AIB Green Bond

Impact Report – FY2020

February 2021

AIB Green Bond Impact Report

In accordance with the ICMA Harmonized Framework for Impact Report[1]
(based on the portfolio approach)

Portfolio Date: 31 December 2020

In accordance with the AIB Green Bond Framework[2] dated September 2020, this document provides:

1. A description of the Eligible Green Projects;
2. The breakdown of the Eligible Green Projects by nature of what is being financed;
3. Metrics regarding Eligible Green Projects' environmental impacts.

1. Description of Green Projects

AIB, at its discretion but in accordance with the ICMA Green Bond Principles[3], will allocate the net proceeds of the Green Bonds issued under the Framework, to a loan portfolio of new existing loans in certain Eligible Green Categories.

➢ **Eligible Green Categories**:

- **Green Commercial Buildings** (built up to and including 31st December 2020)[4] **–** Loans to finance or refinance development, construction, operation, and maintenance of:

  Green Commercial Buildings in Ireland[5]:

  a) New or existing commercial buildings, belonging to the top 15% low carbon buildings in the local context. This will be demonstrated by a Building Energy Rating (BER) label of "B3" and better.
  b) New or existing commercial buildings that have been built from 2020 and later as well as commercial buildings purchased or leased from 2015 by a public body.6
  c) Refurbished commercial buildings with at least a 30% improvement in energy efficiency:
     When such an improvement is derived from BER labels, a minimum floor of a "C3" BER label will be implemented.

  Green Commercial Buildings in the UK[7]:

  a) New or existing commercial buildings in the UK, belonging to the top 15% low carbon buildings in the local context (i.e. England & Wales, Scotland and Northern Ireland):
     i. In England and Wales, this will be demonstrated by an Energy Performance Certificate (EPC) with label "A" and "B"
     ii. In Scotland, this will be demonstrated by an EPC with label "A, B and C"
  d) Refurbished commercial buildings with at least a 30% improvement in energy efficiency:
     When such an improvement is derived from EPC labels, a minimum floor will be implemented for the considered building. The floor will be one step below the lowest defined threshold to be part of the top 15% in the local context (i.e. a "C" label in England and Wales).

  Green Commercial Buildings in Ireland and the UK:

[1] https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-December-2020-151220.pdf
[2] https://aib.ie/content/dam/aib/investorrelations/docs/debt-investors/green-bonds/aib-green-bond-framework.pdf
[3] https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/
[4] Built in this context means construction has commenced by the listed date
[5] AIB has retained the third party specialized consultant KSN to develop a methodology to select top 15% energy-efficient buildings in the Republic of Ireland.
[6] All buildings purchased or leased from 2015 by a public body will have a BER label A3 or better.
[7] AIB will derive any such top 15% thresholds from publicly issued governmental statistical data.

a) New, existing or refurbished commercial buildings which received at least one or more of the following classifications:
   - BREEAM 'Very Good'' or higher
   - LEED 'Gold' or higher
   - DGNB 'Gold' or higher
   - Any other equivalent or higher level of certification

- **Green Residential Buildings** (built up to and including 31st December 2020)[8] **–** Loans to finance or refinance development, construction, operation, and maintenance of:

  Green Residential Buildings in Ireland[7]:
  a) New or existing residential buildings, belonging to the top 15% low carbon buildings in the local context. This will be demonstrated by a Building Energy Rating (BER) label of B3 and better.
  b) New or existing residential buildings that have been built from 2015 and later.
  c) Refurbished residential buildings with at least a 30% improvement in energy efficiency.

- **Renewable Energy:** Loans to finance or refinance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation and storage (i.e. battery storage). Eligible renewable energy sources[9] include:
  - Solar Energy: Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities.
  - Wind Energy: Onshore and offshore wind energy generation facilities and other emerging technologies, such as wind tunnels and cubes.
  - Anaerobic digestion of bio-waste[10]: treatment of bio-waste through anaerobic digestion (AD) with resulting production and energetic utilization of biogas (electricity / heat generation).

➢ **Contribution to EU Environmental Objectives**:

Eligible Projects substantially contribute to the achievement of the **EU Environmental Objective n. 1: Climate Change Mitigation**, via improving energy efficiency in all sectors, except energy generation using solid fossil fuels, and at all stages of the energy chain, in order to reduce primary and final energy consumption (sub-objective 1.b) and Generating, storing, distributing or using renewable energy in line with the Renewable Energy Directive, including through using innovative technology with a potential for significant future savings or through necessary reinforcement of the grid (sub-objective 1.a).

➢ **Alignment with the UN Sustainable Development Goals (UN SDGs):**

Green Bonds issued under this Green Bond framework directly advance the following SDGs:

- SDG 7: Affordable and Clean Energy (Target 7.2, 7.3)
- SDG 9: Industry, Innovation and Infrastructure (Target 9.4)
- SDG 13: Climate Action (Target 13.1)

2. Breakdown of Green projects by nature of what is being financed

AIB Eligible Green Project Portfolio is composed by financial assets (eligible loans), selected in accordance with the Eligibility Criteria set out in the Framework.

[8] Built in this context means construction has commenced by the listed date
[9] Solar and Wind Facilities with direct emissions higher than 100g CO2e / KWh are excluded.
[10] Energy crops and non-waste feedstock are excluded.

3. Metrics regarding projects' environmental impacts: Portfolio based green bond report in accordance with the ICMA Harmonized Framework for Impact Reporting (Dec 2020)

AIB has relied on models and methodologies created by specialised consultant Carbon Trust[11] to assess the impact of the Green Buildings category and Guidehouse[12] to assess the impact of Renewable Energy category, together forming the Eligible Green Project Portfolio.

The Eligible Green Project Portfolio is assessed regarding the following environmental impacts:

- **Green Buildings**:
  - Estimated annual energy consumption (in KWh/year) and estimated annual avoided energy consumption (in KWh/year)
  - Estimated annual avoided emissions (in tons CO2 equivalent/year)

- **Renewable Energy**:
  - Total installed capacity (in MW)
  - Estimated annual avoided emissions (in tons of CO2 equivalent/year)

Portfolio Date: 31 December 2020

Eligible ICMA Project Category	Number of Eligible Projects / Buildings	Eligible portfolio (EUR)	Share of Total Financing	Eligibility for Green Bonds	Est. annual avoided emissions (tCO2/year)	Total installed capacity (MW)[13]	Est. annual energy consumption (kWh/year)	Est. annual avoided energy consumption (kWh/year)
a/		b/	c/	d/	e/	f/	g/	h/
Green Commercial Buildings	72	1,074,179,663	48%	100%	62,368	-	118,341,842	269,428,525
Renewable Energy[14]	42	1,161,180,502	52%	100%	1,166,624	11,068	-	-
Total	*114*	*2,235,360,165*	*100%*	*100%*	*1,228,992*	*11,068*	*118,341,842*	*269,428,525*

Portfolio based green bond report in accordance with the ICMA Harmonized Framework for Impact Reporting (version Dec 2020)
a/ Eligible Category
b/ Signed amount represents the amount legally committed by the issuer for the portfolio or portfolio components eligible for Green Bond Financing
c/ This is the share of the total portfolio cost that is financed by the issuer per Eligible Category
d/ This is the share of the total portfolio costs that is eligible for Green Bond issuances
e/ f/ g/ Impact indicators
- Estimated annual avoided emissions (tCO2/year)
- Total installed capacity (MW).
- Estimated annual energy consumption (kWh/year)
- Estimated annual avoided energy consumption (kWh/year)

[11] The Carbon Trust Impact Methodology can be found at: https://aib.ie/investorrelations/debt-investor/green-bonds
[12] The Guidehouse (Navigant) Impact Methodology can be found at: https://aib.ie/investorrelations/debt-investor/green-bonds
[13] Capacity financed by AIB being 24,841 MW.
[14] One wind farm project is spread across Belgium, France Spain and Germany, where we have used an average emission factor from these regions (313kgCO2/MWh)