 homes, saving 51,000 tonnes of CO_2 emissions every year compared to energy produced by coal-fired power stations. In June we announced a €5bn Climate Action Fund, made available for climate related and green products over the next five years. This fund will be available to customers through a number of products and incentives – from electric vehicles, energy-efficient homes, to production of renewable energy.

Level of aggregation
Product

Description of product/Group of products

In September 2019, we launched a Green Bond Framework in line with the globally recognised International Capital Markets Association (ICMA) green bond principles. The bond will support lending to projects in energy-efficient building, renewable energy, CO2 reduction and other climate-related initiatives. The Framework defines eligibility criteria in three areas: 1. Green commercial buildings in Ireland and the UK 2. Green residential buildings in Ireland 3. Renewable energy assets located in Ireland, the UK and across the EU: 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, such as wind tunnels and cubes; c. Anaerobic digestion of bio-waste: treatment of bio-waste through anaerobic digestion (AD) with resulting production and energetic utilization of biogas (electricity / heat generation). Energy crops and non-waste feedstock are excluded

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Green Bond Principles (ICMA)

% revenue from low carbon product(s) in the reporting year

0

% of total portfolio value

Asset classes/ product types

Bank lending	Other, please specify (Sustainability linked loans and Green loans)

Comment

Please note that: a) Revenue from low carbon products: Subject to market conditions it’s our intention to issue our inaugural Green Bond in 2020.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2009

Base year end

December 31 2009

Base year emissions (metric tons CO2e)

11514

Comment

Base year emissions have been restated. A full re-baselining exercise of AIB's carbon footprint from 2009 to 2016 was undertaken in 2018.

Scope 2 (location-based)

Base year start

January 1 2009

Base year end

December 31 2009

Base year emissions (metric tons CO2e)

21272

Comment

Base year emissions have been restated. A full re-baselining exercise of AIB's carbon footprint from 2009 to 2016 was undertaken in 2018.

Scope 2 (market-based)

Base year start

January 1 2009

Base year end

December 31 2009

Base year emissions (metric tons CO2e)

3912

Comment

Base year emissions have been restated. A full re-baselining exercise of AIB's carbon footprint from 2009 to 2016 was undertaken in 2018.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Voluntary 2017 Reporting Guidelines

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
4784

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Our Scope 1 reported figure excludes any out of scopes emissions relating to biogas purchases. This is a total of 16 tCO2e.

C6.2

(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
10025

Scope 2, market-based (if applicable)
64

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
January - December 2019 Reporting Period

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
612

Emissions calculation methodology
Water: Data supplied shows only water supplied to AIB. Emissions factors used are based on DEFRA 2019 guidelines. Paper: Total spend by AIB for Paper consumption was apportioned across AIB based on FTE. Total emissions for paper were estimated using an economic input-output model which has used emission factors from the CEDA 5.0 Database (Comprehensive Environmental Data Archive 5.0). Note: CEDA emission factors only account for the indirect emissions, not the emissions associated to the use of the product or service that may have already been accounted for in a different category of the footprint.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
AIB use supplier water bills, and total spend on paper consumption to calculate these emissions. The bank is analysing and studying the reliability and availability of more data related to this category to determine the incorporation of its emissions in subsequent years.

Capital goods

Evaluation status
Relevant, calculated

Metric tonnes CO2e
129

Emissions calculation methodology
IT: Total spend by AIB for IT consumption was apportioned across AIB based on FTE. Total emissions for IT were estimated using an economic input-output model which has used emission factors from the CEDA 5.0 Database (Comprehensive Environmental Data Archive 5.0). Note: CEDA emission factors only account for the indirect emissions, not the emissions associated to the use of the product or service that may have already been accounted for in a different category of the footprint.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Capital Goods is comprised of IT and office equipment.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
5512

Emissions calculation methodology
Fuel and energy related activities includes all well-to-tank emissions and transmission and distribution loss emissions associated with all energy consumed by AIB. This was calculated using the Scope 1 and 2 fuel data (natural gas, diesel, kerosene, gas oil), Scope 2 electricity data, and Scope 3 business travel and commuting data, and applying the DEFRA 2019 Well-to-tank and transmission and distribution loss conversion factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
WTT & T+D emissions associated with AIB's energy use.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial institution, we are not involved in manufacturing activities. Our financial services are not physical products. These services are only linked to monetary transactions. Emissions related to upstream transportation and distribution are considered not material for the distribution of our services.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

74

Emissions calculation methodology

Waste to landfill, waste recycled, waste recovered and waste composted were measured in tonnes on site. Relevant emissions factors sourced from DEFRA 2019 were used to calculate emissions

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Waste data is provided by our service providers. Waste calculated categories include data gathered from the following waste streams: MSW mixed municipal waste, dry mixed recyclables, food & compost waste, C&D waste, C&I waste, cardboard waste, timber waste, paper waste, metal waste, water treatment waste, WEEE waste, grease trap waste, waste refrigerant gases and used cooking oil.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3845

Emissions calculation methodology

Business travel is divided into the following sections: air travel, bus travel, taxi, rail travel, ferry travel, car mileage, hotel stays and Go Car (car sharing scheme). Relevant emissions factors sourced from DEFRA 2018 were used to calculate emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Business travel data is captured from suppliers and internal expenses management systems. As per best practice we have included, for the first time, hotel stays within the scope of business travel emissions.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

4287

Emissions calculation methodology

AIB have developed an internal commuting model to estimate emissions from employee commuting. Benchmarks for the countries in which AIB offices are located (Ireland, United Kingdom and U.S.) have been used based on FTE to identify journey times, journey distances and modes of transport. For Ireland, the "Census of Population 2016 - Profile 6 Commuting in Ireland - Means of Travel to Work" census, as made available by the Central Statistics Offices, was used to estimate proportion of transport mode taken by employees in Ireland. Time and distance data also provided by the Central Statistics Office was used to determine journey times and distances. For the United Kingdom, the UK Government's Department of Transport's 2018 statistics indicating proportions of travel mode and duration and distance of commute, were used. For the U.S., U. S. Census Bureau, 2017 American Community Survey. The relevant emission factor for each transport type provided by DEFRA (2019) were used to estimate emissions based on resultant data. For non-stated transport modes under this model, an average of car, bus, rail and motorbike emission factors have been used.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

AIB actively works to minimise this type of commuting emissions. AIB facilitate staff who wish to work from flexible locations to enable a better work-life balance. Thanks to IT upgrades our staff is allowed to work remotely. AIB encourages the use of sustainable transport where possible; A bus service is operated 6 times per day servicing our head offices in Dublin. Bike racks, showers and drying areas are provided to encourage staff uptake. Electric car changing points are available at our main head offices. AIB staff in Dublin has access to a car sharing scheme and, Tax saver and bike to work schemes are available to all AIB staff.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Emissions associated from the operation of assets that are leased by AIB have been included in scope 1 and scope 2 disclosed in previous sections. We calculated the emissions from these renting properties as if it were AIB owned properties. A new disclosure in this section will lead to emissions being double-counted

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial institution, AIB is not involved in manufacturing activities. Our financial services are not physical products. These services are only linked to monetary transactions. Emissions related to downstream transportation and distribution are considered not material for the distribution of our services

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
AIB is a financial services provider. This scope 3 category is not applicable to us as we don't have any manufacturing operations. Our financial services are not physical products. These "products" are only linked to monetary transactions that do not require processing.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The reason to consider this category not material is that AIB is a financial services provider. We don't have any manufacturing operations. AIB financial services are not physical products. These "sold products" are online services or intangible products therefore making this source of emissions not relevant.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
AIB is a financial services provider. We don't have any manufacturing operations. AIB financial services are not physical products. These are online services or intangible products that don't require and end of life treatment, therefore making this source of emissions not relevant

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
AIB does not lease assets to a third party, therefore these emissions are considered not relevant

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
These scope 3 emissions are not applicable as AIB does not have any franchises

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
AIB has not identified any additional upstream emissions not already reported in other categories

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
AIB has not identified any additional downstream emissions not already reported in other categories

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.0000054947

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
14808

Metric denominator
unit total revenue

Metric denominator: Unit total
2695000000

Scope 2 figure used
Location-based

% change from previous year
23

Direction of change
Decreased

Reason for change
The reduction in our tCO2e/revenue emissions intensity figure has been driven almost entirely by a reduction in our Scope 1 and 2 carbon footprint. Our Scope 1 and 2 footprint saw a 24% reduction, whilst our revenue remained almost unchanged (~1% decrease). In Scope 1, we reduced emissions from fleet by 22% and our fuel usage by 11%. In Scope 2, location-based emissions reduction has been driven primarily by grid greening in our locations, where the average grid factor has decreased.

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	We are reporting location-based Scope 2 emissions, so renewables do not affect the total.
Other emissions reduction activities	1778	Decreased	9	The emissions total (1778 tonnes) is derived from the emissions reductions activities/projects implemented in C4.3b. These emissions are then divided by total Scope 1&2 from 2018 (19528 tonnes) x100. 1778/19528*100 = 9% reduction.
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified	2942	Decreased	15	The emissions total (2942 tonnes) is derived from remaining unidentified emissions (4720-1778= 2942 tonnes). These emissions are then divided by total Scope 1&2 from 2018 (19528 tonnes) x100. 2942/19528*100 = 15% reduction.
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	128	21348	21476
Consumption of purchased or acquired electricity	<Not Applicable>	34395	223	34618
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	34523	21571	56094

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Other, please specify (Scope 1 and 2 (location) tCO2e per FTE)

Metric value
1.5

Metric numerator
14,808

Metric denominator (intensity metric only)
9,855

% change from previous year
24

Direction of change
Decreased

Please explain
Our FTE remained about the same, with a marginal decrease of 0.6%. Our location-based Scope 1 and 2 emissions decreased from 19,528 tCO2e to 14,808 tCO2e. This resulted in a 24% decrease in emissions intensity. This reduction is mostly attributed to grid greening (-30%). We also saw a substantial decline in Scope 1 emissions (-8%) driven primarily by a reduction in fuel consumption (-11%) and fleet usage (-22%).

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
AIB ISO14064-3 Verification Statement.pdf

Page/ section reference
1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
AIB ISO14064-3 Verification Statement.pdf

Page/ section reference
1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
AIB ISO14064-3 Verification Statement.pdf

Page/ section reference
1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3 (upstream & downstream)

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
AIB ISO14064-3 Verification Statement.pdf

Page/section reference
1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Other, please specify (Annual Primary Energy Consumption for AIB locations in ROI, activity metrics, annual energy management projects and energy management and energy management practices)	The information is submitted using SEAI's online monitoring & reporting (M&R) system. (SEAI stands for Sustainable Energy Authority of Ireland) An SEAI-appointed Energy Expert carries out a Data Verification assessment (DVA) to ensure that the information submitted is robust and satisfies SEAI's data acceptability thresholds. The DVA process is a critical aspect of data validation in the M&R system, i.e. for ensuring, insofar as is practical, that the data which is submitted is robust and verifiable. However, it is also a means for SEAI to support organisations in improving how they gather and submit M&R data and for providing feedback on the M&R system. https://www.seai.ie/energy-in-business/monitoring-and-reporting/data-quality/	AIB has a legal obligation to improve its energy efficiency by 33% by 2020 under NEEAP and the SI 426:2014 Regulations and to report to SEAI (The Sustainable Energy Authority of Ireland) its annual energy performance data using an online monitoring and reporting system (M&R). The following is reported on annual basis: a) primary energy consumption for all energy types, b) value that quantifies the level of activity undertaken by the organisation each year (activity metrics - energy performance indicators), c) detail on energy saving projects (annual savings from implemented and planned projects in kWh TPER) and d) summary of AIB's energy management programme.

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
No

C11.3

(C11.3) Does your organization use an internal price on carbon?
Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price
Drive energy efficiency

GHG Scope
Scope 1
Scope 2

Application
The internal carbon pricing mechanism along with a life cycle cost analysis applies to all energy efficiency projects. These projects are evaluated by the Energy and Engineering Services teams within AIB Service Delivery. This unit within AIB's Sourcing, Property and Security division is responsible for driving energy efficiency and managing the maintenance of throughout the organisations estate. The teams comprise of a wide range of skills and abilities from electricians and plumbers to facility managers, engineers and energy expects.

Actual price(s) used (Currency /metric ton)
20

Variance of price(s) used
Is an evolutionary pricing based on the Irish Carbon Tax that was introduced in Ireland in 2010. The tax rate is currently €20 per tonne. It should be noted that the Irish Committee on Climate Action agreed a series of increases for the carbon tax from 2020. The carbon tax will gradually increase from €20 per tonne of CO2 to €80 over the course of a decade.

Type of internal carbon price
Shadow price
Implicit price

Impact & implication
AIB’s internal carbon price is used when evaluating funding of energy efficiency projects and as a driver to reach the Group's NEEAP energy reduction target (33% by 2020) and the Low Carbon Pledge carbon emissions intensity target (50% by 2030). This evaluating criteria has a significant funding impact on projects with lower return on investment but with a potential to reduce AIB’s carbon footprint significantly. An example on how this pricing affects our investment decisions is: Renewable purchases. In Oct 2019, we added green gas supply to our GB locations. Our GB premises are now being supplied with renewable gas and renewable electricity.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers
Yes, our investee companies
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Compliance & onboarding

Details of engagement
Included climate change in supplier selection / management mechanism

% of suppliers by number
100

% total procurement spend (direct and indirect)
100

% of supplier-related Scope 3 emissions as reported in C6.5
44

Rationale for the coverage of your engagement
All our suppliers must adhere to all legal obligations in each jurisdiction e.g. environmental, labour law etc. as well as any specific requirements of our Environmental and Energy Polices. AIB shows its commitment to environmental protection by establishing an Environmental and Energy Policies to which the organisation pledges to commit. The policy statements have been defined and agreed upon by top management and satisfy the requirements of the international standards ISO14001:2015 & ISO 50001:2018. The Environmental Policy reflects the commitment of the company to prepare its business to deal with the impacts of climate change by understanding the associated risks and opportunities, to protect the environment and prevent pollution and, to continually improve its environmental performance. The Energy policy states the organisation's commitment to achieving energy performance improvement and is designed to help AIB operate its businesses as energy efficiently as possible, reduce its carbon footprint and to achieve continuous improvement in energy performance by committing to implement energy conservation opportunities, provide energy awareness, set up energy targets and, consider energy efficiency as part of the life cycle cost during investment appraisal.

Impact of engagement, including measures of success
As part of supplier evaluation and selection processes, we carry out specific diligence checks on a regular basis. Independently of this official controls, AIB teams with direct and daily communication with suppliers maintain an emphasis on ensuring that these stakeholders are aware and support AIB's green business agenda. 2019 Case Study: As part AIB's commitment to improve its environmental performance (AIB is an ISO 14001 certified company. Waste targets are set up on an annual basis and Environmental Management Programme (EMP) is established to support achievement of that target. In 2019, we partnered with our catering and soft facilities services providers to trial a return scheme at our new headquarters in Dublin, for all take-away containers in the restaurant and cafes onsite. Compostable single-use disposables

were eliminated and replaced by reusable containers made from re-purposed materials like coffee and rice husk. Measure of success: We measure success of compliance on a higher level, through the results of reduction of our environmental impacts (waste, water, emission, energy). Our suppliers are an important part of these achievements. For example, our partnership with our catering and soft facilities services providers show a reduction of 56% in procurement costs, the prevention of 3.3 tonnes of waste on an annual basis in our HQ building and associated reduction of scope 3 emissions. Combined with other waste reduction initiatives with those partners we saw a 33% reduction in waste per employee in head office locations. Both achievements demonstrate progress against our waste targets.

Comment

Type of engagement
Compliance & onboarding

Details of engagement
Code of conduct featuring climate change KPIs

% of suppliers by number
25

% total procurement spend (direct and indirect)
5

% of supplier-related Scope 3 emissions as reported in C6.5
38.3

Rationale for the coverage of your engagement
Suppliers which have an effect on AIB's Scope 1 and 2 emissions have clauses relating to environment, energy and sustainability in their contracts, they must assist and work with AIB to reduce its carbon emissions from energy sources.

Impact of engagement, including measures of success
Supplier KPIs are measured by regular contract meetings and the receipt annually of agreed opportunities register from each relevant stakeholder. 2019 Case Study: AIB's maintenance service contract in ROI has specifications to identify energy saving opportunities. In 2019, our hard facilities partner in ROI completed 157 energy audits across our branch network to identify thermal and electrical energy savings opportunities on areas such as lighting, space heating or BEMS. For example, LED lighting opportunities were identified in 72 of our branches with an average saving per branch of 9,084 kWh. These opportunities are reported regularly to AIB's Energy Team that includes them in its official ISO 50001 register of opportunities. These opportunities are discussed and evaluated with the supplier and our projects and engineering services team. The impact of our supplier engagement is best evidenced by our progress towards achieving a) our Low Carbon Pledge Target (50% Scope 1 and Scope 2 emission intensity reduction by 2030) and, b) the 33% energy savings by 2020 (as per NEEAP requirement). As wells as for the receipt of the Green Large Organisation of the Year (1000+ Employees) award in February 2020, for energy and environmental leadership. c) Targets disclosed in section C4.2 shows that year on year, AIB achieved a 24.16% reduction of Scope 1 and 2 emissions.

Comment

Type of engagement
Engagement & incentivization (changing supplier behavior)

Details of engagement
Run an engagement campaign to educate suppliers about climate change

% of suppliers by number
5

% total procurement spend (direct and indirect)
5

% of supplier-related Scope 3 emissions as reported in C6.5
28.95

Rationale for the coverage of your engagement
AIB wants to work with suppliers who share our commitment to sustainability and are aligned to our values. Our Supplier Facing Internet site is designed to help our suppliers by identifying our supplier qualification expectations. We run a programme of engagement with all suppliers to share our ESG commitments. For example, our SPS division engage directly with relevant suppliers, such as our catering, printing and soft services partner, to reduce Scope 3 emissions. These suppliers are targeted for this type of engagement as their partnership are key to achieve AIB's annual ISO 14001 and 50001 targets. The impact and success of these measures are detailed below. Our suppliers must comply to our Financial Supplier Qualification system (FSQS), a standard and simple mechanism for collecting and managing supplier assurance information across AIB. Suppliers must adhere to all legal obligations in each jurisdiction (e.g. environmental and labour law) as well as any specific requirements of our environmental policy. In 2019, we reviewed and updated our Third Party Management program laying the foundations to build strong sustainable supplier relationships and continues to work to support the Group Sustainable and Climate Action Objectives. Based on the work completed in 2019, we have updated our supplier policy and processes. In 2020, we have liaised CDP supply chain program to continue to take action on ”Sustainable sourcing and supply chain transparency” and we will publish a "Responsible Suppliers Code" (to outline our expectations of our suppliers) and our "Sourcing Code of Ethics" (to outline what our suppliers can expect of us). We believe that we need to do more than simply managing risks and ensuring compliance, we need to work together with our key suppliers, to continuously improve, to be innovative, to drive sustainability, and to have a positive and lasting impact. We want to make a difference through responsible sourcing and sustainable supply chain management. We believe that strong strategic supplier relationships are key to bringing our innovations to market faster and give AIB a competitive advantage.

Impact of engagement, including measures of success
Our Strategic Sourcing team works with all AIB business areas to support our suppliers in their pursuit of continuous improvement, and delivery of innovation and value. At the same time, we expect our suppliers to meet our expectations in terms of quality, ethics and sustainability. Our suppliers are very important in helping us to identify and implement sustainable solutions as they are experts in their field. The examples below capture how our suppliers are helping to achieve our climate objective. a) Improvement in AIB Printing and Scanning technology has saved 59m sheets of paper/ink in 2019. b) Digitisation of our Procure to Pay system has displaced paper, and generated an annual saving equivalent to 2.2m litres of water. HP and Coupa have both helped avoid our environmental impact by transitioning to digital or alternative solutions. Carbon emission and environmental data is requested from relevant suppliers. This data feeds into our Environmental Management System, ISO 14001. KPIs included in our ISO 14001 are reduction in a) waste volumes, b) water use, c) energy consumption and, d) carbon emissions. The achievement of these KPIs is a measure of success of the engagement with our suppliers. As an example of this measure of success, HP provides monthly data which we use to track our paper reduction KPI and related Scope 3 emissions.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Education/information sharing

Details of engagement
Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number
100

% of customer - related Scope 3 emissions as reported in C6.5
0

Portfolio coverage (total or outstanding)
All of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
We recognise that supports are needed to help change all our behaviours, individually and societally, as we transition to a lower-carbon economy. In 2019, the bank launched a mainstream customer engagement communications programme titled 'Do More'. The campaign acknowledges while the bank may have taken some steps to help combat climate action, much more needs to be done. Aligned with this campaign and reinforcing our support for Ireland's programme to address climate change, in 2019, we sponsored Climate Finance Week Ireland, we launched a new 5-year fixed green mortgage, a green bond framework and we established a €5 billion fund that will be made available for climate related products over the next five years. We are committed to have sustainability and our response to climate change at the heart of our business, every day. AIB's 'Do More' campaign is an ongoing pledge as a business and corporate citizen to do more. The campaign highlights what AIB is doing as a business and the "green" products and services we have developed to offer our customers. We want ALL our customers to know they have sustainable options when they bank with us and help them to make informed financial decisions that can have a positive impact on climate change. Through AIB's sustainable financial products and services such as the five-year fixed rate green mortgage, we hope to help customers respond to the challenges of climate change too, allowing them to also do more.

Impact of engagement, including measures of success
Impact: Telling the truth, and speaking with humility resonated really well with our customers 1 - As part of our 'we pledge to do more' campaign, AIB partnered with RTÉ, Ireland's largest broadcaster, on a week-long series of programmes to communicate our pledge to our customers and encourage customer education and to drive engagement. RTÉ on Climate introduced the public to brand-new content across TV, radio and online, including news features offering an Irish perspective on the global crisis - and practical ways in which we can all make a difference. The partnership allowed us to communicate our pledge to the Irish Public and reached over 71% of adults in Ireland. Radio reached 83% of adults 2 - AIB has a dedicated Energy, Climate Action and Infrastructure team. This team is one of the largest in the market and is supporting AIB's goal of playing a leadership role in assisting Ireland deliver its sustainability and de-carbonisation goals. As an example, the team provided finance for new bioenergy plant in north County Dublin. A minimum of 70,000 tonnes of organic waste will be processed annually at the bioenergy plant and will generate 4.8 Megawatts of electricity per hour, enough to power about 8,600 homes. 3 - We have added Sustainable Communities as a pillar strategy for AIB Group. In essence, sustainable finance and climate action now have an elevated position as core strategic priorities and this is reflected right across our agenda for business and investment. Measure of success of our client engagement is the growth our lending for climate solutions. In 2019, we launched new sustainable products and services. Our Green lending (which includes finance for electricity and the built environment) amounted to €1.2bn. This equates to c.9.8% of new lending.

Type of engagement
Information collection (understanding customer behavior)

Details of engagement
Other, please specify (Creation and launch of AIB Sustainability Index as a mechanism to collect information from a representative sample of Irish consumers to understand both their behaviours, and their attitudes to Sustainability, particularly with regard to Climate)

% of customers by number
0.04

% of customer - related Scope 3 emissions as reported in C6.5
0

Portfolio coverage (total or outstanding)
Unknown

Please explain the rationale for selecting this group of customers and scope of engagement
The AIB Sustainability Index is ultimately focused on the issue of personal responsibility for sustainability. The following five key questions were asked of a nationally representative sample of 1,000 adults recruited by a retained 3rd party, in December 2019 and June 2020. The respondents were chosen to ensure a wide spread of age and gender, across the island of Ireland. These questions are the most powerful in terms of capturing a wide spectrum of consumer sentiment about sustainability & for use in identifying distinct attitudinal groups based on variation in sentiment. We collect information on an ongoing basis. a) Data on Irish consumers to understand both their behaviours, and their attitudes to Sustainability, particularly with regard to Climate is captured quarterly and is representative for ROI business only. b) We engage with 1000 customers, a size statistically significant as a representative population sample. The answers are added together to give an AIB Sustainability Index score that is anywhere between zero (neither interested in nor practicing sustainability) and 100 (both interested in and practicing sustainability).

Impact of engagement, including measures of success
The AIB Sustainability Index score for June was unchanged from December 2019, at 66, despite there being a pandemic. 76% of all adults feel sustainability is important for Ireland, consisting of 80% of women and 73% of men. 41% of adults feel they are living sustainably, up from 34% six months ago. 54% say sustainability has become more important to them personally since Covid-19, with 58% of women saying it has become more important compared to 49% of men. One reason many people feel sustainability has become more important post COVID-19 is that it is easier for them to adopt some lifestyle changes that are more sustainable. Since the start of COVID-19 56% of people said they do more home cooking, 53% say they do more DIY, and another 53% say they attempt to reduce food waste. 45% say they go more on bicycle/foot while 24% are growing their own fruit, herbs or vegetables more than before, and 24% are more involved in helping in the community. As Ireland's leading sustainable bank, we are continuing to engage and listen to the views of the public to understand their evolving needs. For AIB, it is encouraging to see that 59% of respondents recognise the important role that banks have to play in the fight against climate change and we are committed to delivering supports to our customers in helping them transition to a lower carbon footprint in terms of products, finance and guidance. In response to the insights from the Index, we have partnered with Nissan to offer 0% PCP finance on the entire Leaf range, as well as a free first service, which reduces household emissions, and saves customers money.

C-FS12.1c

(C-FS12.1c) Give details of your climate-related engagement strategy with your investee companies.

Type of engagement
Information collection (Understanding investee behavior)

Details of engagement
Included climate change in investee selection / management mechanism

% of investees by number
4

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b
1

Portfolio coverage
Minority of the portfolio

Rationale for the coverage of your engagement
AIB has established a Socially Responsible Investment (SRI) Bond portfolio 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). Currently 4% of our total investment is classified as Socially Responsible Investment. The Group has a medium term target of 10%. Our portfolio coverage refers only to the investees covered under the SRI bond portfolio. AIB collects ESG related information to assess qualification criteria for the SRI bond portfolio. Investments are determined on (a) credit quality of the issuer, (b) the extent to which the investee utilises “green bond” issuance to fund projects and (c) on whether they investee meets the qualification criteria for the portfolio. Issuers are pro-actively communicated with and advised of AIB’s criteria for green bond investment detailed in AIB’s published Socially Responsible Investment Bond Framework. Climate-related projects that qualify for investment include: Renewable Energy, Sustainable Water Management, Pollution Prevention, Green Buildings and Energy Efficiency. A list of exclusions are also detailed in the Framework, principally related to nuclear and fossil fuels. We will look more favourably upon issuers who actively engage in the world of socially responsible investment. This includes sustainable bond roadshows, communication of ESG strategies and results with the general public, and creating a general awareness of the importance of socially responsible investing in finance. For our SRI portfolio, we are looking for issuers who strive to raise awareness of the contribution the sustainable bond market is having on the planet through their own efforts and publications, and will look more favourably on these market participants. We will also look favourably upon issuers whose frameworks incorporate some of the UN Sustainable Development Goals (SDGs).

Impact of engagement, including measures of success
In order to measure the impact of our investment, we require issuer reporting to align with the ICMA Green/Social Bond Principles reporting recommendations for both Allocation and Impact Reporting. Allocation reporting should include: (i) the size of the eligible portfolio; (ii) the total amount of proceeds allocated to the eligible projects; (iii) details of the project where feasible and; (iv) the balance (if any) of unallocated proceeds. Impact reporting should include: (i) qualitative performance indicators such as energy consumption/Co2 saving and; (ii) metrics regarding projects’ environmental and/or social impacts where feasible. We require the issuing framework to have a Second Party Opinion, as per the ICMA Green/Social Bond Principles. These reports allow us to demonstrate and contextualise the positive impact AIB’s investments are having throughout the world. We will not include bonds in our SRI portfolio where the issuer does not intend to publish any information, reports, or impact metrics regarding their sustainable bond issuance. The engagement strategy, specifically the publication of or SRI Investment Framework, has demonstrated AIB’s bona fide commitment to the green bond market. Our measure success is an internal target to grow the balance invested in the SRI portfolio. The value of which will not be disclosed for reason of commercial sensitivity.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

To understand the issues that are of most concern of our stakeholders, we have ongoing engagement exercises that combine direct feedback with a revised survey of our stakeholder group. In this case "other partners" refers to staff, management, state agencies, shareholders, analyst, educational bodies, and non-governmental bodies. To simplify we have grouped ~~all~~ our stakeholders into 5 groups: Customers, Employees, Investors, Society and Regulator. Our materiality exercise helps to inform our Sustainability Strategy, a key aspect of which is Climate Action.

We continually engage with the above groups. Following are some of the ways we use to engage with them: Society (direct partnership, community initiatives, materiality exercise, other), Customers (materiality exercise, focus groups, AIB website, Ask AIB, net promoter score, others), Investors (materiality exercise, industry conferences, AGM and shareholder services, financial reporting, others), Regulators (site visits, regulatory reporting, materiality exercise, others) and Employees (iConnect engagement survey, team meetings, intranet, six employee resources groups, materiality exercise, others).

We understand how important it is to listen to and to engage with our stakeholder groups. Their feedback and experiences inform and guide us, helping us to focus our actions so that we can improve our service. At the end of 2019 we undertook an extensive stakeholder engagement exercise, completing a materiality exercise with c. 800 stakeholders. It was clear from the materiality exercise that greater progress is needed to raise awareness of the role finance plays in addressing climate change. Climate change is the defining issue of our time, the impacts of which are already visible in local and global economies and society. Given the importance of finance in supporting the transition to a low-carbon economy, we have a fundamental role to play which is why we will continue to focus our efforts on this issue.

We also fund collaborative projects to promote responsible consumption (see Case Study) and run campaigns to provide training to our staff regarding environmental awareness, energy efficiency and climate change impacts.

Case Study: AIB has a key role to play in every community in which operates. In 2018, we established a €1.8m three-year partnership with FoodCloud, a multi-award-winning social enterprise that enables the redistribution of surplus food from industry to the charity sector. In 2019, FoodCloud distributed over 19 million meals to almost 9,000 charities across Ireland and the UK. With our support, FoodCloud have increased their impact by 160% since 2018, with the aim to double it by the end of 2020. Our investment has had the following impact on FoodCloud: The equivalent of 8 million meals have gone to people and not to waste; 3,662 tonnes of surplus food has been redistributed to charities and approximately 11,718 tonnes of CO2 -equivalent has been avoided.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Funding research organizations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	The National Energy Efficiency Action Plan (NEEAP) was written into law in 2009 - Energy End-Use Efficiency and Energy Service Regulations 2009. In 2012, AIB was classified as a public sector organisation under Energy Efficiency Legislation (the bank is 71% State owned). As such the organisation is required to fulfil the obligations as set out in NEEAP under this law.	Implement AIB's obligations under the law including: a) Achievement of 33% energy savings by 2020 in the public sector (from 2007 - 2009 baseline). b) Report in the Annual Report of energy efficiency actions and progress towards 2020 target. c) Compliance with guidelines for Green Public Procurement in the Public Sector. Green procurement meaning that energy considerations and life cycle costs should be taken into account in procurement decisions. d) Develop & implement energy management programmes appropriate to make incremental progress year on year. e) Publish a 3 year energy efficiency strategy and identify longer term initiatives to achieve transformational change. f) Implementation of ISO 50001 Energy Management System. g) Publish formal targets and objectives and report against them annually. h) Energy Certificates to be prominently displayed in all buildings with useful floor areas greater than 500m2 and frequently visited by the public.
Other, please specify (Mandatory energy reporting)	Support	Development of an ongoing relationship with the Sustainable Energy Authority of Ireland (SEAI) in support of a number of strategic initiatives including the submission of reports by AIB to the SEAI around Public Sector Energy Consumption, documenting progress on the requirement for AIB to meet a 33% energy reduction by 2020 as a Public Sector Body (based on 2007 - 2009 baseline).	Submission of required energy details and: • Development and implementation of energy management programmes appropriate to make incremental progress year on year. • Publication of a 3 year energy efficiency strategy and identification of longer term initiatives to achieve transformational change. • Implementation of ISO 50001 Energy Management System. • Publication of formal targets and objectives and report against them annually.
Climate finance	Support	We take a proactive approach to the evolving regulatory agenda. In ROI we are continuously contributing to the evolution of this regulation through consultation on proposed EU regulation for sustainable finance and we participate in industry level dialogue through the Banking and Payments Federation of Ireland. ("BPFI"). Through this participation, we have influenced European Banking Federation ("EBF") responses to various consultations, most recently the EU's Renewed Sustainable Finance Strategy and the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017. In the UK, AIB UK is required to consider the Prudential Regulatory Authority's policy and supervisory statement on the financial risks of climate change and incorporate these within the context of the overall Group's objective of supporting customers to transition to a low carbon economy.	a) Following the publication of the Prudential Regulatory Authority Policy Statement PS11/19 and Supervisory Statement SS3/19 concerning the management of the financial risks from climate change, AIB UK submitted an action plan setting out how they plan to achieve the overall management of climate change risk. b) In September 2019 we became a Founding Signatory of the UNEP FI Principles for Responsible Banking and a Supporter of the Taskforce on Climate-related Financial Disclosures (TCFD). We joined these partnerships as we believe they provide us with an opportunity to share our experiences with fellow members, to learn from theirs and to work collectively to progress on climate action. We are making strong progress in delivering on these commitments as we continue to embed environmental and social factors into our risk management processes with updated disclosures planned for 2020. c) Our non-financial statement is intended to comply with the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017
Other, please specify (Environmental Sustainability & Carbon Voluntary Reporting)	Support	AIB is a Member of Business in the Community Ireland (BITC), a not for profit group which supports CSR and sustainability. In 2019 AIB was awarded the Business Working Responsibly mark. Our CEO is a member the BITC Leaders Group. BITC advocates that action to address climate change is urgently required and a strong corporate response must be part of the solution. AIB supports BITC's efforts in this area.	Continue to work with BITC in relation to supporting their efforts - on behalf of large businesses in Ireland, in relation to environmental sustainability issues. AIB is signatory of the Low Carbon Pledge. The Pledge is a commitment for Irish businesses to invest time and resources into creating a more sustainable operation, by being more energy efficient and reducing carbon emissions. Specifically, we pledged to reduce our Scope 1 and 2 GHG emissions intensity by 50% by 2030. The first Low Carbon report was launched in June 2019, recording our progress and confirming that we are on track with the Low Carbon Pledge commitment.
Other, please specify (Addressing climate change through innovation)	Support	With increasing pressure on the planet's diminishing natural resources, the need to foster and develop responsible and sustainable business practices is crucial. We're partnering with key stakeholders to help transition Ireland to a low-carbon future. 2019 highlights: 1) We partnered with Teagasc, the Agriculture and Food Development Authority, to identify the 10 key steps towards maximising sustainability in farming resulting in better output and increased profitability. 2) We were proud to be the lead sponsor of Ireland's Climate Finance Week 2019. Organised by Sustainable Nation Ireland and supported by the Department of Finance. Core themes of the week were risk, opportunity, technology, policy and disclosure.	Through partnering with key stakeholders which are focused on stimulating sustainable business practices, we are demonstrating our commitment and contribution to working towards achieving a low carbon economy. Due to the magnitude of the climate challenge, we see climate action as an area where innovation and co-creation could make a big impression in moving the agenda forward. We have a significant role to play in providing finance to support this, and with our dedicated Climate Action Fund we are ready to embrace this opportunity.
Climate finance	Support	Climate disruption is already having diverse and wide ranging impacts on Ireland's environment, society, economic and natural resources. The Irish Department of Communications, Climate Action and Environment has a Climate Action Plan that sets outs a course of actions over the coming years to address this issue. For financial service providers, the plan reflects the approach of the central banks across the EU to efforts underway in the EU to re-purpose finance to support a de-carbonising economy.	AIB is fully committed to playing our part in ensuring that Ireland successfully responds to climate change in the coming years. Recognising the challenge the green transition presents for businesses and people all over Ireland, in 2019 AIB announced that we will fund a body of research to be undertaken by the Economic and Social Research Institute on a range of climate-related questions. This recognises the ESRI's pre-eminent role in providing evidence for public policy in Ireland. The research will enable us to inform our customers on the social dialogue of how Ireland is embracing the challenges and opportunities that climate change brings.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association
IBEC - Irish Business and Employers Confederation

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association’s position
IBEC is the leading voice of Irish business and employers, representing the interests of thousands of organisations in industry and commerce as well as academic and charitable institutions. Its Energy and Environment Policy (‘EEP’) Unit regularly discuss climate mitigation and low carbon technologies. Their primary concern is to ensure that national climate policy, and any associated Oireachtas legislation adheres to three key principles, namely: a) being based on scientific evidence and robust economic analysis; b) being consistent with the evolving EU energy/climate policy framework; and, c) creating opportunities for sustainable development and job creation. Financial Services Ireland (FSI) is the Ibec sector representing the full suite of financial services companies in Ireland. FSI will work to promote Ireland at the vanguard of sustainable finance, including green bonds, ESG and socially responsible investing, sustainable infrastructural investments, climate finance and, performance bonds.

How have you influenced, or are you attempting to influence their position?
AIB expressed support to IBEC position working with other stakeholders to further climate change goals in Ireland in a way that does not damage Irish Industries international competitiveness.

Trade association
IWEA – Irish Wind Energy Association

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association’s position
IWEA is Ireland’s leading renewable energy representative body and as such has an active interest in the potential for renewable energy, and in particular wind energy, in Ireland. IWEA warmly welcomes the development of a National Climate Change Adaptation Framework and is firmly of the view that Irish wind energy as our leading renewable energy asset can, alongside other Irish renewables, make a continued valuable contribution to this national transition agenda and deliver a cost effective renewable option for Ireland’s homes, communities and businesses.

How have you influenced, or are you attempting to influence their position?
AIB has provided input to IWEA when they are formulating policy submissions as part of Government consultations. Also as a member we have nominated individuals for and voted in IWEA Council Elections. We have also voted in the various categories for their annual awards event.

Trade association
BPFI - Banking & Payments Federation Ireland

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association’s position
Banking & Payments Federation Ireland (BPFI) represents the banking, payments and fintech sector in Ireland. Together with its affiliates, the Federation of International Banks in Ireland and the Fintech & Payments Association of Ireland, BPFI has over 70 member institutions and associates, including licensed domestic and foreign banks and institutions operating in the Irish financial marketplace. BPFI supports the impetus of global initiatives to mobilise investment to make a transition to sustainable finance that will mitigate climate change.

How have you influenced, or are you attempting to influence their position?
AIB holds a position on the governance body of BPFI.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?
No

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

1) As a large employer, we can make a difference by making our staff and customers more aware of their own environmental impact. For example:

i) As in previous years since 2009, AIB participated in Earth Hour 2019. The engagement with WWF, the promoter of the initiative, held formalized as “Participating Company”. Participation of AIB´s branches is promoted in our intranet to raise awareness and understanding on Climate Change and using our digital screens in our branch networks and twitter account to reach our customers.

ii) In 2019 we launched a digital “Environment and Climate Action” awareness course to generate widespread sustainable cultural change among staff.

iii) Environmental Topics and Energy saving ideas are regularly featured on the company intranet site

iv) A carbon infographic is issued every year

v) Staff can keep track of sustainable information and topics, tips for a green office, green home and the latest updates on energy and environmental news at “Our Footprint Blog”.

2) In 2019, we had our third Sustainability Conference welcoming over 500 people in person and inviting them to join a climate conversation and we sponsored Ireland's Climate Finance Week. Overall social media impressions for the week exceeded 1m and AIB is now recognised as the leading bank in Ireland for Climate Action (12% Prompted awareness in AIB’S Sustainability Index in Dec 2019).

3) We understand how important it is to listen to and to engage with our stakeholder groups. We want to understand the issues that matter most. Their feedback and experiences inform and guide us, helping us to focus our actions so that we can improve our service. To help identify these issues we completed three materiality exercises.

4) Sharing our insight and expertise in energy and carbon management as conference speakers.

5) In 2019, a senior member of AIB joined the steering committee of CDP Ireland Network. The steering committee consists of representatives from the Irish divisions of reporting companies, and representatives from public and private bodies with an interest in climate change.

6) In 2019 we partnered with RTE, Ireland's largest broadcaster, on Climate. RTÉ on Climate introduced the public to brand-new content across TV, radio and online, including news features offering an Irish perspective on the global crisis - and practical ways in which we can all make a difference.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

1) The Office of Sustainable Business (OSB) was established in January 2016 to advise and support AIB’s Leadership Team and the Sustainable Business Advisory Committee (SBC) on sustainability issues including our climate change strategy. The SBAC meets formally quarterly. In 2019 we enhanced our sustainability strategy which includes climate action with the introduction of our enterprise-wide Sustainability Implementation Group, which is a senior forum with ExCo -1 representation. In 2016 the OSB developed our first materiality evaluation of key sustainability issues. AIB made a significant step in our commitment to sustainable banking in September 2019, when we became a Founding Signatory of the United Nations Environment Programme – Finance Initiative (UNEP FI) Principles for Responsible Banking and a Supporter of the Taskforce on Climate-related Financial Disclosures (TCFD). In an evolution of our four-pillar 2017-2019 strategy we have added Sustainable Communities as a fifth pillar, ensuring that we maintain a simple and focused approach to our work. This new strategy reflects our ambition to be both a leading financial institution in climate action and a meaningful part of the communities in which we operate.

2) Internal monitoring, i.e. contract reviews associated with energy suppliers and choosing products that consume less energy, is carried out by the Services Delivery team within AIB's SPS division who have been trained in all aspects of AIB's climate change strategy.

3) AIB's Environment & Energy Policies are communicated to all relevant parties and are available to the public in https://aib.ie/sustainability. Our executive leadership teams are in charge of implementing them.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
Other, please specify

Status
Complete

Attach the document
aib-sustainability-report-2019.pdf

Page/Section reference
Detailed Sustainability Report 2019 a) Emissions Figures: Pages 12, 33 and 93; b) Emission Targets: page 14; c) Climate Action: Pages 24 to 35.

Content elements
Emissions figures
Emission targets
Other, please specify (Climate Action)

Comment

Publication
In mainstream reports

Status
Complete

Attach the document
AIB Group plc Annual Financial Report 2019.pdf

Page/Section reference
2019 Annual Financial Report a) Emission targets: page 29; b) Emissions figures: page 50; c) Strategy: pages 18, 30 and 31; d) Highlights on Climate Action: pages 20 and 21.

Content elements
Strategy
Emissions figures
Emission targets
Other, please specify (Highlights on Climate Action)

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
AIB_Infographic_191003_v5_A4.pdf

Page/Section reference
Annual carbon infographic - page 1

Content elements
Emissions figures

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
aib-green-bond-framework - Sept 2019.pdf

Page/Section reference
AIB Green Bond Framework a) Emissions target: page 3 b) Climate Action: page 3 & 4

Content elements
Emission targets
Other, please specify (Climate Action)

Comment

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

	Industry collaboration	Comment
Reporting framework	Task Force on Climate-related Financial Disclosures (TCFD) UNEP FI Principles for Responsible Banking	In September 2019, we became a Founding Signatory of the UNEP FI Principles for Responsible Banking and became a supporter of the Task Force for Climate-Related Financial Disclosures. Our alignment with these key initiatives will help us to continue to progress at pace on the climate action agenda.
Industry initiative	UNEP FI Principles for Responsible Banking	In September 2019 we became a Founding Signatory of the UNEP FI Principles for Responsible Banking. We joined this partnership as we believe it will provide us with an opportunity to share our experiences with fellow members, to learn from theirs and to work collectively to progress on the climate action agenda.
Commitment	Other, please specify (Low Carbon Pledge)	The pledge is a commitment by Irish businesses to invest time and resources into creating more sustainable operations – by being more energy efficient and reducing carbon emissions. The Low Carbon Pledge is powered by the Leaders' Group on Sustainability and it aims to support business to overcome the barriers and complexities of implementing a fair and just transition to a low carbon economy by working collectively to build business capacity and expertise, foster innovation, and critically show leadership by setting an ambitious common standard for business. The Group believes Irish industry will have a greater impact on sustainability by working together, sharing best practice in energy efficiency, by pooling resources and exchanging data – to help us improve our energy usage and that of our clients, supply chain and the communities in which we operate. The Low Carbon Pledge aims to practically demonstrate meaningful business commitment to reducing carbon emissions and act as a catalyst for wider and more far reaching complementary initiatives and actions. All signatory companies commit to reducing their Scope 1 & 2 greenhouse gas emission intensity by 50% by 2030.

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	Yes	Other, please specify (avoided carbon emissions)	AIB performs an impact analysis on its Green Bond Portfolio (GBP) in line with the reporting recommendations set out in the ICMA Green Bond Principals. The Asset classes that form part of the current GBP are; high energy efficiency commercial buildings in the Ireland and the UK, and renewable energy assets (wind, solar and anaerobic digestion only) in Ireland, UK and the EU. Not all lending from these assets classes is necessarily included in the GBP. The current size of the pool is €1.7bn and comprise only a portion of AIBs total lending. Our impact reports focus on annual avoided emissions for both renewables and buildings, with installed capacity also being reported for renewables and energy consumption for buildings (used and avoided). To seek approval from SBTi, financial institutions shall set target(s) on their investment and lending portfolios that cover asset classes where methods are available. It's our intention to conduct a more detailed analysis on our portfolio's impact and seek STB approval.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	This option is not applicable

C-FS14.1a

(C-FS14.1a) What are your organization's Scope 3 portfolio emissions? (Category 15 "Investments" total emissions)

Category 15 (Investments)

Evaluation status
Relevant, not yet calculated

Scope 3 portfolio emissions (metric tons CO2e)
<Not Applicable>

Portfolio coverage
<Not Applicable>

Percentage calculated using data obtained from client/investees
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Please explain
AIB performs an impact analysis on its Green Bond Portfolio (GBP) in line with the reporting recommendations set out in the ICMA Green Bond Principals. See C-FS14.1b for further details. To seek approval from SBTi, financial institutions shall set target(s) on their investment and lending portfolios that cover asset classes where methods are available. It's our intention to conduct a more detailed analysis on our portfolio's impact and seek STB approval.

C-FS14.1b

(C-FS14.1b) What is your organization's Scope 3 portfolio impact? (Category 15 "Investments" alternative carbon footprinting and/or exposure metrics)

Metric type
Other, please specify (Estimated annual avoided emissions)

Metric unit
Other, please specify (tCO_2/year)

Scope 3 portfolio metric
785382

Portfolio coverage
More than 0% but less than or equal to 10%

Percentage calculated using data obtained from clients/investees
100

Calculation methodology
AIB performs an impact analysis on its Green Bond Portfolio (GBP) in line with the reporting recommendations set out in the ICMA Green Bond Principals. AIB has relied on the support of external specialised consultant Carbon Trust to assess the impact of the Green Buildings category and Navigant to assess the impact of Renewable Energy category. a) The method used to calculate the avoided GHG emissions for AIB's wind and solar portfolio is based on Chapter 3.4.3 of PCAF's Harmonising and implementing a carbon accounting approach for the financial sector and the IFI Approach to GHG Accounting for Renewable Energy Projects. The method used for anaerobic digestion is based on the EU Renewable Energy Directive II and Harmonised Calculations of Biofuel GHGs in Europe. Further information here: https://aib.ie/content/dam/aib/investorrelations/docs/debt-investors/green-bonds/Impact%20Assessment%20Methodology.pdf b) The AIB Impact tool has been developed by the Carbon Trust to allow the AIB's team to calculate and update the impact of the pool of current Green Commercial Loans by comparing the energy and carbon characteristics of the properties against the national average carbon and energy intensities of properties in the respective sector in Ireland and the UK. To calculate the impact the following steps were used: 1 - Determining the baseline carbon intensity (CO_2/m2/yr) and, 2- Calculating the carbon impact (avoided CO_2/year) of properties in AIB eligible commercial portfolio, against the baseline scenario. Further information here: https://aib.ie/content/dam/aib/investorrelations/docs/debt-investors/green-bonds/impact-assessment-methodology-commercial-loans.pdf

Please explain
The Eligible Green Project Portfolio is assessed regarding is assessed regarding the following environmental impacts: • Green Buildings: o Estimated annual energy consumption (in KWh/year) and estimated annual avoided energy consumption (in KWh/year) o Estimated annual avoided emissions (in tons CO_2 equivalent/year) • Renewable Energy: o Total installed capacity (in MW) o Estimated annual avoided emissions (in tons of CO_2 equivalent/year) As per GHG Protocol, any estimates of avoided emissions must be reported separately from a company's scope 1, 2, and 3 emissions, rather than included or deducted from the scope 3 inventory. Our total avoided emissions in 2019 were 785,382 tCO_2. The avoided GHG metric allows AIB's teams a) to measure the climate impacts from AIB's renewable energy portfolio by calculating the avoided GHG emissions from projects financed by AIB and, b) to calculate and update the impact of the pool of current Green Commercial Loans by comparing the energy and carbon characteristics of the properties against the national average carbon and energy intensities of properties in the respective sector in Ireland and the UK. The Green Bond Principles recommend communicating on the expected impact of the projects, the metric is used as an impact indicator. Where feasible, AIB intends to report on the impact of the Eligible Green Project Portfolio. https://aib.ie/investorrelations/debt-investor/green-bonds/impact-and-allocation-reports To seek approval from SBTi, financial institutions shall set target(s) on their investment and lending portfolios that cover asset classes where methods are available. It's our intention to conduct a more detailed analysis on our portfolio's impact and seek STB approval.

Metric type
Other, please specify (Estimated annual energy consumption)

Metric unit
Other, please specify (KWh/year)

Scope 3 portfolio metric
88309702

Portfolio coverage
More than 0% but less than or equal to 10%

Percentage calculated using data obtained from clients/investees
100

Calculation methodology
AIB performs an impact analysis on its Green Bond Portfolio (GBP) in line with the reporting recommendations set out in the ICMA Green Bond Principals. AIB has relied on the support of external specialised consultant Carbon Trust to assess the impact of the Green Buildings category. The AIB Impact tool has been developed by the Carbon Trust to allow the AIB's team to calculate and update the impact of the pool of current Green Commercial Loans by comparing the energy and carbon characteristics of the properties against the national average carbon and energy intensities of properties in the respective sector in Ireland and the UK. To calculate the impact the following steps were used: 1 - Determining the baseline carbon intensity (CO_2/m2/yr) and, 2- Calculating the carbon impact (avoided CO_2/year) of properties in AIB eligible commercial portfolio, against the baseline scenario. Further information here: https://aib.ie/content/dam/aib/investorrelations/docs/debt-investors/green-bonds/impact-assessment-methodology-commercial-loans.pdf

Please explain
The Eligible Green Project Portfolio is assessed regarding is assessed regarding the following environmental impacts: • Green Buildings: o Estimated annual energy consumption (in KWh/year) and estimated annual avoided energy consumption (in KWh/year) o Estimated annual avoided emissions (in tons CO_2 equivalent/year) The estimated annual energy consumption metric allows AIB's teams to calculate and update the impact of the pool of current Green Commercial Loans by comparing the energy and carbon characteristics of the properties against the national average carbon and energy intensities of properties in the respective sector in Ireland and the UK. The Green Bond Principles recommend communicating on the expected impact of the projects, the metric is used as an impact indicator. Where feasible, AIB intends to report on the impact of the Eligible Green Project Portfolio. https://aib.ie/investorrelations/debt-investor/green-bonds/impact-and-allocation-reports. To seek approval from SBTi, financial institutions shall set target(s) on their investment and lending portfolios that cover asset classes where methods are available. It's our intention to conduct a more detailed analysis on our portfolio's impact and seek STB approval.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's Scope 3 portfolio impact?

	Scope 3 breakdown	Comment
Row 1	Yes, by asset class	AIB performs an impact analysis on its Green Bond Portfolio (GBP) in line with the reporting recommendations set out in the ICMA Green Bond Principals. The Asset classes that form part of the current GBP are; high energy efficiency commercial buildings in the Ireland and the UK, and renewable energy assets (wind, solar and anaerobic digestion only) in Ireland, UK and the EU.

C-FS14.2a

(C-FS14.2a) Break down your organization's Scope 3 portfolio impact by asset class.

Asset class	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Commercial real estate	Other, please specify (Estimated annual avoided emissions)	Metric tons CO2e	63186	We're providing partial disclosure for this asset class, as only details for our Green Commercial Buildings in the UK and Ireland is provided. AIB has relied on the support of external specialised consultant Carbon Trust to assess the impact of the Green Buildings category. The estimated annual avoided emissions of our green commercial buildings are 63,186 tCO2. Further information here: https://aib.ie/content/dam/aib/investorrelations/docs/debt-investors/green-bonds/impact-report-2019.pdf As per GHG Protocol, any estimates of avoided emissions must be reported separately from a company's scope 1, 2, and 3 emissions, rather than included or deducted from the scope 3 inventory. A certain amount of scope 3 emissions would be generated by green buildings within this asset class portfolio. We have calculated this information as energy consumption instead (see below). AIB estimates that this energy consumption equates to 21,722 tCO2. Note that this figure has not been verified by Carbon Trust. An impact tool has been developed by the Carbon Trust to allow the AIB's team to calculate and update the impact of the pool of current Green Commercial Loans by comparing the energy and carbon characteristics of the properties against the national average carbon and energy intensities of properties in the respective sector in Ireland and the UK. To calculate the impact the following steps were used: 1 - Determining the baseline carbon intensity (CO2/m2/yr) and, 2- Calculating the carbon impact (avoided CO2/year) of properties in AIB eligible commercial portfolio, against the baseline scenario. Further information here: https://aib.ie/content/dam/aib/investorrelations/docs/debt-investors/green-bonds/impact-assessment-methodology-commercial-loans.pdf
Commercial real estate	Other, please specify (Estimated annual energy consumption)	Other, please specify (kWh/year)	88309702	We're providing partial disclosure for this asset class, as only details for our Green Commercial Buildings in the UK and Ireland is provided. AIB has relied on the support of external specialised consultant Carbon Trust to assess the impact of the Green Buildings category. Estimated annual energy consumption for or green commercial buildings is 88,309,702 kWh/year. Further information here: https://aib.ie/content/dam/aib/investorrelations/docs/debt-investors/green-bonds/impact-report-2019.pdf AIB estimates that this energy consumption equates to 21,722 tCO2. Note that this figure has not been verified by Carbon Trust. An impact tool has been developed by the Carbon Trust to allow the AIB's team to calculate and update the impact of the pool of current Green Commercial Loans by comparing the energy and carbon characteristics of the properties against the national average carbon and energy intensities of properties in the respective sector in Ireland and the UK. Further information here: https://aib.ie/content/dam/aib/investorrelations/docs/debt-investors/green-bonds/impact-assessment-methodology-commercial-loans.pdf
Project finance	Other, please specify (Estimated annual avoided emissions)	Metric tons CO2e	722196	We're providing partial disclosure for this asset class, as only details for Projects Finance of Renewables Projects in the UK and Ireland is provided. AIB has relied on the support of external specialised consultant Navigant to assess the impact of the Renewable Projects. The estimated annual avoided emissions of our green Renewables Projects are 722,196 tCO2. Further information here: https://aib.ie/content/dam/aib/investorrelations/docs/debt-investors/green-bonds/impact-report-2019.pdf As per GHG Protocol, any estimates of avoided emissions must be reported separately from a company's scope 1, 2, and 3 emissions, rather than included or deducted from the scope 3 inventory. The method used to calculate the avoided GHG emissions for AIB's wind and solar portfolio is based on Chapter 3.4.3 of PCAF's Harmonising and implementing a carbon accounting approach for the financial sector and the IFI Approach to GHG Accounting for Renewable Energy Projects. The method used for anaerobic digestion is based on the EU Renewable Energy Directive II and Harmonised Calculations of Biofuel GHGs in Europe. Further information here: https://aib.ie/content/dam/aib/investorrelations/docs/debt-investors/green-bonds/Impact%20Assessment%20Methodology.pdf

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	Yes	Our Corporate Banking Business Unit has commenced providing Sustainability Linked Loans to a number of customers. Under these Loans there are commercial benefits to the customer for achieving science based targets. See C-FS14.3a and FS14.3b for further details.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	This section is not applicable

C-FS14.3a

(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?

	We assess alignment	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	The Bank is in the process of updating its Credit risk framework policy to include Climate Change considerations. These considerations will include whether our customers strategies are aligned with a 'below 2-degree world'.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C-FS14.3b

(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	Yes, for some	Our Corporate Banking Business Unit has commenced providing Sustainability Linked Loans to a number of customers. Under these Loans there are commercial benefits to the customer for achieving science based targets.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Operating Officer at AIB Group p.l.c.	Chief Operating Officer (COO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms

Verification statement

To the stakeholders of AIB Group p.l.c., (AIB)

Carbon Clear Limited trading as EcoAct was engaged by AIB of Bankcentre, Ballsbridge, Dublin, Ireland to conduct limited verification of its 2019 carbon footprint, using the International Standard Organisation's 14064-3:2019 specification with guidance for the validation and verification of greenhouse gas assertions.

Opinion

Based on the data and information provided by AIB and the verification processes followed, nothing has come to EcoAct's attention to indicate that the following GHG statements are not fairly stated and free from material error.

Scope 1 emissions	4,784 tCO_2e
Scope 2 emissions*	10,025 tCO_2e
Scope 3 emissions	14,460 tCO_2e
Outside of scope**	16 tCO_2e

**Location based emissions factors were used to calculate the Scope 2 emissions for the group. If a market-based factor was applied, Scope 2 emissions would be 64 tCO_2e.*

***CO_2 emissions from biomass combustion*

Objective

The objective of this verification was to confirm whether the GHG statements as reported in AIB's 2020 CDP response were fairly stated and free from material error or omission in accordance with the criteria outlined below.

Criteria

The AIB carbon footprint was calculated using The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol); the UK Government's emission conversion factors for greenhouse gas company reporting (2019); the International Energy Agency electricity emissions factors (2019.

The organisational boundary of AIB is defined as the company's operations and activities in Ireland, the UK and the US. Emissions were calculated from activities under AIB's operational control. Operations and activities in the carbon footprint boundary include fuels for heating and transport at offices, branches and centres, refrigerant gases, purchased electricity, business travel, employee commuting, water use, waste production and disposal, IT provision and paper use.

Description of activities

Data and calculations reviewed included those related to Scope 1 Emissions, (combustion of fuels), Scope 2 Emissions, (purchased electricity) and Scope 3 Emissions, (business travel, employee commuting).

EcoAct's verification team identified emissions sources material to the carbon footprint and verified their activity data through the review and testing of consolidated data and evidence, along with the testing of a sample of data back to its primary source. We then verified the carbon footprint calculations and the GHG statements in accordance with the organisational and operational boundaries outlined above.

Amendments to the carbon footprint calculation, to correct minor data discrepancies, were made during the verification process by the calculation team. These discrepancies were not material to the data reported above.

Gavin Tivey
Principal Consultant

EcoAct Limited

London, August 2020

Statement of independence

EcoAct is an independent company specialising in carbon management consulting and in the calculation of carbon footprints, with extensive experience in the verification of carbon data, information, systems and processes. The data required for the greenhouse gas assertion described in this statement was compiled by AIB Group plc.

The greenhouse gas assertions described in this statement were calculated by EcoAct's carbon footprint calculation team. No member of the verification team was involved in the carbon footprint calculation process. No member of the EcoAct team has a business relationship with AIB Group plc., its Directors or Managers beyond that required of this assignment. To our knowledge there has been no conflict of interest.

Unit A, 70 – 78 York Way, London, N1 9AG
0203 589 9444
ukoffice@eco.act.com