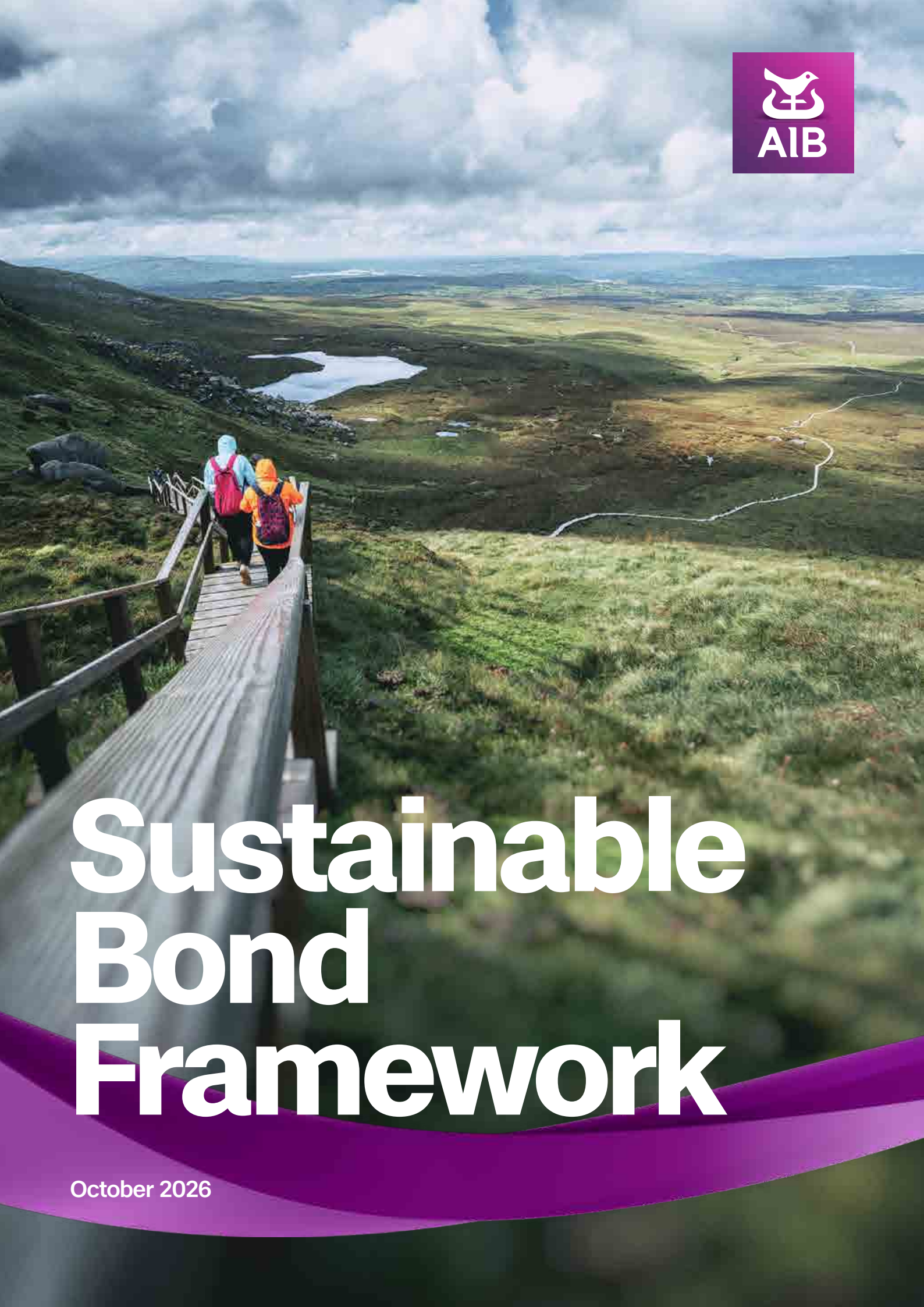


Sustainable Bond Framework

October 2026

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1. AIB Group p.l.c.

Our purpose is empowering people to build a sustainable future

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

Our business lines[1]

Retail Banking (including AIB UK)

Retail Banking supports our personal and business customers with a range of banking and financial services. In Ireland, AIB offers retail banking services through branch, phone and digital channels with an expanded reach via EBS, Haven, AIB life, Payzone and Nifti. In Northern Ireland, AIB offers full-service retail banking. And in Great Britain, we support our corporate customers with sector-specific expertise.

Climate & Infrastructure Capital

Relationship and transaction-driven model

Climate & Infrastructure Capital specialises in lending to large scale renewable and infrastructure projects, which are key drivers for sustainable economic growth, across Ireland, the UK, Europe and North America.

Capital Markets

Relationship-driven model

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

For further detail, please refer to our latest financial results available **here**.

Our brands

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

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

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

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

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

AIB life is a joint venture with Great-West Lifeco, providing protection, pensions and investments to help customers on their path to financial security for the life they're after.

Nifti is an associate of the Group. NiftiBusiness assists companies in achieving their fleet management goals including the transition to more sustainable mobility solutions.

(1) In July 2025, the Group announced the simplification of its management structure and the integration of the UK into Retail Banking enabling the Group to focus on three business lines: Retail Banking, Capital Markets, and Climate & Infrastructure Capital.

2. AIB Sustainability Strategy

The AIB Group strategy is centred on an informed view of our customers' needs and anchored in a progressive Environmental, Social and Governance (ESG) agenda.

It aligns with the Group's three strategic priorities, which emphasise putting our customers first, greening the business and making our operations more efficient and resilient.

Empowering people to build a sustainable future



Customer first

Building trust and long-term relationships with our customers by providing more connected financial solutions.



Greening our business

Ensuring sustainable finance and responsible business practices to build our shared future.



Operational efficiency and resilience

Ensuring we have the appropriate capability, capacity and resilience to support the Group's strategic ambition.

Ireland is undergoing a significant economic and environmental transition, driven by national policies such as the Climate Action Plan, Project Ireland 2040 and Housing for All. These frameworks target the decarbonisation of energy systems, expansion of renewable energy capacity, electrification of transport, large-scale retrofitting of the building stock and the delivery of critical infrastructure.

At the same time, demographic growth and evolving socio-economic conditions are placing sustained pressure on housing supply, healthcare services and broader infrastructure provision.

As a financial institution operating predominantly in Ireland and the UK, AIB plays a key role in supporting the transition through its lending and investment activities. This includes mobilising capital to support a more sustainable and resilient economy, while addressing social priorities such as housing, financial wellbeing and access to essential services.

ESG Integration and Materiality

Sustainability is embedded across AIB's business model, with ESG factors integrated into financial decision-making, risk management and strategic planning.

This enables the Group to support sustainable economic development while managing environmental and social risks and opportunities across its activities. In 2024, AIB began preparing our Sustainability Statement in our Annual Financial Results (AFR) in accordance with the Corporate Sustainability Reporting Directive (CSRD) and Part 28 of the Companies Act 2014 and in compliance with the European Sustainability Reporting Standards (ESRS), enhancing transparency and consistency in the disclosure of material sustainability matters.

A key component of this approach is AIB's Double Materiality Assessment (DMA), through which the Group has identified the sustainability matters considered to have the most impact for stakeholders, including the risks and opportunities arising from its strategy and business model. Based on this assessment, AIB has identified seven material topics including Climate Change, Financial Wellbeing, Housing, Own Workforce (Equal Treatment & Opportunities for All), Corporate Governance, Ethics & Accountability, Culture & Reputation, and Cyber Security & Data Protection.

These material topics underpin AIB's sustainability strategy and inform the Group's priorities, risk management framework and financing activities, including the eligible categories defined under this Framework.

Through this approach, AIB seeks to align its business activities with evolving regulatory requirements and stakeholder expectations, while supporting the transition to a more sustainable and inclusive economy, in alignment with the Group's purpose of empowering people to build a sustainable future.

Through its comprehensive sustainability reporting, AIB is committed to complying with regulatory requirements and providing stakeholders with a fair and balanced view of our material sustainability matters, practices and performance, reflecting its belief that open disclosure and accountability promote trust and confidence.



Delivering Sustainability Through Sustainable Financing

AIB's Sustainability Strategy is delivered through its broader sustainable financing activities, as defined in its Sustainable Lending Framework ("SLF"). The SLF is a Group-wide framework that establishes the criteria for classifying and reporting lending as green, social or transition, thereby supporting AIB's sustainable lending ambitions and alignment with evolving regulatory and market practices.

The Sustainable Bond Framework is aligned with, and underpinned by, the SLF. It represents a subset of AIB's broader sustainable financing activities, enabling the financing and/or refinancing of selected Eligible Green Loans and Eligible Social Loans through the issuance of Green and Social Bond Instruments in accordance with the Use of Proceeds defined under this Framework.

Together, these frameworks provide a coherent structure through which AIB delivers its sustainable finance, linking portfolio-level classification and origination (via the SLF) with Treasury issuance (via the Sustainable Bond Framework), and contributing to the achievement of its environmental and social objectives.

Climate & Environmental Action

Addressing climate change is a core priority within AIB's sustainability strategy. The Group is committed to supporting the transition to a low-carbon and climate-resilient economy through both the decarbonisation of its own operations and the alignment of its lending activities with climate goals.

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

Target of

70%

of new lending classified as green and transition by 2030

Target to deploy

€30bn

of green and transition lending by 2030

These targets reflect the scale of investment required to support the transition and are central to the Group's strategy.

AIB has committed to decarbonising its own operations by 2030 and measures and reports Scope 1 and Scope 2 emissions in line with the Greenhouse Gas Protocol. The Group has also committed to decarbonising its customer lending portfolio by 2050. To support this transition, AIB has established SBTI-validated targets aligned with a 1.5°C pathway, covering key sectors including Residential Mortgages, Commercial Real Estate and Electricity Generation, as well as a portfolio coverage targets. These targets collectively cover 75% of the Group's loan book[(3)].

AIB's Climate Transition Plan (CTP) sets out the Group's roadmap to achieving our decarbonisation ambitions, including key levers with underlying actions, supported by enablers that drive reductions in our own operations and financed emissions. Further detail on the levers and actions supporting the delivery of AIB's climate strategy is available in AIB's CTP.

AIB recognises that the implementation of its climate strategy is subject to evolving regulatory frameworks, data availability and market developments. The Group continues to monitor these developments and refine its approach over time in line with emerging best practices and stakeholder expectations.

Societal & Workforce Progress

Supporting inclusive growth and social development is a core component of AIB's sustainability strategy, reflecting its material priorities including financial wellbeing and housing. The Group seeks to support customers and communities through responsible lending and inclusive banking practices.

Ireland has experienced significant population and economic growth in recent years, placing increased pressure on housing supply, health services and broader infrastructure. While this is indicative of a vibrant, evolving nation, housing affordability and availability remain key challenges, with demand continuing to exceed supply across both owner-occupier and rental markets.

Housing is a key strategic priority for AIB, including lending to first-time buyers and financing social and affordable housing supporting financial stability and quality of life for its customers and communities. AIB contributes to the delivery of national housing objectives through government-supported initiatives, including financing Approved Housing Bodies, private developers delivering social and affordable homes in Ireland, and registered providers of social housing in Ireland and the UK.

AIB plays an important role in supporting these priorities through its financing activities. This includes lending to support residential housing development, social and affordable housing initiatives, and SME financing, particularly in disadvantaged areas, as well as providing access to essential services such as healthcare, education and basic infrastructure. In doing so, AIB seeks to support a just transition, recognising the importance of ensuring that the benefits of economic and environmental transitions are shared across society, including among vulnerable and underserved communities.

Sustainability Governance

Governance of AIB's sustainability strategy is guided by the principle of transparency, which is fundamental to promoting trust and confidence among its stakeholders. Our governance framework provides clear oversight and ownership of the Group's sustainability strategy and the management of sustainability impacts, risks and opportunities at Board and Executive levels.

(3) Based on 2021 baseline

AIB Group governance structure



AIB Group Board

The Board promotes the Group's long-term sustainable performance by approving strategy, financial, and investment plans, including sustainability factors. It approves sustainability targets within strategic planning and regularly reviews progress against the sustainability targets.

Board Committees

The Board is supported by a number of Board and Advisory Committees which oversee and challenge the Group's sustainability strategy and performance. These committees monitor financial and non-financial disclosures, internal controls and whistleblowing mechanisms.

- Board Risk Committee ("BRC") ensures sound risk governance, including ESG-related risks, and receives updates on the effectiveness of policies and programmes managing these ESG risks.
- Sustainable Board Advisory Committee ("SBAC") supports the Board in overseeing sustainability matters and the execution of the sustainable business strategy in accordance with the Group strategy and financial plan.

AIB Group Executive Leadership Team

The Executive Leadership Team ("ELT"), led by the CEO, has primary authority and responsibility for the day-to-day operations of and the development of strategy for the Group. It operates under a defined Terms of Reference and may delegate authority to executives or sub-committees. Sub-committee Chairs report key activities to ELT, which oversees and regularly evaluates their effectiveness.

Group Sustainability Committee

The Group Sustainability Committee ("GSC") oversees the development and execution of the Group's sustainability strategy, monitoring progress, reviewing key initiatives, and ensuring alignment with strategic, regulatory, risk requirements and sustainability-related performance metrics.

The Committee also reviews climate-related risks, emerging trends and sustainability-related performance metrics thereby informing strategic planning and risk management.

It also steers stakeholder engagement, approves major sustainability disclosures, and assesses the appropriateness of sustainability products to ensure alignment to the Group's broader sustainability ambitions.

(4) The above Committees are key to delivering our sustainability commitments, and is not an exhaustive list of Committees.

The GSC is responsible for overseeing materiality assessments, including the DMA process, to identify and prioritise the sustainability issues most relevant to the Group, informed by stakeholder perspectives. Outcomes of the DMA are reported to SBAC and approved by Group Board Audit Committee.

Supporting Frameworks and Standards for Sustainability Reporting

AIB abides by all applicable EU laws related to sustainability-related disclosure and reporting. The Group also prepares a content index detailing progress against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

In addition, AIB presents disclosures with reference to the Global Reporting Initiative (GRI) framework, the United Nations Environment Programme Finance Initiative Principles for Responsible Banking (UNEP FI PRB) and the Equator Principles. The Group also maintains an active programme of engagement with relevant ESG ratings agencies.

European Sustainability Reporting Standards	CDP (formerly Carbon Disclosure Project)
EU Taxonomy	Equator Principles
TCFD (Task Force on Climate-related Financial Disclosures)	S&P Global ESG Ratings
GRI (Global Reporting Initiative)	MSCI ESG Ratings
UNEP FI Principles for Responsible Banking (PRB)	Sustainalytics ESG Risk Ratings

For more information on AIB's sustainability strategy, material sustainability topics, ratings, disclosures and reporting, see **here**.



3. AIB Sustainable Bond Framework

3.1 AIB Rationale for Sustainable Bond Financing

AIB has established a Sustainable Bond Framework (referred to as the "**Framework**") to enable the issuance of Green Bond instruments and Social Bond instruments that support the financing and/or refinancing of eligible projects that deliver clear and identifiable environmental and/or social benefits, in line with AIB's sustainability strategy.

This Framework outlines how AIB provides transparency and accountability around the use of proceeds, supporting the allocation of financing to projects that mitigate climate change, support the transition to a circular economy, prevent and/or ease unemployment, improve access to healthcare and education, and/or alleviate housing affordability issues.

AIB considers sustainable financing instruments to be an effective mechanism to channel funding towards projects that demonstrate environmental and social benefits and thereby contribute to the objectives of the EU Green Deal, the Paris Climate Agreement, Ireland's annual Climate Action Plan, Project Ireland 2040, the European Affordable Housing Plan, the Digital Education Action Plan, and the United Nations Sustainable Development Goals 2030 (UN SDGs). AIB is committed to promoting sustainable economic activities across the sectors and regions in which it operates.

The update and consolidation of AIB's existing Green Bond Framework and Social Bond Framework into a single Sustainable Bond Framework reflects the Group's intention to maintain a coherent, consistent and robust approach to sustainable bond issuance, aligned with the latest market standards and best practices, in support of the Group's environmental and social objectives.

3.2 AIB Sustainable Bond Framework Overview

AIB has established this Framework under which it or any of its subsidiaries (referred to as "**AIB**") can issue green and/or social bond instruments (collectively referred to as "**Sustainable Bond Instruments**"), which may include covered bonds[5], senior bonds (preferred and non-preferred), and/or subordinated bonds, in any currency and/or denomination, to finance and/or refinance eligible green or social projects (referred to as "**Eligible Loans**").

Sustainable Bond Instruments that can be issued under this Framework include:

- Green Bond Instruments to finance and/or refinance eligible green loans ("**Eligible Green Loans**"), as set out in the Use of Proceeds section under Green Eligible Categories; and
- Social Bond Instruments to finance and/or refinance eligible social loans ("**Eligible Social Loans**"), as set out in the Use of Proceeds section under Social Eligible Categories.

This Framework has been developed in accordance with the **ICMA Green Bond Principles (2025)** and **Social Bond Principles (2025)** (collectively referred to as the "**ICMA Principles**") and, as such, consists of the following core components and recommendations:

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

(5) For the avoidance of doubt, under this Framework and as per ICMA GBP/SBP definition in Appendix I, only Secured Standard Bonds in the form of covered bonds are eligible for financing and/or refinancing.

AIB may review and update this Framework from time to time to reflect evolving market practices, regulatory developments and expectations, including future changes to the ICMA Principles and developments in sustainable finance regulation such as the EU Taxonomy Regulation and related delegated acts, as well as the EU Green Bond Standard Regulation.

Any future version of this Framework will aim to maintain or improve the current level of transparency and reporting disclosures, including external review (referred to as "**Second Party Opinion**") by an independent consultant (referred to as the "**Second Party Opinion Provider**"), and will be published on **AIB's website**.

Where relevant and applicable, AIB has designed this Framework to take into consideration elements of the EU Taxonomy Regulation and its related delegated acts, including the Climate and Environmental Delegated Acts.[6]

4. Use of Proceeds

An amount equivalent to the net proceeds from Sustainable Bond Instruments issued by AIB will be used to finance and/or refinance either (i) a portfolio of eligible green loans (referred to as the "**Eligible Green Loan Portfolio**") or (ii) a portfolio of eligible social loans (referred to as the "**Eligible Social Loan Portfolio**"), as set out in each case by the respective eligibility criteria.

All Eligible Loans are subject to AIB's exclusion criteria, as set out in the AIB Group Excluded Activities List[7]. In addition, for the purpose of Green Bond Instruments, AIB considers these exclusion criteria to be consistent with the exclusions underpinning the Paris Aligned Benchmarks (PAB)[8].

Eligible Loans include bilateral or syndicated term loans, investment loans, and/or revolving credit facilities, and are included in the relevant Eligible Loan Portfolio at their outstanding balance. Undrawn committed amounts are not included.

Eligible Loans are primarily located in Ireland, the United Kingdom, the wider European Economic Area (EEA), and North America. This may evolve over time, reflecting AIB's activity in other geographies.

In alignment with AIB's Group sustainability strategy and its support for the United Nations Sustainable Development Goals (UN SDGs)[9], the eligibility criteria under this Framework are designed to support activities that may contribute to relevant **UN SDGs, EU Environmental Objectives**, **EU Social Objectives**, and EU, national and/or AIB-level environmental and/or social objectives.

4.1 Green Eligible Categories

For the Eligible Green Loan Portfolio, eligibility criteria align, where practical, with the applicable Substantial Contribution ("SC") criteria of the EU Taxonomy Climate Delegated Act – Annex I and II, Environmental Delegated Act – Annex I, II and III and subsequent amendments (in effect as of the publication date of this framework).

AIB may also take into consideration EU Taxonomy Art. 8 disclosures (Green Asset Ratio) when selecting Eligible Green Loans. The share of alignment of the Eligible Green Loan Portfolio, if any, with the EU Taxonomy Regulation will be disclosed either before issuance and/or in the bond reporting.

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[6] Including, inter alia, the EU Taxonomy Regulation, the Climate Delegated Act (Annexes I and II), the Environmental Delegated Act (Annexes I–III), and the Disclosures Delegated Act, as amended from time to time. See **here**.

[7] **https://aib.ie/sustainability/related-codes-and-policies**

[8] AIB notes ESMA's latest communication in Dec 2024 on assessing compliance with the PAB exclusions for green bonds that are not marketed under the EU Green Bond Standard. This guidance mentions that a 'look through' approach may be used to assess compliance with all the PAB exclusions criteria (except for part (c)), which is interpretated to mean that the exclusionary screening may be done at a green /project level – hence, given the positive screening approach applied in the sustainable bond framework for eligible green proceeds, this implies that any negative screening in accordance with the PAB exclusions is not necessary, as the criteria in the framework are inherently fitting within the PAB exclusionary criteria. In addition, AIB applies various exclusionary criteria as per the sustainable bond framework. ESMA guidance notes that part (c) of the PAB exclusions criteria is not in scope for this 'look through' approach. At the time of publication of the sustainable bond framework, AIB is not aware of any violations of the UN Global Compact / OECD guidelines for multinational enterprises, nor is AIB aware of any benchmark operators deeming AIB in violation of the UN Global Compact / OECD guidelines for multinational enterprises. AIB will update this assessment on an annual basis, to be included within our green bond reporting disclosures.

[9] Mapping between ICMA Eligible Categories and UN SDGs is based on ICMA High Level Mapping to the Sustainable Development Goals, see **here**.

GREEN BUILDINGS

Eligibility criteria

Acquisition, ownership and/or construction of new or existing domestic (residential) and/or non-domestic (commercial or public) buildings:

Ireland:

- buildings built < 2021 that are within the top 15% of low carbon buildings in Ireland[10][11]
- buildings built ≥ 2021 with a primary energy demand[12] at least 10% lower than the Nearly Zero-Energy Buildings (NZEB) standards[13]

UK:

- buildings with an Energy Performance Certificate ("EPC") A or B label[14] or belonging to the top 15% low carbon buildings in the local context (England & Wales only)

EEA and UK:

- commercial buildings holding at least one of the following certifications:
  - BREEAM "Excellent" or higher
  - LEED "Gold" or higher
  - DGNB "Gold" or higher

Renovation of existing buildings:

- the building renovation leads to a reduction of primary energy demand (PED) of at least 30%[15], and/or
  - the building renovation complies with the applicable requirements for major renovations[16]

UN SDGs



Target 7.3 Target 9.4 Target 13.1

Contribution to EU Environmental Objective

Substantial contribution to Climate Change Mitigation (Article 10):

- **(1.b):** improving energy efficiency, except for power generation activities as referred to in Article 19(3)

EU Economic Activity

7.1 – Construction of new buildings

7.2 – Renovation of existing buildings

7.7 – Acquisition and ownership of buildings

Contribution to National Objective

Project Ireland 2040:

- Compact Growth
- Transition to a Low Carbon and Climate Resilient Society

Climate Action Plan for Ireland 2025:

- complete 500,000 residential retrofits, including 400,000 heat pumps installed in existing buildings, to achieve a B2 BER/cost optimal, or carbon equivalent by 2030
- installation ~680,000 heat pumps across new and existing homes to decarbonize residential heating by 2030
- support the delivery of emissions savings of 735 $ktCO_2e$ in commercial and public sector buildings by 2030
- Implement the EPBD's ZEB standard for all new dwellings, commercial and public buildings

(10) For buildings built before 31 December 2020, to be aligned with the substantial contribution criteria of the EU Taxonomy Delegated Act, the building must be within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.

(11) Where a building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.

(12) The energy performance is certified using an as built Energy Performance Certificate (EPC), in line with Q&A 115 **here**

(13) In line with the EU EPBD directive, Ireland carries out a cost optimal analysis to define NZEB requirements. AIB will calculate the NZEB-10% threshold as per the official cost optimal analysis, as published by the Department of Housing, Local Government and Heritage. At the time of writing, the cost optimal analysis for residential and non-residential buildings can be found at **https://assets.gov.ie/static/documents/da53e4a4/Residential_cost_optimal_report_2023_revised_May_2025.pdf** and **https://www.gov.ie/en/department-of-housing-local-government-and-heritage/publications/report-on-the-development-of-cost-optimal-calculations-and-gap-analysis-under-the-epbd-non-residential-2023/**, respectively.

(14) The top 15% low carbon buildings is computed using external sources from the respective UK statistics organisations. The EPC system in the UK measures the energy performance of buildings in terms of predicted energy use via the Standard Assessment Procedure (SAP) calculation.

(15) The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method, and validated through an Energy Performance Certificate. The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account), and can be achieved through a succession of measures within a maximum of three years.

(16) As set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU or Directive 2024/1275/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

RENEWABLE ENERGY

Eligibility criteria

Construction, development, maintenance, installation, manufacturing, repair and/or operation of facilities producing electricity from:

- **Solar power:** photovoltaics (PV) and/or concentrated solar power (CSP) facilities
- **Wind power:** onshore and offshore wind facilities
- **Geothermal power:** geothermal facilities with life-cycle GHG emissions lower than 100 gCO_2e/kWh
- **Hydropower:** small power hydropower facilities (less than 25MW) where either:
  - the electricity generation facility is a run-of-river plant and does not have an artificial reservoir
  - the power density of the electricity generation facility is above 5 W/m2
  - the life-cycle GHG emissions from the generation of the electricity from hydropower are lower than 100 gCO_2e/kWh

Construction, maintenance, installation, development and/or operation:

- **Electricity transmission and/or distribution infrastructure and/or equipment** in an electricity system that complies with at least one of the following criteria[17]:
  - the system is the interconnected European system and its subordinated systems
  - more than 67% of newly enabled generation capacity in the system is less than 100 gCO_2e/kWh on a life-cycle basis (over a rolling 5-year period)
  - the grid's average emissions factor is less than 100 gCO_2e/kWh (over a rolling 5-year period)
- **Direct connections** (or their expansion) of facilities producing electricity from renewable energy sources eligible under this Framework
- **Electricity storage facilities** that return electricity at a later time in the same form (including pumped hydropower storage)

UN SDGs



Target 7.1
Target 7.2
Target 7.3

Target 13.1

Contribution to EU Environmental Objective

Substantial contribution to Climate Change Mitigation (Article 10):

- **(1.a):** Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through the use of innovative technology with a potential for significant future savings or through the necessary reinforcement or extension of the grid
- **(1.b):** improving energy efficiency, except for power generation activities as referred to in Article 19(3)
- **(1.g):** Establishing the energy infrastructure required for enabling the decarbonization of energy systems

EU Economic Activity

3.1 – Manufacture of renewable energy technologies

4.1 – Electricity generation using solar photovoltaic technology

4.2 – Electricity generation using concentrated solar power (CSP) technology

4.3 – Electricity generation using wind power

4.5 – Electricity generation from hydropower

4.6 – Electricity generation from geothermal energy

4.9 – Transmission and distribution of electricity

4.10 – Storage of electricity

Contribution to National Objective

Project Ireland 2040

- Compact Growth
- Transition to a Low Carbon and Climate Resilient Society

Climate Action Plan for Ireland 2025

- increase renewable generation to supply 80% of demand by 2030 through the accelerated expansion of onshore wind and solar energy generation, developing offshore renewable generation, supporting micro- and small-scale generation, and delivering additional grid infrastructure
- transform the flexibility of the electricity system by improving system services and increasing storage capacity
- deploy 9GW of onshore wind, 5GW offshore wind capacity and 8GW of solar PV capacity by 2030

(17) AIB does not intend to finance and/or refinance any: i. infrastructure dedicated to a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO_2e/kWh measured on a life cycle basis; ii. installation of metering infrastructure that does not meet the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944.



CLEAN TRANSPORTATION

Eligibility criteria

Purchase, leasing, rental, operation, construction, maintenance and/or modernisation of:

- **Zero-emission vehicles (ZEVs):** electric, hydrogen, or otherwise zero direct (tailpipe) CO_2 emissions passenger and freight and/or light/heavy-duty vehicles
- **Rail transport:**
  - **Zero direct (tailpipe) CO_2 emissions rail transport:** electric, battery electric, hydrogen or otherwise zero-emission passenger and freight trains and/or coaches / wagons
  - **Bimode rail transport:** zero direct tailpipe CO_2 emissions passenger and freight trains and/or coaches / wagons when operated on a track with necessary infrastructure, or otherwise use a conventional engine where such infrastructure is not available[18]
- **Infrastructure to support ZEVs** including EV charging and hydrogen fuelling stations
- **Exclusionary criteria:** vehicles and/or infrastructure dedicated to the transport and/or storage of fossil fuels

UN SDGs



Target 9.4 Target 11.2 Target 13.1

Contribution to EU Environmental Objective

Substantial contribution to Climate Change Mitigation (Article 10):

- **(1.c):** Increasing clean or climate neutral mobility

EU Economic Activity

6.1 – Passenger interurban rail transport

6.2 – Freight rail transport

6.3 – Urban and suburban transport, road passenger transport

6.5 – Transport by motorbikes, passenger cars and light commercial vehicles

6.6 – Freight transport by road

6.15 – Infrastructure enabling low-carbon road transport and public transport

Contribution to National Objective

Project Ireland 2040

- Compact Growth
- Sustainable Mobility
- Transition to a Low Carbon and Climate Resilient Society

Climate Action Plan for Ireland 2025

- achieve 30% battery EV share of total passenger car fleet and 100% EV share of new private vehicle registrations by 2030
- achieve 20% EV share of total commercial LGV fleet and 30% Zero-Emission share of new HGVs by 2030
- expand electrification of public transport services by delivering 1,500 EV buses and expansion of electrified rail services by 2030
- expand EV charging network to support EV share growth

(18) Engines for the propulsion of railway locomotives (RLL) and engines for the propulsion of railcars (RLR) comply with emission limits set out in Annex II to Regulation (EU) 2016/1628.



CIRCULAR ECONOMY & WASTE MANAGEMENT

Eligibility criteria

Management and/or remediation of:

- **Collection & transport:** source-segregated collection and transport of (single or commingled) fractions intended for preparation for re-use or recycling operations
- **Material recovery:** material recovery resulting in at least 50%, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes

UN SDGs



Target 12.2

Contribution to EU Environmental Objective

Substantial contribution to Climate Change Mitigation (Article 10):

- **(1.b):** improving energy efficiency, except for power generation activities as referred to in Article 19(3)

Substantial contribution to the Transition to a Circular Economy (Article 13):

- **(1.f):** Increasing the use of secondary raw materials and their quality, including by high-quality recycling of waste
- **(1.h):** Increasing preparing for the re-use and recycling of waste
- **(1.i):** Increasing the development of the waste management infrastructure needed for prevention, for preparing for re-use and for recycling, while ensuring that the recovered materials are recycled as high-quality secondary raw material input in production, thereby avoiding downcycling

EU Economic Activity

2.3 – Collection and transport of non-hazardous and hazardous waste

2.7 – Sorting and material recovery of non-hazardous waste

5.5 – Collection and transport of non-hazardous waste in source-segregated fractions

5.9 – Material recovery from non-hazardous waste

Contribution to National Objective

Project Ireland 2040

- Compact Growth
- Transition to a Low Carbon and Climate Resilient Society

Climate Action Plan for Ireland 2025

- recycle 70% of packaging waste and 55% of plastic waste by 2030
- achieve 90% collection of plastic drinks containers by 2029
- ensure all plastic packaging is reusable or recyclable by 2030

4.2 Social Eligible Categories

Under the Social Eligible Categories of this Framework, Eligible Loans will also be subject to additional exclusionary criteria ("Social Bond Exclusion List" - see below)

ACCESS TO HEALTHCARE AND WELLBEING

ICMA Category	Access to Essential Services
UN SDGs	 Target 3.8
Eligibility criteria	Operation, construction, maintenance and/or renovation of: → **Healthcare facilities** such as hospitals and primary care facilities, affiliated to the relevant national healthcare system and schemes and/or broadly accessible by the general population, including facilities to treat specific physical and cognitive deficit conditions, and rehabilitation services for drugs and alcohol related conditions → **Residential care facilities** for elderly people and people with specific health conditions (such as learning or physically disabled people), assisted living facilities and nursing homes, respectively affiliated with national residential care and nursing home schemes → **"Pure-play" companies** in healthcare (e.g. Manufacturers of instruments used to detect diseases, companies that develop therapies that enhance the lives of people with debilitating conditions) defined in accordance with the 3-Step process described in Appendix 1 → **Foster care facilities** affiliated to the relevant national systems and schemes
Target groups	→ General public, including public patients → Individuals requiring specialist residential care → Aging populations requiring nursing home care → Individuals requiring specialized healthcare services or equipment → Foster children
Social benefit(s)	→ Increase access to quality, timely and accessible healthcare, including specialised medical treatment to target groups (e.g. people suffering from specific mental disorders and cognitive deficit pathologies) → Enhance quality and accessible care for aging population → Enhance availability of quality medical equipment to healthcare facilities and individuals → Promote child welfare
Location	→ Healthcare and residential care provision in Europe → Foster care in Ireland and the UK → "Pure-play" companies in healthcare located in Europe and in the US
Alignment with National Policy Framework[19]	→ Irish National Treatment Purchase Fund (NTPF)[20] → Irish Nursing Homes Support Scheme (NHSS)[21] → Irish HSE Fair Deal[22] → HSE[23] / TUSLA[24] → **Slaintecare**, the Irish National cross Governmental Healthcare reform framework → UK National Healthcare System (NHS)[25] → Strategic Plan for Foster Care Services for Children and Young People[26] → Renewing fostering: homes for 10,000 more children[27]

(19) The list of national policy framework is not exhaustive and covers the main initiatives.

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

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

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

(23) The HSE provides all of Ireland's public health services in hospitals and communities across Ireland. Source: **https://www.hse.ie/eng/about/**

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

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

(26) **Strategic_Plan_for_Fostercare_Services-2022-2025.pdf**; This Strategic Plan is in line with Tusla's statutory responsibility to provide alternative care services under the provision of the Child Care Act, 1991, the Children Act, 2001 and the Child Care (Amendment) Act, 2007.

(27) See **here**; This document builds on and operates within the statutory framework for child protection and care established by UK's Children Act 1989



ACCESS TO EDUCATION

ICMA Category	Access to Essential Services
UN SDGs	 Target 4.1 Target 4.3 Target 4.4  Target 9.1
Eligibility criteria	Operation, construction, maintenance and/or renovation of: → **Education facilities** including schools, universities, third-level education facilities and vocational training centres → **Student housing** organizations and providers → **"Pure-play" companies** in education, defined in accordance with the 3-Step process described in Appendix 1
Target groups	→ Students, including low-income students → Adults benefitting from vocational training
Social benefit(s)	→ Increase access to quality and accessible education and vocational training → Increase access to quality, safe and affordable student accommodation
Location	→ Schools in Ireland, UK and EU → "Pure-play" companies in education and vocational training in Ireland, UK, EEA, and the US
Alignment with National Policy Framework	→ Student Universal Support Ireland (SUSI)[28] and Student Grant Scheme[29] → Student Support Scheme for Asylum Seekers[30]

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

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

(30) The Student Support Scheme for Asylum Seekers is for students who are in the protection system or at the leave to remain (but not deportation order) stage and who are pursuing an approved Post Leaving Certificare course or an approved undergraduate course for the academic year 2020/21.

SOCIAL AND AFFORDABLE HOUSING[31]

ICMA Category	Affordable Housing
UN SDGs	 Target 1.4 Target 9.1 Target 10.3
Eligibility criteria	→ **Housing organisations**, including approved housing bodies and not-for-profit entities, to support the provision of social and affordable housing, improve access for low-income and marginalised communities[32], and participate in government & local authority-approved schemes such as Mortgage to Rent[33] and Cost Rental[34] → **First Home Scheme** for individuals to purchase new build primary residences on a shared equity basis, subject to approval by the relevant authorised body and eligibility criteria, including first time buyer or 'Fresh Start' status, primary residence use, and local authority property value thresholds[35] → **Starter Home Purchase Scheme** for individuals to purchase local authority primary dwellings on a shared equity basis, subject to eligibility, income and property value thresholds, and prioritisation rules applied by local authorities where demand exceeds supply[36] → **Mortgage to Rent Scheme**[37] for authorised scheme providers, enabling households with unsustainable private mortgages to remain in their homes as social housing tenants, with housing needs met by the local authority and affordable rent linked to income **Cost Rental Scheme** to support the provision of longterm affordable rental housing for middleincome households above social housing thresholds, with rents set at least 25% below market levels and based on the cost of construction, management and maintenance over a minimum of 40 years
Target groups	→ Individuals and families which due to income and/or affordability constraints, restricted access to finance, meeting the relevant social and/or affordable housing requirements as defined by local authorities, or authorised government bodies, in Ireland and the UK
Social benefit(s)	→ Allow for universal access to decent housing → Promote the social inclusion of all, including low-income people and groups with no or restricted access to housing or home ownership → Provide access to housing & home ownership by bridging the considerable "financial gap" for first time buyers and fresh starters[38] → Facilitate the provision of opportunities for home ownership while seeking to avoid further acceleration in the growth rate of housing prices through regional price ceilings for homes eligible under the schemes
Location	Ireland and the UK
Alignment with National Policy Framework	→ Accredited and/or registered housing organisations in Ireland and the UK based on national Social and Affordable Housing Schemes → Local authorities' definition of eligible residents and prioritisation mechanism based on Social Housing Assessment Regulations → National Development Plan Review 2025 → Schemes operating under the 'Housing For All' national policy framework and 'Fresh Start' principle, the legislative basis being contained in the 'Irish Affordable Housing Bill, 2021', including[39] • National Affordable Housing Schemes (First Home Scheme, Cost Rental Scheme) • Starter Home Purchase Scheme; Mortgage to rent scheme → **National Planning Policy Framework**

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

(32) All loans must be related to the provision of social housing under government & local authority approved schemes, for example the «Cost Rental Housing Scheme».

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

(34) Cost rental housing scheme provides affordable rented accommodation to people on middle incomes. It is aimed at people who are above the threshold for social housing but have difficulty affording private rented accommodation. It is called 'cost rental' because the rent you pay is based on the cost of building, managing and maintaining the homes. It does not include any profit for a developer. This makes the rent cheaper than standard rents. The rent for cost rental homes must be at least 25% below regular market rents in an area. Cost rental homes are delivered by approved housing bodies (AHB's), local authorities and the Land Development Agency (LDA). They provide long-term security of tenure, so people can rent the same home indefinitely. More details available **here.**

(35) First Home scheme as described in the Irish government's official 'Housing for All' policy document.

(36) For further detail please see **https://www.gov.ie/en/department-of-housing-local-government-and-heritage/publications/starter-home-purchase-scheme/**

(37) Eligibility is restricted to scheme providers authorised by the Minister for Housing, Planning and Local Government to operate the MTR Scheme

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

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



SME FINANCING

ICMA Category	Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises (such provision and/or promotion could include SME financing and microfinance)
UN SDGs	 Target 1.4 Target 8.3 Target 10.1
Eligibility criteria	→ **SMEs in socio-economically disadvantaged areas** which comply with the following criteria: • as defined by the EU Commission[40] • subject to negative screening as per the SME exclusionary criteria detailed below • located in Ireland's most socio-economically disadvantaged areas, defined as those ranking in the bottom 30th percentile of the Irish Deprivation Index (see Appendix 2) → **SMEs affected by socio-economic crises** which comply with the following criteria: • as defined by the EU Commission • subject to negative screening as per the SME exclusionary criteria detailed below • negatively impacted by socio-economic, political or natural disaster-related crises → **SME exclusionary criteria per the Social Bond Exclusion List** • Coal, oil, Petrol, Fossil Fuel, Genetically Modified Organisms (GMO) in food and feed, Tobacco, Gambling, Alcohol
Target groups	SMEs in socioeconomically disadvantaged areas in Ireland[41] SMEs affected by socio-economic crises, including those affected by energy cost crises
Social benefit(s)	Employment generation and retention Reduction of social and economic inequalities Foster economic growth in deprived areas
Location	Ireland and the UK
Alignment with National Policy Framework	Irish Government's Supporting SMEs campaign[42] Our Rural Future: Government's blueprint to transform rural Ireland[43]

(40) https://single-market-economy.ec.europa.eu/smes/sme-fundamentals/sme-definition_en

(41) AIB engaged a 3rd party firm to geotag the SME loan book. Using this work and the Pobal depravation index, AIB has been able to precisely locate its SME customers operating in deprived areas - See appendix 2

(42) The Supporting SMEs online guide is part of the Irish government's campaign, to increase awareness of the range of government supports for start-ups and small businesses. Link: https://www.gov.ie/en/topics/supports-for-small-and-medium-sized-enterprises-smes/

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



AFFORDABLE BASIC INFRASTRUCTURE

ICMA Category	Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, broadband)
UN SDGs	 Target 10.2  Target 11.1
Eligibility criteria	**Access to affordable basic infrastructure** for the ongoing provision of essential infrastructure projects, including broadband where financing supports a material intervention addressing an identified infrastructure deficiency, deterioration, capacity constraint, or service-disruption risk
Target groups	General population, including marginalised, rural and vulnerable population Populations, communities and local economies (including residents & SMEs[44]) with limited or no access to the relevant infrastructure
Social benefit(s)	Allow for universal access to basic infrastructure Promote the social inclusion of all, including low-income people, vulnerable and marginalised people
Location	Ireland and the UK
Alignment with National Policy Framework	**National Broadband Plan (NBP)** **National Development Plan 2021-2030** National Development Plan Review 2025 **Project Ireland**

Further, for large scale projects for which a Technical Due Diligence Report is available and has highlighted any activities harmfully impacting the conservation of biodiversity and the sustainable management of living natural resources, these loans will be excluded from the Eligible Social Loan Portfolio.

(44) As defined by the EU Commission: **https://single-market-economy.ec.europa.eu/smes/sme-fundamentals/sme-definition_en**

5. Process for Project Evaluation and Selection

Projects financed and/or refinanced through Sustainable Bond Instruments are evaluated and selected based on compliance with the Eligibility Criteria set out in Section 4 and applicable exclusion criteria.

5.1 Governance of the Framework

The Board of AIB established an advisory sub-committee, the Sustainable Business Advisory Committee (SBAC), to enhance AIB's focus on building a long-term sustainable business. The SBAC, which meets at least four times per annum, comprises Non-Executive Directors and members of our Executive Leadership Team and reports directly to the Board.

The Group Sustainability Committee (GSC) supports SBAC in the implementation of AIB's sustainability strategy. The GSC comprises members of the Executive Leadership Team and senior management from across the organisation. Further details on AIB's sustainability governance are provided in Section 2.

This Framework is prepared, implemented and maintained by the Treasury ESG Bond Forum (referred to as the "**ESG Bond Forum**"), a cross-functional group comprising representatives from Group Treasury, Legal, Sustainability and relevant business units, which meets at least quarterly.

5.2 Role of the ESG Bond Forum

The ESG Bond Forum is responsible for ensuring that assets comply with the Eligibility Criteria and applicable exclusion criteria detailed in this Framework for the relevant Sustainable Bond Instrument.

Relevant members of the ESG Bond Forum are responsible for:

- Reviewing and updating the Framework, as appropriate, to reflect developments in AIB's corporate strategy, market practices, technology, and regulation.
- Procuring and ensuring the review and update of third-party documents, including the Second Party Opinion (SPO), from external consultants and auditors.
- Overseeing the evaluation and selection of Eligible Loans for inclusion in the relevant Eligible Loan Portfolio, as applicable, based on compliance with the Eligibility Criteria and exclusion criteria detailed in Section 4.
- Overseeing the allocation of proceeds from Sustainable Bond Instruments to the relevant Eligible Loan Portfolio, as applicable, and monitoring their evolution over time to ensure the value of each Eligible Loan Portfolio is equal to or exceeds the outstanding amount of Sustainable Bond Instruments.
- Overseeing, approving and publishing allocation and impact reporting, including external assurance, where applicable. AIB may rely on third-party consultants and/or third-party data sources in its own assessment of impact as set out in Section 7.

The GSC provides oversight of these activities to ensure consistency with AIB's sustainability strategy.

5.3 Project Evaluation and Selection Process

- **Identification:** Business units originate loans in accordance with AIB's overall credit processes, policies and risk frameworks. In the ordinary course of business, potential Eligible Loans are identified by these business units based on the Eligibility Criteria set out in the Use of Proceeds section of this Framework. Relevant loan information and supporting documentation for potential Eligible Loans are then sent to Group Treasury for further assessment.
- **Evaluation:** Group Treasury reviews potential Eligible Loans against the applicable Eligibility Criteria and exclusion criteria, taking into account supporting documentation, as required, to determine eligibility. Supporting documentation may include information received through public data, specialist building consultants, data providers, or public government-affiliated data (e.g. CSO, SEAI).
- **Review:** Following initial assessment, Group Treasury presents proposed Eligible Loans to the ESG Bond Forum for discussion. Loans that meet the requirements as set out in this Framework are approved for inclusion in either the Eligible Green Loan Portfolio or the Eligible Social Loan Portfolio, as applicable.

- **Allocation and Monitoring:** Approved Eligible Loans are allocated to the relevant portfolio and monitored on an ongoing basis to ensure continued compliance with the Eligibility Criteria. Loans which no longer meet the Eligibility Criteria are removed from the relevant Eligible Loan Portfolio, as applicable.

In addition to the process described, Group Treasury applies a four-eyes principle to ensure oversight of allocation and ongoing monitoring. It may also use internal systems and data sources to identify and select Eligible Loans for certain Use of Proceeds categories (including green and social residential mortgages, private passenger electric vehicles, and SME lending in deprived areas).

These internal systems capture the data required to assess eligibility against the criteria set out in the Use of Proceeds section. Where applicable, loans may be included in the relevant Eligible Loan Portfolio on the basis of predefined thresholds and without individual project-level review by the ESG Bond Forum.

5.4 Environmental and Social Risk Management

AIB seeks to ensure that the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio align, on a best-efforts basis, with applicable international, national and local laws and regulations.

The terms and conditions governing AIB's lending activities require borrowers to comply with all applicable laws, regulations and practices, including obtaining and maintaining all relevant authorisations, consents, approvals, waivers, resolutions, licences, permits, exemptions or registrations related to the financed activity.

Furthermore, Eligible Loans are required to align with AIB's internal sustainability codes and policies. AIB recognises the need to align frameworks, policies and practices to environmental, social and governance (ESG) principles, and this continues to be an ongoing focus. Eligible Loans are subject to environmental standards, since AIB meets or exceeds all relevant environmental obligations under laws and regulations in each of the jurisdictions in which it operates.

AIB manages environmental and social risks through its credit assessment and due diligence processes, as outlined in Section 5.3.

Projects likely to have significant environmental impacts due to their size, nature or location are required to undergo an environmental impact assessment (EIA), which must be submitted to the competent authorities as part of the project approval process.

Where a project is likely to have a significant effect on a designated European conservation site, an appropriate assessment must be carried out under the EU Habitats Directive. AIB may rely on analysis provided by external parties, in addition to its own assessment.

AIB's Code of Conduct and Human Rights Commitment require AIB to actively avoid causing, financing or contributing to any business activity that is known to breach human rights or fair practices, including taking steps to address any situations we become aware of where this has occurred. The AIB's Responsible Supplier Code requires that we do not partner with or buy from organisations which we know to breach human rights or fair practices.

AIB's risk culture is guided by policies, codes, and procedures, which provide a strong foundation to encourage appropriate behaviours and compliance with regulatory requirements. Set out below are some examples of key codes and policies:

- Code of Conduct
- Environmental Policy
- Energy Policy
- Conflicts of Interest Statement
- Whistleblowing Policy
- Responsible Supplier Code
- Financial Crime Statement
- Human Rights Commitment
- Recruitment Policy
- Remuneration Policy
- Inclusion and Diversity Code

Further information is available at **AIB Related Codes and Policies**.



6. Management of Proceeds

AIB's Group Treasury is responsible for overseeing the management of proceeds from Sustainable Bond Instruments and will track Eligible Loans through an internal tracking process.

AIB will allocate an amount equivalent to the net proceeds from Sustainable Bond Instruments to either the Eligible Green Loan Portfolio or the Eligible Social Loan Portfolio, as applicable, selected in accordance with the Eligibility Criteria set out in the Use of Proceeds and Process for Project Evaluation and Selection sections of this Framework.

AIB applies a portfolio approach to the management of proceeds, with the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio maintained as separate portfolios and managed independently. AIB will ensure no double counting of allocated proceeds and their associated impacts.

AIB will strive, over a period of 24 months following issuance, to achieve a level of allocation such that the value of the relevant Eligible Loan Portfolio matches or exceeds the net proceeds of the outstanding Sustainable Bond Instruments.

After adjustments for intervening circumstances[45], additional Eligible Loans will be added to the relevant portfolio, as required, to maintain this level of allocation.

Loans that have been repaid or that no longer meet the Eligibility Criteria will be removed from the relevant Eligible Loan Portfolio[46], and replaced with other Eligible Loans where required and available.

Pending allocation, AIB will hold and/or invest the balance of unallocated net proceeds, at its own discretion, in cash, cash equivalents or other short-term and liquid instruments, including within its treasury liquidity portfolio.

Within its treasury liquidity portfolio, AIB has established a Socially Responsible Investment (SRI) pocket aligned with its **SRI Framework**, through which AIB invests in highly liquid green, social and other ESG-oriented financial instruments. Accordingly, AIB will seek to allocate at least a portion of any temporarily unallocated net proceeds to ESG-oriented financial instruments, where feasible and in accordance with its SRI Framework.

Oversight of allocation and monitoring processes is subject to the governance controls described in Section 5.3, including application of a four-eyes principle.

[45] Including but not limited to sales and repayments

[46] Within one year at the latest. This topic is discussed during the ESG Bond Forum meetings.

7. Reporting

AIB intends to publish allocation and impact reporting on an annual basis, at least until full allocation of the net proceeds from Sustainable Bond Instruments (or until maturity of the relevant instruments), or in case of material change at AIB's discretion. AIB will report on the allocation and impact of proceeds at the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio level, as applicable, including at the Eligible Category level within each portfolio, and on an aggregated basis for each respective portfolio across all outstanding Sustainable Bond Instruments.

AIB intends to align its impact reporting, on a best-efforts basis, with the portfolio approach described in the **ICMA Harmonised Framework for Impact Reporting for Green Bonds (June 2026)** and **Social Bonds (June 2026)**, and may consider other relevant market guidance, including the **NPSI Position Paper on Green Bonds Impact Reporting (March 2024)**.

Both the allocation and impact report(s) will be made available on **AIB's website**[47].

7.1 Allocation Reporting

The allocation report will provide, in respect of the Eligible Green Loan Portfolio and the Eligible Social Loan Portfolio, as applicable and feasible, the following indicators:

- The amount allocated of the relevant Eligible Loan Portfolio, by Eligible Category
- The total amount of proceeds allocated to Eligible Loans
- The number of Eligible Loans
- The balance of unallocated proceeds, if any
- The amount or percentage of new loans since the (three) previous reporting period(s)
- The geographical distribution of the Eligible Loans (at regional level)
- The sectoral distribution of the Eligible Loans (by geography), where feasible
- The alignment of the Eligible Green Loan Portfolio, or a portion thereof, with the EU Taxonomy, based on:
  - AIB Group annual EU Taxonomy Disclosures (i.e. Green Asset Ratio); and/or
  - External assessments provided in the context of its Second Party Opinion
- Qualitative considerations relating to alignment of the Eligible Green Loan Portfolio with the EU Paris Aligned Benchmark Exclusions criteria

7.2 Impact Reporting

AIB's annual impact reporting may include:

- A description of relevant Eligible Loans
- The breakdown of the Eligible Loan Portfolio by Eligible Category
- Output and impact indicators at Eligible Category level (and, where relevant, at sub-category level).
- Potential environmental or social co-benefits of the Eligible Loan Portfolios
- Supplementary qualitative information, including case studies where appropriate, subject to confidentiality agreements

AIB may appoint third-party specialist consultants and/or rely upon third-party data sources in the development of impact reporting methodologies and, where applicable, to determine estimations and calculations of output and/or impact indicators.

In the interest of transparency, AIB makes available detailed impact methodologies, underlying assumptions and supporting documentation, on the following website: **https://www.aib.ie/investorrelations/debt-investor/green-and-social-bonds**

[47] **See here.**

Eligible Green Loans

Eligible Category	Potential Environmental Impact Indicators	Potential Social Co-benefit Indicators
Green Buildings	→ Estimated annual energy consumption (kWh/m²) or energy performance improvement relative to applicable benchmarks → Estimated annual energy savings (MWh) → Estimated annual avoided emissions (tCO_2e) → Energy performance rating and/or certification standard (e.g. BER, EPC or equivalent), where applicable	→ Number of people and/or first-time buyers housed → Estimated energy cost savings for residential occupants
Renewable Energy	→ Estimated annual renewable energy generation (MWh) → Total estimated installed renewable energy capacity (MW) → Estimated annual avoided emissions (tCO_2e) → Number of renewable energy generation, transmission and storage facilities financed, where feasible (#)	→ Number of households served with renewable energy → Renewable Energy projects located in EU Just Transition Fund regions
Clean Transportation	→ Estimated annual avoided emissions (tCO_2e) → Estimated GHG emissions intensity (tCO_2e per passenger-km or freight-km), where feasible → Number of zero-emission vehicles financed (#) → Number of clean transportation infrastructure assets (#)	
Circular Economy & Waste Management	→ Estimated annual avoided emissions (tCO_2e) → Volume and/or share of waste diverted from landfill (tonnes or % per annum) → Share of material reused, recycled or recovered (%), where feasible	→ Number of reverse vending machines installed under the Deposit Return Scheme (#)

Eligible Social Loans

Eligible Category	Potential Social Impact Indicators	Potential Environmental Co-benefit Indicators
Access to Essential Services: Healthcare	→ Patients in hospitals → Patients in clinics → People using residential care facilities → Number of pure-players in healthcare covered	
Access to Essential Services: Education	→ Students in student accommodation → Students attending university → Students receiving training in medical and health related fields → Number of pure-players in education covered	→ Energy performance rating and/or certification standard, where available
Social and Affordable Housing	→ People in social housing → People in affordable housing	→ Energy performance rating and/or certification standard, where available → Estimated annual energy savings (MWh) → Estimated annual avoided emissions (tCO_2e)
SME Financing	→ Jobs created / enabled in disadvantaged areas → Contribution to Irish Gross Output → Contribution to Irish GVA → Contribution to Irish GDP	

8. External Review

8.1 Second Party Opinion

AIB has obtained an independent second party opinion from ISS Corporate to assess the alignment of this Framework with the ICMA Principles.

ISS-Corporate has also assessed the alignment of the Green Eligible Categories, set out in Section 4.1, with the EU Taxonomy Climate and Environmental Delegated Acts. The Second Party Opinion will be made available on **AIB's website**.

8.2 Verification

AIB may request, on an annual basis, a verification (which may take the form of (limited or reasonable) assurance) on the allocation of the net proceeds of Sustainable (Green and Social) Bond Instruments to the Eligible Green Loan Portfolio and the Eligible Social Loan Portfolio by an external reviewer (including an external auditor).

External limited assurance reports are available on **AIB's website** and will continue to be made available until full allocation or the maturity of the relevant Sustainable Bond Instruments.



Appendix 1

Methodology to select "pure-play" companies in Healthcare and Education

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

Pure-players in Healthcare and Education

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

AIB has established internal guidelines for the above 3-Step process. AIB will assess Step-1 and Step-2 by consulting the borrower's financial statements or obtaining written confirmation from the borrower. AIB will assess Step-3 by referencing the Sustainalytics ESG-Rating information, if the borrower is rated by Sustainalytics. The 3-Step process is conducted on a loan-by-loan basis.

Appendix 2

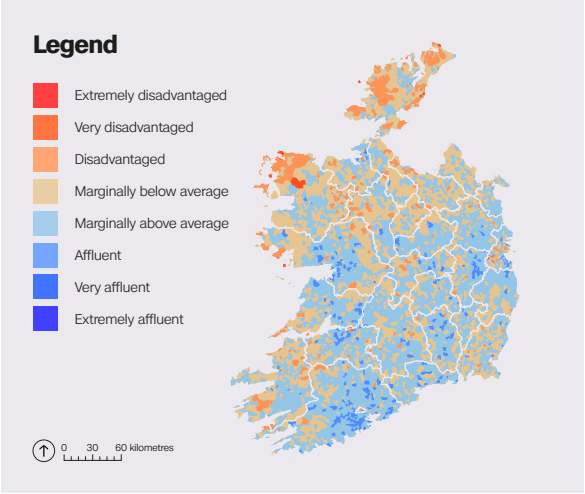
Methodology to select eligible SME lending in socio-economically disadvantaged areas

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

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

AIB has designed a method for identifying socio economically underperforming areas in Ireland, by employing public macroeconomic data released by the **Pobal HP Deprivation Index**, which is a series of maps measuring the relative affluence or disadvantage of a particular geographical area in the Republic of Ireland, using data compiled from various censuses.

The Pobal HP Deprivation index is Ireland's most widely used social gradient metric, which scores each Small Area (min. 50 – max. 200 households) in terms of affluence or disadvantage. The index uses information from Ireland's census, such as employment, age profile and educational attainment, to calculate this score. The index is color-coded with a spectrum from red, signifying deprivation, to bright blue, signifying affluence. The index is used by various state agencies and government departments to target resources towards disadvantaged areas.



The index is used in the allocation of resources under the following programmes managed by Pobal: The Social Inclusion and Community Activation Programme (SICAP), LEADER and Early Years Capital. The index is also used by the following agencies:

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

AIB loan selection methodology is based on a geocoding exercise to convert client postcodes to latitudes and longitudes. These geographical coordinates have then been used to each client to a Small Area or Electoral District (ED).

Finally, AIB has linked each client to a Small Area or ED deprivation score and used the score as a proxy for the socio economic position of the client. This is the standard procedure used by the largest insurance companies, health providers, departments and agencies in Ireland for identifying risks and assessing the targeting of services.

As the Small Areas include an average of 80-120 dwellings, and are internally quite homogeneous, this procedure is reliable, and any inaccuracies cancel out in the aggregate. When used at the individual level, the deprivation score should be interpreted in a probabilistic way as an estimate of the client's status.

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

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In addition, it should be noted that all of the expected benefits of the projects as described in this framework may not be achieved. Factors including (but not limited to) market, political, social and economic conditions (including changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of eligible Green or Social loans.

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