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you're after

# Socially Responsible Investment Bond Framework

April 2026

# Table of Contents

- 1. Introduction** **3**
- 2. Portfolio Ambition** **3**
  - SRI Bond Portfolio Composition FY2025 3
  - Our approach to sustainability 4
- 3. SRI Bond Portfolio Eligibility Criteria** **5**
- 4. Pillars of Sustainable Investment** **6**
  - 4.1 Focuses and Exclusions 6
  - 4.2 Reporting 10
  - 4.3 UN Sustainable Development Goals 11
- 5. Disclaimer** **12**



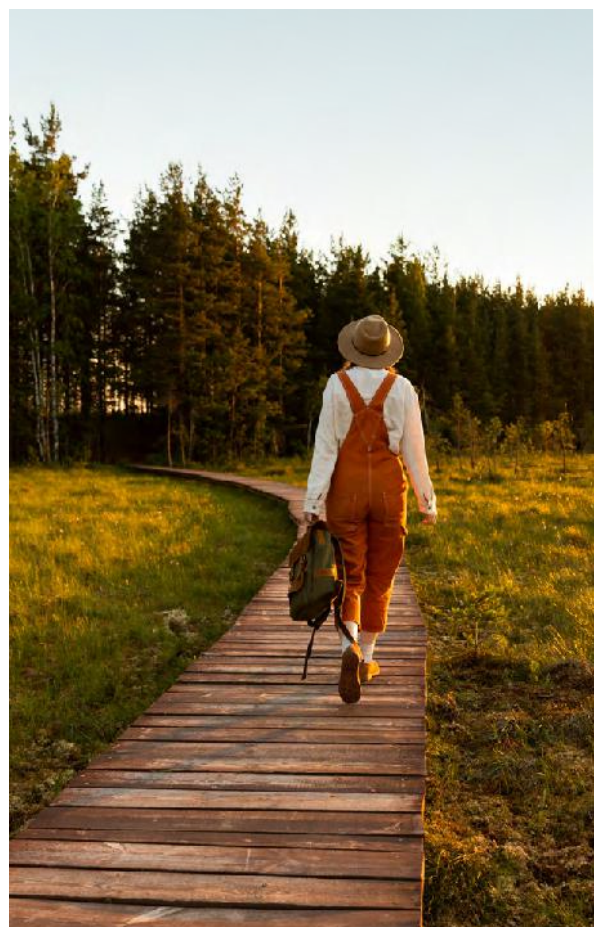
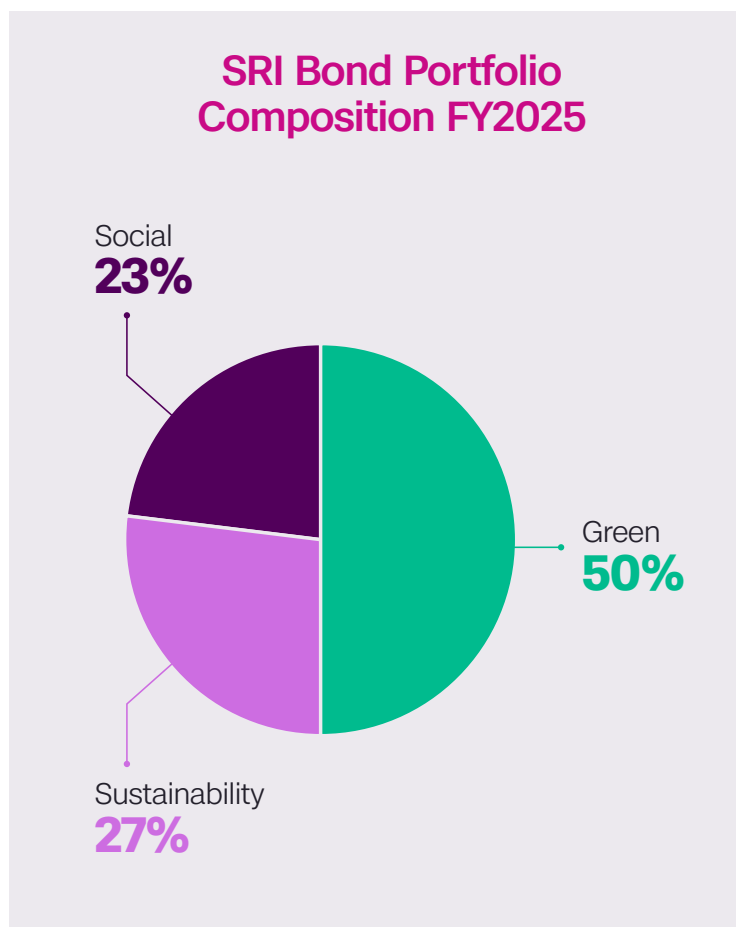
# 1. Introduction

At Allied Irish Banks plc (AIB), we are committed to playing a leadership role in sustainability, acknowledging the influence financial services institutions can bring to bear in deepening and embedding this agenda both here in Ireland and further afield. As an established buy-to-hold bond investor, AIB can promote and support the transition to a more sustainable global economy and contribute to positive environmental and social change via the sustainable bond market.

The purpose of the Socially Responsible Investment (SRI) Bond Portfolio is to fund domestic, EU based 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).

# 2. Portfolio Ambition

In order to ensure we maintain a strong presence in the sustainable bond market, and continue to fund positive impact projects, it is our ambition to grow the SRI Bond Portfolio to at least 16% of AIB's total Investment Securities in the medium-term. At year-end 2025 the SRI Bond Portfolio totalled €3.36bn and AIB's Investment Securities totalled €21.26bn which equates to 15.8% (figures can be found in [2025 Financial Results](#)).



# Our approach to sustainability

Greening our Business is one of our three strategic priorities and sustainability is at the heart of everything we do.

We integrate environmental, social and governance (ESG) factors into financial decision-making to promote sustainable development, which is often defined as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. As a more sustainable organisation, we believe we will not only thrive economically, we will contribute positively to society and reduce our impact on the environment, helping to build a better future for everyone. We do this in four key ways: Growing our green and transition lending; leading the transition as a financial institution through decarbonising our own operations; embedding sustainable practices across every part of our business; and supporting cutting-edge research and innovation that identifies and develops solutions to the climate and biodiversity crises.

We continue to support the low-carbon transition, empowering people to build a sustainable future, and have made ambitious commitments to support our customers, colleagues and many other stakeholders on this journey.

Through our comprehensive sustainability reporting, we are committed to complying with regulatory requirements and providing our stakeholders with a fair and balanced view of our material sustainability matters, practices and results, reflecting our belief that open disclosure and accountability promote trust and confidence among stakeholders. Please see pages 41 to 109 of our Annual Financial Report for our comprehensive Sustainability Statement which has been prepared in accordance with CSRD.

## Our sustainability strategy

ESG Strategic Pillars	Climate & environmental action	Societal & workforce progress	Governance & responsible business
<b>Guided by our ESG principles</b>	by providing responsible green finance, investments and advice to drive structural change and support the transition to a low-carbon future	by maximising positive outcomes for customers and colleagues helping build a brighter and prosperous future for all	by acting responsibly with integrity and transparency, while embedding ESG capabilities and measures Group-wide
<b>Our material sustainability topics</b>	<ul style="list-style-type: none"> <li>Climate change</li> </ul>	<ul style="list-style-type: none"> <li>Financial Wellbeing</li> <li>Housing</li> <li>Own Workforce (Equal Treatment &amp; Opportunities for All)</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance, Ethics &amp; Accountability</li> <li>Culture &amp; Reputation</li> <li>Cyber Security &amp; Data Protection</li> </ul>
	ESRS E1 – Climate change	ESRS S1 – Own Workforce ESRS S3 – Affected Communities ESRS S4 – Consumers and end-users	ESRS G1 – Business Conduct
<b>Alignment with UN SDGs*</b>	<ul style="list-style-type: none"> <li>7 AFFORDABLE AND CLEAN ENERGY</li> <li>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</li> <li>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</li> <li>13 CLIMATE ACTION</li> </ul>	<ul style="list-style-type: none"> <li>1 NO POVERTY</li> <li>4 QUALITY EDUCATION</li> <li>11 SUSTAINABLE CITIES AND COMMUNITIES</li> </ul>	<ul style="list-style-type: none"> <li>5 GENDER EQUALITY</li> </ul>

\*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.



# 3. SRI Bond Portfolio Eligibility Criteria

1. The following bond types are eligible for the SRI Bond Portfolio:
  - Green bonds
  - Social bonds
  - Sustainability bonds
  - Sustainability-Linked Loans financing Bonds (SLLBs)
2. Issuers' Bond Frameworks must align with ICMA Principles/Guidelines and/or the EU Green Bond Standard (EuGBS) when applicable.
3. Frameworks must have a Second Party Opinion (SPO) as recommended by the ICMA Principles. An exception is allowed for sovereigns and public institutions where the issuer may not necessarily provide a formal SPO alongside a bond issuance. Such instances will be reviewed on a case by case basis and it is envisaged any exceptions will largely consist of multilateral development banks.
  - AIB will look favourably upon issuers whose SPO contains a full EU Taxonomy Alignment exercise.
4. While we recognise the limitations that exist in the ESG ratings universe including differing methodologies and consequent inability to cross-compare ratings, we use external ESG ratings to contribute to our investment decisions. In rank order of priority, our ESG rating requirements for Banks and Corporates are as follows:
  - Sustainalytics score below 35;
  - MSCI rating of A or better;
  - Should a rating/score not be available from any of the above, ratings/scores from other environmental agencies may be considered on a case-by-case basis;
  - While the convention is that many Sovereigns and SSAs do not have ESG ratings, where ratings are available, the ratings criteria outlined above will apply.
5. Notwithstanding the minimum ratings required, Banks and Corporates with scores higher than Sustainalytics 30 or ratings lower than MSCI AA, will form no more than 10% of the SRI Bond Portfolio.
6. AIB has developed an Excluded Activities List (see Exclusions section page 8 for further detail). Issuers who are deemed to engage in business activities on the Excluded Activities List will not be considered for investment.
7. AIB have developed an internal ESG scorecard, driven by our own internal methodology, which will be used in conjunction with the above eligibility criteria to score and categorise AIB's SRI bond investments.

As regulation and best practice evolves in the ESG market, we will continue to review our scoring criteria and Framework to reflect new developments.

While we will note issuers' degree of alignment with the EU Taxonomy we believe it is too early to compel issuers to attain a minimum level of alignment for portfolio eligibility as the related reporting requirements to the EU Taxonomy are still in their infancy. Our EU Taxonomy alignment criteria will develop as the market evolves and the EU Green Bond Standard comes into force.

# 4. Pillars of Sustainable Investment

AIB has designed three key Pillars of sustainable investment for our SRI Bond Portfolio, as follows:

1

**Focuses & Exclusions**

2

**Reporting**

3

**SRI Engagement**

## 4.1 Focuses and Exclusions

### Focuses

#### Use of Proceeds Bonds (UoP Bonds)

UoP bonds enable issuers to raise capital for new and existing green/social/sustainable projects. The cornerstone of UoP bonds is the utilisation of the bond's proceeds for eligible projects which should be appropriately described in the legal documentation of the security. Transparency, disclosure and reporting are critical to ensure the integrity of UoP bonds and the UoP bond market more generally.

We expect to see the 4 key headings listed below within the issuing framework:

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

For the purposes of the SRI Bond Portfolio, we will focus on the project categories such as those listed below, however we will not necessarily be limited to these categories.



## Positive environmental impact – Green Bonds & Sustainable Bonds

### Green Projects

- Green buildings
- Renewable energy
- Energy efficiency
- Clean transportation
- Pollution prevention and control
- Environmentally sustainable management of living natural resources and land use
- Terrestrial and aquatic biodiversity
- Sustainable water and wastewater management
- Climate change adaptation
- Circular economy adapted products, production, technologies and processes

## Positive social impact – Social Bonds & Sustainable Bonds

### Social Projects

- Affordable basic infrastructure
- Access to education and healthcare
- Affordable housing
- Employment generation
- Food security and sustainable food systems
- Socioeconomic advancement and empowerment

### Sustainability-Linked Loans financing Bonds (SLLBs)

Sustainability-Linked Loans financing Bonds (“SLLBs”) are any type of bond instrument (i) where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, a portfolio of new and/or existing eligible SLLs aligned with the Sustainability-Linked Loan Principles (“the SLL Eligible Portfolio”) and (ii) which are aligned with the components detailed in the ICMA Sustainability-Linked Loans financing Bonds Guidelines (“SLLG”).

We expect to see the 5 key headings listed below within the issuing framework:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Loan Characteristics
4. Reporting
5. Verification

The key recommendations for heightened transparency are:

- SLLB Frameworks
- External Reviews

Issuers are also encouraged to provide information on their overarching entity level objectives, strategy, policy and/or processes relating to environmental and/or social sustainability.

## Excluded Activities List

AIB is committed to embedding sustainability at the core of everything we do. With this in mind, AIB has developed an Excluded Activities List which sets out a range of business activities considered to be incongruent with our views of sustainability and have been identified for exclusion from investment. In this regard, corporate issuers involved in the activities on the AIB Group Excluded Activities List below, will be excluded from the SRI Bond Portfolio:

### Energy:

- Exploration, extraction and upgrading of oil and tar sands projects.
- Nuclear power generation.
- Nuclear waste transportation, decommissioning and/or final disposal of high-level nuclear waste.
- Construction of uranium enrichment facilities or companies supplying uranium.
- Coal, or oil-fired power generation (other than resilience or stability 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.
- Onshore/offshore exploration, extraction or refining of coal or oil.
- Hydraulic fracturing (fracking) for oil and gas.
- Oil and gas projects in the Arctic region.

### Animal Welfare:

- Producing, processing, manufacturing, trading or selling animal fur.
- Support of any type of animal fights for entertainment.
- Commercial or medical related animal testing that is not permitted under EU, UK, or US or equivalent legislations.
- Using endangered species or great apes for testing and other experimental purposes.
- Trades in wildlife or wildlife products regulated under Convention on International Trade of Endangered Species (CITES).

### Ecosystem Protection:

- Deforestation or the burning of natural ecosystems for the purposes of land clearance.
- Illegal timber trading or logging operations.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Projects that put UNESCO World Heritage Sites, Ramsar-listed wetlands, or International Union for Conservation of Nature Category I-IV areas at risk.
- Production of palm oil where the company is not a member of the Roundtable on Sustainable Palm Oil (RSPO).
- The manufacture of pesticides banned under the Stockholm convention and by the US Environmental Protection Agency (EPA).

### Healthcare/Genetic Engineering:

- The development of genetic engineering or genetic modification on humans.
- The development of genetic engineering or genetic modification on animals for non-medical purposes.

### Adult Entertainment:

- Production and publishing of pornographic material.
- Sale of sexual services, sexual entertainment venues, unlicensed physical sex shops and prostitution facilitation.

### Controversial Weapons:

- Manufacture, sale, trade, service or stockpiling of Highly Controversial Weapons banned under International Agreements such as Cluster Munitions, Anti-Personnel Landmines, Nuclear, Biological, Toxin and Chemical Weapons, Blinding Laser Weapons, and the manufacture or sale of bespoke components of such weapons.
- Equipment having no other practical use than inflicting capital punishment, torture, and other cruel, inhuman, or degrading treatment or punishment.

## **Fisheries Marine**

- Involvement in Illegal, Unreported or Unregulated (IUU) fishing including:
- The use of dynamite or poison to catch marine and freshwater species (including shellfish) in the wild.
- Use of driftnets in excess of 2.5kms or use of driftnets intended for the capture of species such as tuna, swordfish, dolphins and sharks.
- Shark-finning or trading in shark fin.
- Commercial whaling.
- Deep sea bottom trawling >800m.

## **Mining**

- Mining using the Mountaintop Removal (MTR) extraction technique.
- Asbestos mining, or asbestos fibre production facilities.
- Disposal of tailings in coastal or shallow waters.
- Mining and /or trading of rough diamonds which are not certified according to the Kimberley Process Certification Scheme.
- Deep sea / seabed mining projects.
- Mining projects in areas of armed conflict.

## **Marine Infrastructure**

- Dam projects that do not conform to the World Commission on Dams (WCD) framework.
- Marine dredging that will have an impact on marine protected areas or critical habitats and Ramsar sites, unless activities are undertaken for environmental / social protection or enhancement (e.g. flood protection).

Excluded activities, will always be determined by the most up-to-date AIB Group Excluded Activities List and therefore the list above is subject to revision.

## 4.2 Reporting

Transparency, accuracy and integrity of the information disclosed by issuers is of the utmost importance. Therefore, we require issuers' reporting to align with the ICMA Principles/Guidelines reporting recommendations. Consistent and comparable ESG reporting will reinforce issuers' accountability whilst providing the investor with key information on how funds are being utilised and how organisations are performing against ESG objectives.

We will not include bonds in our SRI Bond Portfolio where the issuer does not intend to publish any information, reports, or impact metrics regarding their sustainable bond issuance.

### Use of Proceeds Bonds

Allocation reporting should include:

- i. The size of the proceeds available for allocation
- ii. The total amount of proceeds allocated to the eligible projects
- iii. High level project details

Impact reporting should include:

- i. Qualitative performance measures regarding projects' environmental and/or social impacts
- ii. Quantitative performance indicators and underlying methodology and/or assumptions, where feasible

Allocation and impact reporting should be published at least annually until the bond is fully allocated in the case of project specific bonds or until bond maturity in the case of a portfolio approach.

### Sustainability-Linked Loans Financing Bonds

Issuers should make, and keep, readily available up to date information on the eligible portfolio of SLLs to be renewed annually during the lifetime of the SLLB, and on a timely basis in case of material developments.

The annual SLLB report should include detailed information where possible on the SLLs to which the SLLB proceeds have been allocated, in particular with respect to:

- i. the amount of SLLB allocated and/or size of the portfolio of eligible SLLs;
- ii. the sector and geography of the borrowers;
- iii. information on, including achievement of, KPIs/ SPTs in combination with the underlying sector of the borrowers;
- iv. information on the year of origination of the eligible SLLs; and
- v. information on disqualified SLLs and newly added SLLs.

Where confidentiality agreements, competitive considerations, or a large number of underlying SLLs limit the amount of detail that can or is allowed to be made available, that information should be presented in generic terms or on an aggregated portfolio basis. Post issuance, the issuer's management of proceeds should be supplemented by the use of an external auditor, or other third party, to verify the internal tracking and the allocation of funds from the SLLB proceeds to eligible SLLs.

## 4.3 UN Sustainable Development Goals

We will look favourably upon issuers whose issuing frameworks reference the UN Sustainable Development Goals (SDGs). The SDGs are a set of 17 goals with 169 targets covering a broad range of sustainability issues. Investors/investees are in a prime position to contribute to the SDGs through their business activities and investment decisions.

Further, frameworks that align with positive national policy objectives in the area of ESG will be viewed positively.

### UN Sustainable Development Goals:



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