

AIB Group Plc - Climate Change 2019

C0. Introduction

C0.1

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

Allied Irish Banks (AIB) is a financial services group operating predominantly in the Republic of Ireland . We provide a comprehensive range of services to retail, business and corporate customers, and hold market-leading positions in key segments in Republic of Ireland.

AIB also operates in Great Britain, as Allied Irish Bank (AIB GB), and in Northern Ireland, under the trading name of First Trust Bank (FTB).

AIB's business has been restructured in recent years with the aim of becoming a customer focused, profitable and lower risk institution, well positioned to support economic recovery in Ireland while seeking to generate sustainable shareholder returns.

2016 was a foundation year in the creation of a more sustainable approach to banking, through the establishment of both AIB's first Sustainable Business Advisory Committee (SBAC) and corresponding Office of Sustainable Business (OSB).

2017 was a pivotal year for AIB, with the successful completion of the largest IPO in Europe, resulting in the relisting of the company on the Dublin and London stock exchanges. We also published our first Sustainability Report, hosted a thought-provoking conversation at our first sustainability conference and launched our Purpose statement: to back our customers to achieve their dreams and ambitions.

In 2018, as part of the Year of Sustainable Business 2018, an initiative of the Irish National Mitigation Plan, AIB launched a series of linked climate-finance events and initiatives to support the transition to a low-carbon economy. Among these initiatives AIB sponsored Climate's Week Ireland, we expanded our Centre of Expertise for Energy, Climate Action & Infrastructure, hosted our second Sustainability conference and, increased our investing in renewables. Moreover, we signed up to the Low Carbon Pledge, the first dedicated pledge generated by Irish business to set industry standards on sustainability and reduction of GHG emissions, that is powered by Business in the Community Ireland's Leader's Group on Sustainability.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	No	<Not Applicable>

C0.3

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

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

C0.4

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

EUR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

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

Yes

C1.1a

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

Position of individual(s)	Please explain
Director on board	A Director on Board advises AIB's CEO and AIB's Board on Sustainability and Climate Change matters. AIB's sustainability programme is aligned to our strategic and financial plan. The director's main role is to supervise the development and execution of our sustainable business strategy. Having a Director on Board oversight of sustainability within AIB ensures that there is clear accountability on the Board for climate change issues. The Director on Board also chairs the Sustainable Business Advisory Committee (SBAC) with members of AIB's leadership team, including for example the Chief Executive Officer. The Director's presence on the committee ensures that there is continuity and clear upstream communication (AIB's CEO) and downstream communication (AIB's Senior managers)
Other, please specify (Leadership Team and Senior Managers)	Since April 2017, the SBEC (Sustainable Business Executive Council) supports the Sustainable Business Advisory Committee (SBAC). This council comprises members of the Leadership Team and senior managers representing a cross-section of AIB's different functions. Its role is to support ongoing projects and to set strategic direction for Sustainability and Climate Change. The Leadership Team comprises the Senior Executive managers of the Group who manage the strategic business risks of the Group.
Other, please specify (Head of Sustainability)	AIB established an Office of Sustainable Business (OSB) in January 2016 to advise and support its CEO and Leadership Team on the development of AIB's sustainability programme. The OSB (Office of Sustainable Business) is responsible for guiding AIB's approach relating to sustainability and to develop key policies and activities relating to sustainability. Its role is to integrate a sustainable approach across all areas and at all levels of AIB. A key objective for the OSB is to work with the business to continue to integrate Environmental, Social and Governance (ESG) principles across all AIB activities. This includes understanding, measuring and disclosing the impact of our activities on all AIB stakeholders, society and the environment.
Other, please specify (Head of Energy, Climate Action)	The Head of AIB's Energy, Climate Action and Infrastructure oversees a strategically important team, with a particular focus providing financial solutions to support Ireland as it transitions to a low carbon economy.
Chief Executive Officer (CEO)	The CEO is responsible for upstream communication on climate related issues

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	- Reviewing and guiding strategy - Reviewing and guiding major plans of action - Reviewing and guiding risk management policies - Reviewing and guiding annual budgets - Reviewing and guiding business plans - Setting performance objectives - Monitoring implementation and performance of objectives - Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The "SBAC" Sustainable Business Advisory Committee advised the Board of Directors on sustainability, environment and climate change issues, supervising the execution of AIB's sustainable business strategy in accordance with the approved Group Strategic and Financial Plan. Since its formation, the SBAC meets a minimum of 4 times a year and met eight times during 2018.

C1.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Sustainability committee	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Other committee, please specify (Sustainable Business Executive Council)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Environment/ Sustainability manager	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

C1.2a

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

i. Where in AIB's organisational structure these positions and committees lie;

Within Allied Irish Bank, the organisational structure is as follows:

Office of Sustainable Business (Environmental / Sustainable Manager) -> Sustainable Business Executive Council (Sustainable Committee) -> CEO and Leadership Team -> Sustainable Business Advisory Committee (members: C-Suite Officers and Non-Executive Directors) -> Board of Directors

Within Allied Irish Bank, the Environmental & Energy managers are based within the Property and Facilities department. The Energy and Environmental Manager liaises with the Office of Sustainable Business on all relevant matters pertaining to energy and climate change.

The Sustainability Manager is part of Corporate Affairs and heads up the Office of Sustainable Business (Environmental / Sustainable Manager).

The Sustainability Manager chairs the Sustainable Business Executive Council (Sustainable Committee)

ii. Why responsibilities for climate-related issues have been assigned to these positions and committees:

a) AIB recognises the need to take precautionary measures to anticipate, prevent or minimise the causes of climate change and mitigate its adverse effects. AIB's business lines, in collaboration with the Office of Sustainable Business (OSB), the Sustainable Business Executive Committee (SBEC), and the Board's Sustainable Business Advisory Committee (SBAC), together provide focused governance on this issue on an ongoing basis.

b) The organisation is extremely cognisant of the potential impacts it may have on the environment. This is particularly important when dealing with the operational activities of over 300 branches. At AIB, the practical implementation of environmental sustainability activities are the responsibility of the AIB Energy & Environmental Team within the Property & Facilities department.

iii. Specific responsibilities of these positions and committees with regard to assessment and management of climate-related issues:

a) Sustainable Business Advisory Committee: The SBAC advises the Board of Directors on our sustainability strategy, which is aligned to our strategic and financial plan. The SBAC comprises three Independent Non-Executive Directors and three Senior Executives being, for the time being, the Chief Executive Officer, the Chief Customer & Strategic Affairs Officer and the Chief People Officer. SBAC's main role is to supervise the development and execution of our sustainable and climate change business strategy.

Sustainable Business Executive Council: The SBAC is supported by the SBEC, which comprises members of the Leadership Team and senior managers representing a cross section of the bank's different functions. Its role is to support ongoing projects and to set

strategic direction for Sustainability.

The Office of Sustainable Business: The OSB is responsible for guiding the Group's approach relating to sustainability and to develop key policies and activities relating to sustainability. With a small, designated team, its role is to integrate a sustainable approach across all areas and at all levels of AIB. A key objective for the OSB is to work with the business to continue to integrate Environmental, Social and Governance (ESG) principles across all our activities.

b) AIB has developed an Environmental and Energy Management Strategy. The group operates all its locations under an ISO 14001 and 50001 management systems. As part of both management systems KPIs, objectives and targets on waste, water and energy use as well as carbon emissions are set up on an annual basis. Its progress is closely monitored and externally audited yearly. The team reports monthly to Property and Facilities management team, on a quarterly basis meetings are held with the Sustainable Office for updates and once a year there is an annual revision with the CEO and leadership team.

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

C1.3

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

Yes

C1.3a

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

Who is entitled to benefit from these incentives?

Chief Operating Officer (COO)

Types of incentives

Monetary reward

Activity incentivized

Energy reduction target

Comment

The Property and Facilities department lies within the management area of the Chief Operating Officer, thus the achievement of objectives by the energy and environment team within property and facilities feeds into the achievement of objectives by the COO. a) All AIB locations in ROI and UK are operated under an ISO14001 Environmental Management System and ISO 50001 Energy Management System. A series of projects have been implemented to reduce the amount of Scope 3 emissions (waste and water related) onsite, as well as reducing the level of emissions from our Scope 1 and 2 sources. Shorter term targets are set based on these long term objectives. As an example of short term target: in 2018, we continued to develop and roll out initiatives that delivered more sustainable operations. In July, we opened a new Head Office building in Central Park (Dublin) that was designed to reduce our building energy consumption impact and was designed and built to LEED standard. b) Carbon and Energy reduction objectives are assigned to the Property and Facilities department and feed into the overall objectives for that business/department unit. An Energy and Environmental team is established within the department under the management of the Energy and Environmental Manager. Obtainment of objectives are assessed through a formal Performance Review and business review system for appraisal during the year and at year end. The achievement of objectives and performance in the role determines the level of pay increase achieved.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

a) All AIB locations in ROI and UK are operated under an ISO14001 Environmental Management System and ISO 50001 Energy Management System. A series of projects have been implemented to reduce the amount of Scope 3 emissions (waste and water related) onsite, as well as reducing the level of emissions from our Scope 1 and 2 sources. Shorter term targets are set based on these long term objectives. As an example of short term target: in 2018, we committed to turning the tide on plastic by eliminating single-use disposables from our catering services. This prevented the use of 11.5 million non-recyclable disposable plastic containers. b) Carbon and Energy reduction objectives are assigned to the Property and Facilities department and feed into the overall objectives for that business/department unit. An Energy and Environmental team is established within the department under the management of the Energy and Environmental Manager. Obtainment of objectives are assessed through a formal Performance Review and business review system for appraisal during the year and at year end. The achievement of objectives and performance in the role determines the level of pay increase achieved. Employees in the Office of Sustainable Business Team, lead by AIB's Head of Sustainable Business are subject to the same monetary rewards for performance as described earlier.

Who is entitled to benefit from these incentives?

Energy manager

Types of incentives

Monetary reward

Activity incentivized

Energy reduction target

Comment

a) AIB are obliged to fulfill the obligations set out in the National Energy Efficiency Action Plan (NEEAP), and subsequent revisions, as originally published by the Irish Government in 2009. Accordingly AIB must work to meet the requirement of achieving 33% energy savings by 2020 and 50% energy savings by 2030 (from 2009 baseline). Shorter term targets are set based on these long term objectives. In 2018 the Energy Team continued to develop and roll out initiatives that would deliver more sustainable operations. In 2018 the Energy Team continued to develop and roll out initiatives that delivered more sustainable operations. In July 2018, AIB opened a new Head Office building in Central Park (Dublin) that was designed to reduce our building energy consumption impact and was designed and built to LEED Gold standard. b) Energy management objectives are assigned to the Property and Facilities department and feed into the overall objectives for that business/department unit. An Energy team is established within the department under the management of the Energy and Environmental Manager. Obtainment of objectives are assessed through a formal Performance Review and business review system for appraisal during the year and at year end. The achievement of objectives and performance in the role determines the level of pay increase achieved.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

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

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	• AIB Group has an Enterprise Risk Management approach to identifying, assessing and managing risks, the core elements of which are set out in our Risk Management Framework (RMF). This is in turn supported by a number of frameworks and policies covering the management of specific risk categories (credit risk, operational risk, etc.) which are reviewed and approved by the Board on an on-going basis. The types of risks include: a) transition risks, such as regulatory risks or consumer behaviour patterns; b) acute physical risks, such as adverse weather conditions. • The Office of Sustainable Business provide advice and support AIB's Leadership Team on environmental sustainable issues.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

How climate-related risks are identified and assessed at AIB;

AIB adopts an enterprise risk management approach to identifying, assessing and managing risks: *The first line of defence* (all business lines) owns the risks and is responsible for identifying, recording, reporting and managing them, and ensuring that the right controls and assessments are in place to mitigate them. *The second line of defence* (Risk & Compliance) sets the frameworks and policies for managing specific risk areas, approves all large credit exposures, provides advice and guidance in relation to the risk and also provides independent review, challenge and reporting on AIB's risk profile. *The third line of defence* (Group Internal Audit (GIA), under the Head of Group Internal Audit) is the Internal Audit function, which provides independent assurance to the Board Audit Committee on the effectiveness of the system of internal control. *The Board* has ultimate responsibility for the governance of all risk-taking activity at AIB.

How climate-related risks are identified by AIB and assessed at an asset level;

As stated above, the first line of defence is responsible and accountable for the identification, assessment, management, monitoring and reporting risks in their areas of responsibilities. This first line of defence are all AIB business lines and support areas. For example, our Engineering Services team will identify severe weather conditions (snow, ice and freezing conditions) as a physical risk to AIB. The Head of Property and Engineering is then responsible for ensuring that this climate change risk is noted within their operational risk register in Shield. Our risk management system (Shield) allows us to streamline our processes and gives us a clearer picture of all our Risks and Controls. All our lines of defence have access to information held in Shield. AIB received a global award for 'Excellence in Implementation' of the Shield system.

The processes AIB have in place for assessing the potential size and scope of identified risks;

AIB uses a variety of approaches and methodologies to identify and assess its principal risks and uncertainties. a) A Material Risk Assessment ("MRA") is undertaken on at least an annual basis. The MRA identifies and assesses the most serious material risks facing the Group in terms of their likelihood and impact, considering the risks against a materiality matrix. The risks are assessed before and after controls to reduce them. Rating is based on worst estimate and uses a colour coded likelihood approach to assess the potential and actual risk impacts on Customers, Financials, Reputation or Operations. b) Other assessments of risk are undertaken, as required, by business areas, focusing on the nature of the risk, the adequacy of the internal control environment, and whether additional management action is required. c) Periodic risk assessments are also undertaken in response to specific internal or external events. Reports on the Group's risk profile and emerging risks are presented at each Executive Risk Committee ("ERC") and Board Risk Committee ("BRC") meeting.

The process by which AIB determines the relative significance of climate-related risks in relation to other risks;

- a) The bank's strategy is informed by the Material Risk Assessment - this identifies the risks to the Group, which are considered during the strategy setting process. The Risk Management Framework has been adjusted to ensure that environmental and climate risks are considered in the development of our risk policies.
- b) The Risk Appetite Statement (RAS) outlines the level and types of risks that AIB is willing to take in its pursuit of the Bank's strategic objectives.
- c) The RAS qualitative statements describe AIB's attitude to taking a managing risk. It also contains risk appetite metrics, in the form of watch triggers and limits. The watch triggers and limits monitor changes in the Bank's risk profile. Breaches of watch trigger or limits are escalated to the Executive Risk Committee and the Board Risk Committee. If limits are breached, they are escalated to the full Board and our Regulators.

The definitions of risk terminologies used by AIB;

Risk is defined as any event that could damage the core earnings capacity of AIB, increase cash flow volatility, reduce capital, threaten business reputation or viability and/or breach regulatory or legal obligations. AIB has identified 11 material risk categories (See AIB's AFR 2018 for more details). Our major categories of risk are:

Credit Risk: Risk of non-payment due to borrower default.

Liquidity Risk: lack of cash to meet liabilities when due.

Market Risk: Risk of adverse price changes.

Operational Risk: Human error, faulty systems or procedures.

Regulatory Compliance Risk: Financial or reputation damage as a result of failure to comply with regulation.

How AIB defines substantive financial or strategic impact on our business:

A substantive financial impact is a financial impact >€1M.

C2.2c

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	AIB's objective is to conduct its business in accordance with both the letter and the spirit of the relevant laws, regulations and codes which apply to its regulated activities, as well as AIB's internal compliance policies and standards and to act with integrity, honesty and fairly in dealing with its customers. Compliance is a key component of the Bank's internal control framework. The Regulatory Compliance Risk Management Framework ('the Framework') sets out the internal control and governance structures in place in order to achieve the Group's regulatory compliance objectives. While the Board has ultimate responsibility for the governance of all risk taking activity in the Group, it has delegated a number of risk governance responsibilities to various committees and key officers. (eg: The Head of Property and Engineering is responsible for ensuring that climate change risks are noted within their operational risk register.) AIB shows its commitment to environmental protection by establishing an Environmental and Energy Policies to which the organisation pledges to commit (https://aib.ie/sustainability). Example: Risk: AIB non-compliant with ESOS legal requirement. AIB legal unit (first line of defence) identifies the risk and assesses its gross impact using the materiality matrix. The Group implements controls to comply with ESOS requirements. a) Establishment of an Energy Team who will make sure AIB meets ESOS obligations b) implementation an Energy Management System in all our locations. b) After controls are in place the risk is given a Net Risk Value. All these processes are recorded using our Risk Management System (Shield). Any potential breach of compliance with ESOS is notified by the Energy Team (now the first line of defence) to the second line of defence.

	Relevance & inclusion	Please explain
Emerging regulation	Relevant, always included	Compliance is a key component of the Bank's internal control framework. The Regulatory Compliance Risk Management Framework sets out the internal control and governance structures in place in order to achieve the Group's regulatory compliance objectives. While the Board has ultimate responsibility for the governance of all risk taking activity in the Group, it has delegated a number of risk governance responsibilities to various committees and key officers. Example 1: Potential cost of not complying. All environmental legislation is continually under review by means of subscription to a web-based legal register by our Environmental Team (first line of defence) and at least on an annual basis an environmental compliance check is performed by the Environmental Manager. The team is provided with updates and notifications on emerging regulation. If changes are identified, risk implications are evaluated using the Risk Matrix and communicated to the relevant key officer who will introduce the information in Shield (our risk management system). Example 2: Consultations on proposed Regulations for sustainable finance. In 2018, a member of the Regulatory Relations team was in the roundtable discussion in the UK on PRA's consultation process for their proposed new supervisory statement on climate-related financial risks. The head of the Regulatory Relations team was responsible to inform our governance structure of the PRA's discussion and possible expectations.
Technology	Relevant, always included	Our credit risk and business model risk frameworks have been adjusted to ensure that climate risks are considered in the development of our risk policies and business plans. We understand the benefits to the bottom line for businesses who introduce energy saving measures, and we factor those benefits into our credit decisions process. Regarding technical risk, AIB has a specialist team within its business banking division dedicated to provided products for financing business involved in the energy sector. AIB has a dedicated funds for investing in large energy efficiency projects and start-up companies in the sustainable technologies sector. To support Ireland's decarbonisation our Wholesale, Institutional and Corporate Division has a centre of excellence for Energy, Climate Action and Infrastructure that was expanded in 2018.
Legal	Relevant, always included	AIB is required to comply with a wide range of laws and regulations. If AIB fails to comply with these laws and regulations, it could become subject to regulatory actions, including monetary damages, fines or other penalties, regulatory restrictions, civil litigation, criminal prosecution and/or reputational damage. The legal and regulatory landscape in which AIB operates is constantly evolving, and the burden of compliance with laws and regulations is increasing. AIB defines legal risk as the potential for loss arising from the uncertainty of legal proceedings and potential legal proceedings, but excludes strategic and reputational risk. Regulatory compliance risk is defined by AIB as the risk of regulatory sanctions, material financial loss or loss to reputation which the AIB may suffer as a result of failure to comply with all applicable laws, regulations, rules, standards and codes of conduct applicable to its activities. The Regulatory Compliance function operates a risk framework approach that is used in collaboration with business units to identify, assess and manage key compliance risks at business unit level. These risks are incorporated into the RCAs (Risk and Control Assessments) for the relevant business unit. To identify and manage this type of risk, Regulatory Compliance work closely with management with specialist knowledge in climate change (AIB's Sustainable and Energy, Climate Action and Infrastructure teams) in assessing compliance risks and provide advice and guidance on addressing these risks. Risk-based monitoring of compliance by the business with regulatory obligations is undertaken. Regulatory Compliance report to the Chief Risk Officer and independently to the Board, through the Board Risk Committee, on the effectiveness of the processes established to ensure compliance with laws and regulations within its scope.
Market	Relevant, always included	Supply chain disruption events or adverse movements in wholesale market prices are likely to impact our business lines directly. AIB has identified 11 material risk categories, Market Risk is one of them. Our RAS (Risk Appetite Assessment) set out the parameters within which AIB can take and manage this risk. Business Plans are linked to the RAS and will have actions to mitigate this risk. Example: Risks could arise due to a trend in increasing wholesale energy commodity prices that could drive energy cost higher. We have taken actions to prevent this risk in our different business lines. a) At an operational level (AIB Property & Facilities), AIB purchases green electricity and is implementing energy reduction measures that would lower energy costs of its buildings. Moreover, the newly opened head office buildings in Dublin were designed and built to LEED standard that guarantee a more sustainable footprint of the operation and performance of the buildings. b) To mitigate adverse effects in Ireland we're working with industry experts and customers to support large green energy projects (AIB Wholesale, Institutional & Corporate Banking). c) we're also encouraging our customers to invest in home energy efficiency by offering personalised advice.
Reputation	Relevant, always included	AIB adopts an enterprise risk management approach to identifying, assessing and managing risks. Risk is defined as any event that could damage the core earnings capacity of AIB, increase cash flow volatility, reduce capital, threaten business reputation or viability and/or breach regulatory or legal obligations. The Group's relationships with its stakeholders, including its customers, staff and regulators, could be adversely affected by any circumstance that cause real or perceived damage to its brands or reputation. Any damage to the Group's brands and/or reputation could have a material adverse effect on the Group's business, results of operations, financial condition or prospects. The Group monitors the 'health' of its brand and reputation by regularly seeking feedback from its customers and other stakeholders, and by tracking metrics in relation to these, e.g. 1) the Net Promoter Score ("NPS") gauges the loyalty of customer relationships. 2) In 2018, we carried out our second evaluation of the key sustainability issues that mattered to our stakeholders: The transition to a low carbon economy is of concern to our stakeholders. We can play a major role in addressing this issue, by how we run our bank and how we invest in our own business and in how we support our customers. Therefore, in 2018 we expanded our Centre of Expertise for Energy, Climate Action and Infrastructure, a specialist team that manages a diverse portfolio which includes investments in all asset classes across the power and energy sectors. We also continued to develop our customer offering to further support investment in renewable energy, infrastructure and climate finance.

	Relevance & inclusion	Please explain
Acute physical	Relevant, always included	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Each business line is primarily responsible for managing its own risks. The Operational Risk Framework includes policies specific to key operational risks (such as extreme weather events, information security; continuity and resilience; and outsourcing) to ensure an effective and consistent approach to operational risk management across the Group. An important element of the Group's operational risk management framework is the on-going monitoring of risks, control deficiencies and weaknesses, including tracking of operational risk events. AIB also requires all business areas to undertake risk assessments and establish appropriate internal controls in order to ensure that all components, taken together, deliver the control objectives of key risk management processes. Risk and Control Assessment ("RCA") is a core process in the identification and assessment of operational risk across the Group. The process serves to ensure that key risks are proactively identified, evaluated, monitored and reported, and that appropriate action is taken. Self-assessment of risks is completed at business unit level and is recorded on Shield which is the Group's Governance, Risk and Compliance ("GRC") System. Shield, our risk management system, provides the customer facing business areas, BCS, Finance, Risk, Compliance and Group Internal Audit with one consistent view of the Risks, Controls, Actions and Events across the Group. AIB received recently a global award for 'Excellence in Implementation' of the Shield system. Case Study: Storm Emma, a cold spell which struck Ireland between the 28th February and the 4th of March 2018, caused 2 day disruption of AIB's operations due to unusually low temperatures and heavy snowfall. AIB's Engineering Team created a series of initiatives to ensure business operational continuity. A €100,000 emergency expenditure was approved to cover among others: weekend works, auxiliary visits to our branches, 24/7 specialist services to enable de-icing, anti-icing and snow clearing services. The learnings of these actions are now integrated on our operational controls and will reduce AIB's operational risk. High extremes of precipitation are very likely to increase in magnitude and frequency.
Chronic physical	Relevant, always included	We recognise the potential negative impacts and opportunities present by this type of risk. At an operational level, increases in the mean ambient temperature have resulted in increased running costs to our AIB branch network. This has a direct effect on the energy costs associated with cooling of buildings and computer equipment as well as increase of maintenance works budget to provide a comfortable working environment for our staff. Potential financial impact of extra maintenance and "fuel" operational cost has been estimated as €250,000. A preliminary assessment to determine the potential impact of chronic risks on our lending portfolio was undertaken in 2018 by the Office of Sustainable Business. Physical risks can potentially result in large financial losses, impairing asset values and the creditworthiness of AIB borrowers. Case Study: Dry and very warm temperatures in summer had a direct impact on our operations since 2017 onward. Based on data gathered by AIB Property and Facilities in 2017 and 2018, raising temperatures have required 55 A/C reactive maintenance services and 38 capital works each summer month. Learnings from 2017 summer extra operational costs were applied in 2018 and a new set of operational controls was implemented to manage this risk and to reduce its net risk. The new controls were really effective to handle the operation of our branches during the summer of 2018 in which Ireland and the UK experienced a period of unusually hot weather from the 22nd of June to the 7th of August 2018.
Upstream	Relevant, always included	As a bank, AIB recognises our role in the economy and society. We understand the potential negative impacts and opportunities present by climate change risks in our value chain. Our aim is to create long-term shared value with the economies and communities in which we operate. Using local suppliers is one of the ways where we can realise this shared value and regain our social licence to operate whilst providing responsible products and services. Responsible product and service delivery relies on an effective, efficient and compliant supply chain. Risks posed by our supplier chain in regards to energy, environment and climate change are identified by our Environmental and Energy Team (first line of defence), this information is communicated to AIB's Strategic Sourcing Team who will help to set up controls to manage this risk and reduce is Net Risk value. This second team will then proceed to escalate the risk if consider necessary using our management system (Shield). Supplier Management and corporate procurement is embedded in AIB's Business Strategy. AIB Strategic Sourcing Team has adopted a series of measures to control this risk. 1) As part of AIB's supplier approval process, they must adhere to all legal obligations in each jurisdiction e.g. environmental, labour law etc. as well as any specific requirements of AIB's Environmental and Energy Policies. 2) AIB contracted with 3,166 suppliers in 2018 and maintained a supplier database of over 3,700 entities. AIB's Source-to-Pay system includes an e-Sourcing solution to automate the tendering and award of sourcing events. This has yielded an ability to conduct some sourcing activities electronically, and has also resulted in a paperless invoice and payment environment for the majority of our supply base. In 2018, we introduced a new supplier management platform to augment supplier governance, including supplier performance. 3) ISO 50001 standard requirements around design and procurement of energy and the establishment of criteria to examine the lifetime costs when procuring energy using services, products and equipment which are expected to have a significant impact on the organisation's energy performance are considered in tendering processes managed by the Strategic Sourcing Team. Conformance to this international standard is audited internally and externally on an annual basis.
Downstream	Relevant, sometimes included	We put our customers at the heart of our organisation, continually adapting our product and service offerings to meet their needs. In 2018 we conducted our second materiality exercise, an evaluation of the key sustainability issues that mattered to our stakeholders: The results showed that the transition to a low carbon economy is of concern to our stakeholders. We can play a major role in addressing this issue by how we run our bank and how we invest in our own business and in how we support our customers. This is why: a) We are at the forefront of digitally-enabled banking in Ireland, with ongoing investment in technology and innovation. Our products and services are simple and easily accessible, supported by a resilient and agile technology platform (In 2018 we added Fitbit Pay to our Digital Wallet, in addition to both Apple Pay and Google Pay options. Fitbit Pay uses existing contactless functionality to make payments with a Fitbit device – no wallet or smartphone necessary. We also have started to use artificial intelligence (AI) to improve customer experience and deliver operational efficiencies). b) We recently a) developed our customer offering to further support environmental friendly initiatives and b) established a Centre of Expertise for Energy, Climate Action and Infrastructure to further support Ireland's decarbonisation. Example: As carbon taxes and energy costs rise, mortgage owners of inefficient houses may have difficulty servicing their home loans as their energy costs increase. As the largest provider of mortgages in Ireland this stock on inefficient houses presents a risk for AIB. This risk was identified by our Finance and Mortgage team (1st line of defence) and risk implications were evaluated using the Risk Matrix and communicated using our risk management system (Shield) to the 2nd and 3rd lines of defence. As a result, mortgage lending criteria now considers this risk and our service offerings in Environmental Improvement Loans were adapted to include improvements of house energy ratings.

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

1. **How AIB makes decisions to mitigate, transfer, accept or control climate-related risks and to capitalize on opportunities.**
a) The Bank's strategy and Risk Appetite Statement (RAS) are interdependent. Risk and Capital represents one of the pillars of the Bank Strategy. The Risk Appetite Statement is determined by the Board. It's a contract between the Board and the Bank's senior management that clearly sets out: the types of risks we take, the amount of those risks we take and the manner in which we take that risk. Our risk management approach has been adjusted to ensure that environmental and climate risks are considered in the development of our risk policies. The RAS itself is part of a wider framework that controls and guides decisions that are taken at every level of the organisation. There is a consistency from the RAS through frameworks, policies, and procedures. The bank business areas experience the RAS indirectly through the policies and procedures relevant to them. b) Capitalize on opportunities: One we identify an improvement opportunity, the bank analyses current procedures and financial and resource implications. The opportunity is assessed based on project payback, expected life of the project and the value to any carbon savings after the end of pay back period. Management commitment is then obtained and budget is allocated to the opportunity.
2. **AIB process for prioritizing climate-related risks and opportunities;** a) Risks: A standard set of criteria, captured in the 'Materiality Matrix' is employed for assessing the significance of risk exposures and incidents to determine whether and how they should be reported and escalated. Worst estimate for any one of the following potential or actual impacts affecting Customers, Financials, Reputation or Operations will determine risk priorities. b) Opportunities: These should align to our strategy pillars (customer first, simple and efficient, risk and capital, talent and culture) and our values. Market research, legal and stakeholder requirements and financial implications will be taken into account to prioritize the opportunity.
3. **How AIB has applied the process to physical and transition risks:** Risk and Control Assessment ("RCA") is a core process in the identification and assessment of any risk in AIB. Self-assessment of risks is completed at business unit level (1st line of defence) and is recorded on SHIELD which is the Group's Governance, Risk and Compliance ("GRC") System. Risk are assessed as per AIB Risk Matrix and will be categorised, and then evaluated as per Gross Impact and Gross Likelihood. Once the operational controls are implemented the Risk is evaluated again and is defined a Net impact and Net Likelihood of that Risk. The second line of defence (Chief Risk Officer (CRO)) and the 3rd line of defence (Group Internal Audit) with access to Shield will 1) provide independent oversight of the Banks risk management activities, 2) identify areas of improvement, 3) report to the Board risks that will then be integrated in our business strategy. **CASE STUDIES: Physical Risk** -"Extreme weather events": Not only one area would have categorised this risk. a) Property: as a Continuity Risk (Natural event that could cause damage to property), b) IT Security team = natural event that could cause a local power failure, c) local market team = continuity risk (natural event that could cause financial loss for our branches). All teams would have entered this information in Shield. Operational controls of these teams, as maintenance of an ISO 22301 or preventive maintenance measures (flood barriers), will then reduce the likelihood and impact of the risk. **Transition Risk** : Carbon pricing policy developments. Recently, the Irish Committee on Climate Action agreed a series of increases for the carbon tax from 2020 (from €20 per tonne of CO2 to €80 in 2030). This tax applies to certain fuels for heating and for transport purposes. This risk has been categorised by our legal department under Energy Obligations and assessed on Shield. A Group Energy Management Strategy was actioned by the Board. Milestones within the Energy Strategy are designed to reduce the impact and likelihood of this risk. This risk is monitored and evaluated on Shield by our Energy Team within AIB's Property Team.
4. **Case study of AIB's management processes related to opportunities:** Identification of Energy Efficiency Opportunities are identified thanks to: a) AIB current and future compliance obligations, b) Energy reviews and energy audits in line with ISO 50002 in selected AIB locations (based on energy performance) c) employee feedback. d) AIB's context and business strategy. These will identify our opportunities to deliver energy savings, both long and short term. A register of opportunities is kept as part of our ISO 50001 EnMS. Opportunities are assessed by our team of experts. Annually AIB allocates budget for investment in energy improvement projects.

C2.3

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

Yes

C2.3a

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

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact

Increased costs and/or reduced demand for products and services resulting from fines and judgments

Company- specific description

Mandatory emission reporting is required in UK and Ireland: 1) For its UK operations AIB is required to comply with ESOS, (Energy Service Obligation Scheme) 2) Carbon reporting is a part of Irish legislation via the EAS (Energy Auditing Scheme), which transposes the EU Energy efficiency directive into Irish law - SI 426 of 2014. In addition, under SI 542 Energy Services Directive, AIB has been considered a Public Body (since 2012) as it is 71% State owned. As such the organisation is now required to achieve 33% energy savings by 2020.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1093052

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

1) Non-compliance with EAS is subject to a class A fine (€5,000) 2) Fines for non-compliance with the mandatory Energy Savings Opportunity Scheme (ESOS) range from €5,647.81 to €101,660.64. Designed to increase for each day of non-compliance, fines can reach: €50,830.32 for businesses that do not respond to enforcement notices; €50,830.32 for failure to notify the Environment Agency; €101,660.64 for failure to undertake an energy audit; €5,647.81 for failure to maintain records and €56,478.13 for false or misleading statements. 3) €800,000 has been estimated as a potential impact caused by reduced revenue due to loss in reputation associated with non-compliance

Management method

AIB Group has an Enterprise Risk Management approach to identifying, assessing and managing risks. AIB's governance arrangements include structures and processes to identify, manage, mitigate, monitor and report the risks to which AIB is exposed, including a three lines of defence risk management model. AIB's Energy Team, is the 1st line of defence in this particular case (obligations under ESOS and EAS). The team is responsible for identifying, recording, reporting and managing the risk and ensuring that the right controls and assessments are in place to mitigate it. Example: To control this risk, the Energy team developed an Energy Management Strategy with a phased approach. a) Phase 1 (1st compliance period, Dec 2015) that prepared our ROI largest head offices to achieve ISO 50001 certification and programmed the required energy audits in the UK (signed off by a qualified auditor). Both methods warranted compliance with our ESOS and EAS obligations. b) Phase 2 (second compliance deadline, Dec 2019) involved the roll out of its ISO 50001 across all ROI and UK locations. Recently, AIB achieved such certification, an accolade that will serve to reduce its energy targets and as a method of compliance for EAS/ESOS 2019 requirements. How the cost of management was calculated: €35,000 is the cost for resources required to comply with both reporting obligations and to carry out an annual study of carbon emissions. Please see the comment section for further details.

Cost of management

35000

Comment

Further details about cost of management: Other costs would be incurred across the bank and business lines and would include the operation of the Energy Team and its monitoring role; such costs are not separately identified in our reporting and would not be realised for reason of commercial sensitivity.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

AIB is exposed to this risk by: a) Its own operations: The bank stated in AIB's Environmental Policy "we will meet or exceed all relevant environmental obligations under laws and regulations in each of the jurisdictions in which we operate". Accordingly, any future environmental regulations introduced will be complied with. b) Client's requirements to fulfil the Environmental Regulations applicable to their industry sectors. A non-compliance with the law can have impacts on their cash flows and capacity of loans repayment.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

15500000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

a) Offences for not adhering to certain environmental obligations up to a maximum of : €500,000 (Environmental Liability SI 547:2008) , €15,000,000 (EPA, Water Services and WMA Acts). b) From a credit risk and indirect exposure aspect, AIB can leave itself open to an increased level of risk where its customers are required to comply with changes in environmental regulation. The potential financial impact of this risk is not disclosed due to commercial sensibility.

Management method

AIB Group has an Enterprise Risk Management approach to identifying, assessing and managing risks, the core elements of which are set out in our Risk Management Framework (RMF). We perform a top-down Material Risk Assessment (MRA) process to ensure all materials risks to which AIB is exposed are identified. Bottom-up risk and control assessments are also undertaken to ensure all risks are identified, evaluated controlled in a consistent manner. "Shield", a Risk Management System gives each business line a much clearer organisational view of their Risks and Controls. Examples: A) The property & facilities unit of AIB has implemented an ISO 14001 system in all AIB locations to manage potential breach of environmental legislation. Its environmental team assesses its level of compliance with current legislation and keeps track of additions/revokes. The team will assess the potential consequences of a risk and escalate the risk to Senior Management if deemed significant. B) AIB's Credit Risk Framework and Policy are overarching Board approved documents which set out, at a high level, the principles of how AIB identifies, assesses, approves, monitors and report credit risk to ensure robust credit risk management is in place. How the cost of management was calculated: Maintenance, surveillance audits and software requirements of AIB's ISO 14001 cost approximately €50,000 a year. Please see the comment section for further details.

Cost of management

50000

Comment

Further details about cost of management: Other cost would be incurred across the bank and business lines and would include the operation of the Energy Team and its monitoring role; such costs are not separately identified in our reporting and would not be realised for reason of commercial sensitivity.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact

Increased costs and/or reduced demand for products and services resulting from fines and judgments

Company- specific description

AIB would face this type of political and legal risk depending on how the Irish Government decides to implement measures to meet Irish 2020 and 2030 reduction emission target agreed when Ireland ratified the Paris Agreement. Our lending teams in the UK and Ireland provide finance to support the transition to a low-carbon economy. As we do this, we are conscious of the evolving environmental, social and governance (ESG) regulatory agenda and the need to comply with new requirements when they come on stream. We are contributing to the evolution of this regulation through consultation on proposed EU regulation for sustainable finance and in the roundtable discussions in the UK on PRA's consultation process for their proposed new supervisory statement on climate-related financial risks. The Government of Ireland published its Climate Action Plan in June 2019. This plan sets out a detail sectoral roadmap to deliver a cumulative reduction in emissions from 2021 to 2030 aligned with the specific make-up of greenhouse gas emissions unique to Ireland. It will impact the following sectors electricity, buildings, transport, agriculture, enterprise & public services and waste. These targets and any supporting new legislative measures to be introduced to achieve them, will impact AIB customers operating in those sectors. Agriculture generates one third of Ireland's total GHG emissions. AIB has a long tradition of providing finance to the agricultural sector and any legislative measure which have a negative effect on that sector may be also a risk to AIB.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

1000000

Potential financial impact figure – maximum (currency)

50000000

Explanation of financial impact figure

We selected a range of "€1,000,000" to "€50,000,000" as potential impact as the initial estimate of the financial risk of such measures are at present unknown until the relevant legislation is implemented. The Climate Action Plan was published in June 2019 and established emission reduction targets for all sectors. Teagasc's (Ireland's Agriculture and Food Development Authority) Greenhouse Gas research group has been working to develop solutions to address farming emissions. Much of the answer lies in farm efficiency: so if we can produce food with fewer inputs, then this reduces emissions to the atmosphere and costs to the farmer. AIB is been supporting TAMS Farm Investment for the past few years (Targeted Agricultural Modernisation Schemes administered by the Department of Agriculture, Food and the Marine) with a series of farm development loans that will achieve better efficiency and to lower emissions of our farmers.

Management method

Following AIB's Enterprise Risk Management approach, local market areas are responsible to note any sector threats on this regard within their risk register and to assess and manage the risk. The following actions have been taken by AIB: 1) AIB has a dedicated Sustainability team and dedicated sector teams, including our Energy, Climate Action and Infrastructure team who stay abreast of and, through industry-wide discussion/fora, input to consultation for the drafting of new legislation. 2) In 2018, AIB was the leading domestic provider of finance to the renewables sector. 3) Staff and Customer awareness training eg. quarterly AIB Agri internal bulletins or farm talks to bring about sustainable changes in farm practices (AIB sponsors of the Teagasc Grass10 initiative

to promote sustainable grassland excellence for Irish livestock) 4) To support 'positive aspects' of agriculture that reduce global GHG emissions (eg. with our AIB's Forestry Finance Package that is designed to match the grants and premiums payments to both farmers and non-farmers who are participating in Afforestation Grant and Premium Schemes) 5) AIB supports TAMS Farm Investment with a series of farm development loans to support the sustainable development of Irish Agriculture. Better efficiency will lead to lower emissions. How the cost of management was calculated: Estimated internal cost for relevant sector teams are around the range of €200,000.

Cost of management

200000

Comment**Identifier**

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

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

Type of financial impact

Reduced revenue from decreased production capacity (e.g., delayed planning approvals, supply chain interruptions)

Company- specific description

Extreme weather events could affect AIB's business continuity, especially the activities at headquarters and the branch network. The presence of heavy rain and winds, snow and ice could prohibit customer and staff access to AIB locations. This risk scenario materialised in Oct 2017 with Hurricane Ophelia (the worst storm to affect Ireland in 50 years) and in 2018 with storm Emma that hit Ireland and UK at the end of February 2018. Exceptional and extreme precipitation conditions are becoming more frequent in Ireland and UK. These events can have the following implication to our business: a) Business Continuity Risk: Services to customers could be impacted and its disruption would damage the daily business income in AIB. b) Also some sectors, could be adversely affected. Farming is one of the most sensitive businesses to climate change and AIB offers special services and financial packages to this sector. Disruption of their activity may lead to clients being unable to repay loans or investments. Therefore, AIB could face revenue loss due to the causes listed above.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1160000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

This financial impact covers: a) €100,000 maintenance preventive costs to deploy all our resources to serve all our locations in case of extreme weather event (eg. deploy of de-icing materials, flooding barriers, etc.), b) €60,000 expenditure to repair physical damage caused by this event. c) In-case AIB faces revenue loss due to client difficulties, €1 million has been estimated as potential financial impact. Note that this figure could be higher or lower depending on the specific scenario circumstances and type of clients affected.

Management method

This risk is managed by: a) Continuity and Resilience Policy - Part of the Operational Risk Framework: This policy supports AIB in delivering a customer centric service across all our defined critical activities in order to maintain the highest level of availability of

key customer service b) AIB is an ISO 22301 certified business. This certification ensures AIB has suitable business continuity plans in place to cope with the risks associated with company outages which can occur due to unexpected disruptions or disasters. This management system will help us to continue with daily work even after unusual incidents such as fires, floods, etc. c) AIB Property and Facilities agreed procedures with its facilities service providers in extreme weather events. d) Seminars and events are supported by AIB for farming and industry stakeholders to learn how to best position their farm business for the future. Climate change, renewables and energy efficiency are some of the topics discussed. e) AIB update its practices periodically to incorporate relevant developments, such useful data gathered during extreme climate events that could be used in future loan conditions. How the cost of management was calculated: €50,000 a year for ISO 22301 maintenance, surveillance audits and software requirements; €25,000 for marketing of awareness campaigns and seminars; €100,000 budget for maintenance equipment to restore the situation (eg. de-icing equipment). See comment section for further details

Cost of management

175000

Comment

a) Further details about management methods: Sustainability conferences: In 2018, we ran our second Sustainability conference, where 400 stakeholders joined a panel of sustainability experts who shared their experience and insights into a variety of sustainability matters including sustainability driven innovative food production. b) Further details about cost of management: Other cost would be incurred across the bank and business lines as part as its daily operations; such costs included as part of business lines budgets are not separately identified in our reporting and would not be realised for reason of commercial sensitivity.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact

Reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention)

Company- specific description

Workplace staff alike are now more aware than ever of the need to make changes in terms of how our actions impact in the environment. AIB has a sustainable approach to organisational operations, encompassing everything from: waste reduction, increasing recycling materials, water conservation, reduction of our carbon footprint, staff awareness and energy conservation. AIB wants to lead the way in being a responsible corporate citizen. Our green initiatives have always the same goal to achieve cultural change that could then touch every community in Ireland. AIB actively encourage staff to get involved in energy saving and environmental management. "Green" ideas can be submitted via the internal intranet or directly to the Energy and Environmental Team. On a regular basis AIB: a) host awareness days on energy and environmental topics, b) conduct toolbox talks to communicate key "green" messages. Furthermore we have developed an in-house energy awareness course and created a dedicated Footprint Blog where staff can keep track of sustainable information and topics, tips for a green office, green home and the latest updates on energy and environmental news. In 2018, AIB continued to develop and roll out initiatives that deliver more sustainable operations. This includes reducing waste by eliminating single use plastics and non-recyclable coffee cups from our catering operations and procuring 100% renewable electricity to power our operations across Ireland and the UK.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

1000000

Potential financial impact figure – maximum (currency)

2000000

Explanation of financial impact figure

€1 to €2 million has been estimated as mid range financial impact for reputation damage as a result of this risk. This impact could be higher or lower depending on the specific scenario in question.

Management method

The following has been implemented to manage these risks: 1) Implementation of an Energy and Environmental Management System. 2) Staff training and awareness programme. 3) Materiality assessments to understand stakeholder concerns (updating our assessment of these issues on at least a yearly basis). In 2018, a) our Sustainability team hosted our second Sustainability Conference. To give as many as possible of our staff the opportunity to learn from the knowledge and experience of our sustainability speakers, on many sustainability topics including energy and environmental considerations, outside of the conference we facilitated informal discussions with staff and three of our conferences speakers. b) Internally, AIB started a campaign to tackle plastic waste, held recycling and reuse workshops in selected head office locations and installed a new waste segregation system along with guiding signage. How the cost of management was calculated: €50,000 are business as usual costs and cover the management cost the ISO 14001 and 50001 ISO systems, including: Surveillance audits and Pegasus Legal Register maintenance (Energy and Environment). Note that other costs would be incurred across the bank and business lines and would include the operation of AIB Energy and Environment Team, the Office of Sustainable Business and its monitoring role; such costs are not separately identified in our reporting and would not be released for reasons of commercial sensitivity

Cost of management

50000

Comment

Further information about management methods: In 2018, we refreshed our 2016 materiality exercise to ensure that we continue to understand what are the environmental, social and governmental issues of most concern to our stakeholders. (For more information see AIB's 2018 Sustainability Report www.aib.ie/sustainability).

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact

Reduced revenue from decreased demand for goods/services

Company- specific description

Concern about climate change has increased in the last decade. Investment decisions are not only taken by financial factors, sustainability criteria is also considered. Customers are demanding new lowcarbon economy products and services. Under EU law it is now mandatory for large companies to disclose certain information on the way they operate and manage social and environmental challenges. AIB began reporting under this requirement in our 2018 Annual Financial Report. In addition, we produce an Annual Sustainability report. This report is aimed at our various stakeholder groups who want to know more about our sustainability approach and performance. It is prepared in accordance with Global Reporting Initiative (GRI) and independently assured by Deloitte. In 2018, we produced our third Sustainability report. It's important for AIB that our brand is perceived as a proactive "sustainable" brand among our key stakeholdersinterested parties (customers, employees, investors, government & society and regulators). As a public and large financial company sustainability commitments and annual carbon footprint reductions are key for our "green" brand credibility and associated business value. Poor and non'transparent environmental disclosure of these initiatives could affect negatively AIB's reputation and potentially lead to loss of customers and investors.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Brand Finance, an independent brand valuation and strategy consultancy, recognised AIB as the second most valuable Irish brand, estimating its brand value at €2.3billion. AIB is the second most valuable Irish brand. The value of Sustainability, by itself, is difficult to estimate. In line with our 2017 CDP submission, an initial estimate of €1M has been shown. Financial losses due to loss of clients and investors are not easily quantifiable. It is well known that financial markets use more frequently sustainability indexes. As an example, CDP has 525 institutional investors representing in excess of US\$ 96 trillion assets. A negative "climate change" image and a poor environmental disclosure could lead to financial losses due to dilution/loss of these investors that consider AIB's "sustainability credentials" when making an investment decision.

Management method

Measures taken to manage this risk are among others the following ones: 1) Achieving, maintaining and improving AIB's ISO 50001 and ISO 14001 Management Systems. 2) Calculating AIB's Carbon Footprint Calculation annually 3) CDP annual participation and reporting 4) Environmental information disclosed on Annual Reports, CSR and our website. 5) Environmental employee awareness 6) Materiality assessment of sustainability issues among AIB's stakeholders 7) Establishment of AIB's Office of Sustainable Business and a Centre of Expertise on Energy, Climate Action and Infrastructure. 8) Non Financial Disclosures reporting in our Annual Financial Report. 9) Annual Sustainability report (To date we have published three Sustainability Reports, charting our progress). For example, in 2018 AIB sponsored Ireland's first climate week, signed up to the Low Carbon Pledge and continued its investment in renewables. Most recently, in June 2019 AIB announced its commitment to make five billion euros of funding available to support Ireland's transition to a lower carbon economy. How the cost of management was calculated: €50,000 are business as usual costs and cover the management cost the ISO 14001 and 50001 ISO systems, including: Surveillance audits and Pegasus Legal Register maintenance (Energy, H&S and Environment). Please see the comment section for further details.

Cost of management

50000

Comment

Further details about cost of management: Other costs would be incurred across the bank and business lines and would include the operation of AIB Energy and Environment Team, the Office of Sustainable Business, the Centre of Expertise on Energy, Climate Action and Infrastructure and its monitoring role; such costs are not separately identified in our reporting and would not be released for reasons of commercial sensitivity. Note that in June 2019, AIB committed to make five billion euros of funding available (one billion euro per annum) to support Ireland's transition to a lower carbon economy.

C2.4

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

Yes

C2.4a

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

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other

Type of financial impact

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description

AIB has voluntarily implemented an ISO 14001 Environmental Management System and an ISO 50001 Energy Management System across all its locations in ROI and UK. AIB's management of Climate Change and these standards are closely inter-related. AIB's environmental and energy strategies are key to reduce carbon emissions and energy consumption. This proactive strategy is an advantage to enhance AIB's "green" brand reputation, as well as a method of Climate Change awareness to our staff, shareholders, investors and customers.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1667065

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Financial implication disclosed is the total savings achieved to date thanks to the implementation of energy efficiency measures and opportunities of improvement managed by our ISO 50001, approx. \$372,812 (€333,413) per year since 2014. More information is published in this case study: http://www.cleanenergyministerial.org/sites/default/files/2018-05/CEM_EM_CaseStudy_AIB_Ireland.pdf

Strategy to realize opportunity

To manage this opportunity we have implemented the following initiatives. 1) Energy & Environmental Policies and internal/external processes required to fulfil the standards requirements. 2) Risk and Opportunities are identified along with environmental aspects, legal requirements and interested parties. 3) The information gathered above results in objectives and targets that are discussed annually at boardroom level. 4) Action Plans are agreed to incorporate risks & opportunities, meet legal requirements and achieve targets and objectives. 5) Both Management systems are reviewed externally by a 3rd party on an annual basis. Case Study: Our commitment to reduce our emissions and reduce operational costs started with the implementation of an integrated energy and environmental management system. In Q1 2018 we achieved ISO 14001 and ISO 50001 certification across all our locations in UK and ROI. Some benefits are: increased business competitiveness, improved data gathering for annual carbon footprint, reduction on GHG emission, a significant reduction in energy consumption and compliance with legislation applicable. how the cost to realize opportunity was calculated: In total, AIB has spent approx. a) €250,000 per annum to carry on visibility studies to implement the energy efficient measures identified thanks to the ISO 50001 system. b) €50,000 for the management cost of the ISO 50001 system

Cost to realize opportunity

300000

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

The introduction of support tariffs for Renewable energy and Energy White paper launched in ROI in 2015 represented opportunities for AIB to lend to businesses in this market. The bank understands the benefits to the bottom line for businesses who introduce energy saving measures and developed a new business line with dedicated funds for investing in large energy efficiency projects and start-up companies in the sustainable technologies sector. As part of our ongoing commitment to support environmentally friendly initiatives, customers can also apply for loan or asset finance if undertaking any project that is deemed to have a positive impact on the environment. To develop and expand our offer of low emission goods and services, in 2018 AIB has: a) expanded its centre of excellence for Energy, Climate Action and Infrastructure within its Wholesale & Institutional Banking team to support Ireland's decarbonisation, b) supported customers that play a role in the Irish Circular Economy (we approved €800,000 funding for the largest plastics recycler in Ireland), c) continued to support renewable financing (we announced an investment in a €100m equity fund to develop of pre-construction renewable energy projects in Ireland) and d) issued the AIB Energy Efficiency Report for SMEs (<https://business.aib.ie/help/sme-research>). In 2018, AIB was the leading domestic provider of finance to the renewables sector. We provide finance large scale and small scale renewable energy projects. Examples include: A large project involving the development of a 77 Megawatt wind-farm portfolio in Northern Ireland. Through our Dublin and Belfast energy lending teams, we participated in the syndicate bank facility which provided senior finance to the project. The project forms a key part of the Energia Group (formerly Viridian Group) renewable portfolio as well as the power generation infrastructure in Northern Ireland. The annual power generated from the project (161,788 MWh) equates to the average power consumption of 34,000 homes in the local market. b) With the support of AIB, Wind Energy Direct Ltd installed a €4m wind turbine at Grady Joinery in Charlestown, Co. Mayo. The 2.35MW wind turbine will generate about 6.2GWh a year and supply Grady Joinery with over 60% of their total energy requirements

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In 2017 AIB invested €76M in a joint venture with GreenCoat Renewables plc. In 2018, AIB's share of results was €2M (As per AIB's 2018 AFR, page 305). Note that this figure does represent a partial financial impact. Due to commercial sensitivity reasons further financial impact information is not going to be displayed.

Strategy to realize opportunity

The following actions reflect our management approach: 1) AIB will keep abreast of industry trends and will aim to mitigate any adverse regulations. 2) AIB's centre of excellence for Energy, Climate Action and Infrastructure and our Energy Team work with various industry experts and customers to bring about a flexible and practical approach to support the delivery of large green energy projects. 3) In addition AIB is leading by example purchasing only green electricity 4) AIB Support for Environmental Improvements is now reflected in a new line of loans (<https://aib.ie/our-products/loans/environmental-improvements>). 2018 case studies are detailed in the Company-Specific description section. how the cost to realize opportunity was calculated: Cost includes funding available (€100M), cost of finance and overheads including staff and marketing costs (estimated as €500,000)

Cost to realize opportunity

100500000

Comment

In June 2019, AIB committed to make five billion euros available (one billion euro per year) to support climate action and Ireland's transition to a lower carbon economy. This funding will be made available through a number of climate-related products and incentives – from energy efficient homes to electric vehicles to production of renewable energy.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

Increased awareness of climate change by business and individuals is creating a new demand of financial services. AIB leads the offer of green financial products for the Irish market. We provide loans and/or asset finance to personal customers who are undertaking the following Environmental Improvement Projects including: a) Purchasing any new car included in Motor Tax Band A or B for CO2 emissions. b) Purchasing any non petrol/non diesel car e.g. hybrid, flexi-fuel, bio engine, electric power, etc. c). Switching to renewable energy sources e.g. solar panels, woodchip burners, biomass fuel, etc. d) Any project undertaken that qualifies for SEAI grant schemes or incentives. e) Improving the energy rating of a house e.g. replacement heating system, windows and doors, attic/roof insulation, etc. The list is not exhaustive and we review it in line with environmental developments on an ongoing basis.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

1000000

Potential financial impact figure – maximum (currency)

10000000

Explanation of financial impact figure

Due to commercial sensitivity reasons exact information is not going to be displayed. An estimate range of €1M to €10M can be made as profits from environmentally products and services to customers.

Strategy to realize opportunity

The following actions reflect our management approach: 1) Our Finance Team work with our Centre of Excellence for Energy, Climate Action and Infrastructure, the Energy Team and consult industry experts and customers to bring about a new line of green loans. 2) We understand the benefits to the bottom line for businesses who introduce energy saving measures, and we factor those benefits into our credit decision process. how the cost to realize opportunity was calculated: Cost includes the annual total sum AIB is making available to lend for climate related products (€1,000,000,000). AIB will also incur in costs of administration and finance. This are not disclosed due to commercial sensibility. See comment section for further information.

Cost to realize opportunity

1000000000

Comment

Further information about cost to realize opportunity: We have launched a five billion euro fund to support Climate action (One billion euro per annum to be made available for climate related and green products). Under this fund we announced that we will launch a range of propositions that will support and recognise customers committed to having a more energy efficient home. To incentivise and accelerate Ireland's transition to lower carbon transport options, AIB is in collaboration with a number of our distributor partners will offer additional discounts to some of our existing car finance offerings for electric vehicles. More details here: <https://group.aib.ie/content/dam/aib/group/Docs/Press%20Releases/2019/aib-to-support-climate-action.pdf>

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted for some suppliers, facilities, or product lines	AIB is a market leader in the promotion of sustainable energy and energy efficiency. As part of AIB's Sustainable Strategy a series of opportunities were identified. Eg: Support of lower emissions products and services. This had an impact in some of AIB's business lines: a) AIB Property and Strategy developed and implemented, in 2014, a market leading with the aim to achieve energy efficiency within its Office Network and Estate. In 2018, as part of this strategy a) AIB was awarded with ISO 50001 accreditation for all its locations, b) opened a new head office building in Dublin (Central Park) with a "LEED Gold Fit Out" certification. b) AIB Wholesale and Corporate Banking: To support the SME sector, this business line launched a €100m energy efficiency fund. We also have a €200m renewable energy fund and have funded a number of ESCO projects which provide light and heat as a service to Irish businesses. c) AIB Personal Banking: In relation to our personal customers, we now provide loans for Environment Improvement and we also have a free Building Energy Rating (BER) certificate and personalised advisory report for customers taking out new home improvement personal loans with AIB. d) AIB Energy: Education and awareness is also critical in progressing our sustainable energy agenda. To encourage staff behaviour change AIB developed in-house an online energy awareness course for all staff. The courses aim was not simply to encourage behaviour change at work but to emphasise the changes staff could make to reduce their own energy bills at home. The course is licenced to Skillnet and the ISI (Irish sustainability centre) with the aim of bringing it to a wider corporate audience. AIB also sponsors other sustainable projects on an annual basis, eg: in 2018 we joined forces with Sustainable Nation Ireland and EIT Climate-KIC, the EU's largest public-private partnership addressing climate change through innovation, to finance a key accelerator programme for Irish businesses. Financial magnitude impact - HIGH: AIB established >€100M funds for sustainable energy projects (as per funds established to support energy efficiency projects and renewable energy). In 2018, AIB was the leading domestic provider of finance to the renewables sector
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	AIB Supplier Management has integrated AIB's Sustainable agenda on its relationships with suppliers. They maintain an emphasis on ensuring suppliers are aware and support our green goals. The following sustainable practices in our supplier chain have been integrated in our procedures. As well as to adhering to all legal obligations, all our suppliers must adhere to our Environmental and Energy Policies. Green Procurement: Our green strategy includes for example: a) 100% renewable energy targets (In 2018 all our locations in ROI and UK were powered by renewable energy), b) Since March 2018, our catering consumables are reusable or compostable to tackle plastic waste. Tendering Processes: a) Sustainable selection criteria is used when deciding on the most appropriate supplier for a project. b) Procurement contracts include clauses that ensure energy efficiency and environmental factors are taken into account and have green objectives for our suppliers (eg: quarterly reporting of energy reduction opportunities, collaboration with Community Reuse Network Ireland to reuse and recycle unwanted items). Financial Magnitude of impact: Medium - Annual cost for premium tariff on renewable energy supply is in the region of €150,000
Adaptation and mitigation activities	Impacted	Thanks to an enterprise risk management approach the bank identifies, assesses and manages risk. That's where it was identified the risks linked to regulatory carbon taxes and mandatory Energy Schemes. We have also achieved zero market emissions thanks to the purchase of green electricity in Ireland and UK. The magnitude of the impact is measured as follows: thanks to the implementation of an Energy Management System to achieve the requirements of the Energy Scheme and to reduce our carbon tax burden, the bank has achieved energy savings of 49,491 GJ per year. Financial impact - High: Annual energy cost savings of €333,413. The recognition that risks can provide opportunities for innovation leading to a new competitive advantage. Taking a sustainable approach in our operations has positioned AIB as a leader in sustainability in Ireland. The bank is operating a fund to support energy efficiency and energy saving measures, has environmental improvement loans, has a centre of excellence in Climate Change to support Ireland's decarbonisation goals and an Office of Sustainable Business for guiding the Group's approach relation to sustainability and climate change.
Investment in R&D	Impacted	From our second materiality exercise we know that our stakeholders are concerned about digitalisation and low carbon economy. An opportunity to take action and show that we listen to their concerns is our a) clear investment in our digital platform (a tool that improves satisfaction and efficiency when dealing with applications for new products of simple transactions and that has the benefit of reducing the carbon footprint of our clients and our operations), b) sponsored research and provided information support regarding low carbon economy opportunities, c) clear commitment to renewables Case Studies: In 2018, a) AIB was the leading domestic provider of finance to the renewables sector (for example we supported the installation of a wind turbine in Co. Mayo that will generate enough energy to power the equivalent of 1,476 houses and displace 2,902 tonnes of carbon every year), b) AIB issued the AIB Energy Efficiency Outlook Report for SMEs that's focused on providing information to support SMEs investing in energy and resource efficiency projects to improve their competitiveness. c) we joined forces Sustainable Nation Ireland and EIT Climate-KIC to finance a key accelerator programme for Irish businesses, allowing Irish entrepreneurs and start-ups to develop products and services that can help fight climate change and decarbonise the economy. Financial Magnitude of impact: High - In 2018, AIB announced their investment in €100m equity fund: the Temporis Aurora Fund LP, for the development of renewable energy projects in Ireland. Further information on this financial impacts cannot be disclosed due to commercial sensitivity.
Operations	Impacted	A regulatory risk were identified as part of AIB's enterprise risk management approach: A 33% improvement in energy performance from a 2009 baseline by 2020 as set out in Ireland's NEEAP. An Energy Management Strategy was implemented with the objective of improving energy efficiency and performance improvement across the Office Network and Estate. AIB, 1) places a strong emphasis on operational control, training and improving the skillset of staff who are key influencers in terms of energy use, 2) has implemented of a structured EnMS, ISO 50001, across all its locations (accreditation obtained in Q1 2018), 3) purchases green electricity in UK and ROI, 4) integrates energy and environmental clauses on its maintenance contracts. Financial Magnitude of the impact - Medium: €250,000 per annum to carry on visibility studies to implement the energy efficient measures identified thanks to the ISO 50001 system.
Other, please specify	Please select	

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted for some suppliers, facilities, or product lines	Risk are identified as part of our Enterprise Risk Management Approach. Environmental and Climate Risk are factored into our credit decision process and when we devise and implemented restructuring solutions on a case-by-case basis for personal and business customers in difficulty. Risk management is also a tool for long-term strategic thinking, turning them into opportunities. AIB customers could be adversely affected by extreme weather events. Risk 5: Eg: the farming sector is one of the most sensitive businesses to climate change and AIB offers special services and financial packages to this sector. Disruption of their activity may lead to clients being unable to repay loans or investments. Our revenue might be affected by this. Our Financial Solutions Group (FSG) is a dedicated department to support businesses and personal customers who find themselves in financial difficulties. They work with our customers to deliver bespoke long-term solutions. We have a dedicated team of Agri Advisors who support our employees in delivering a service to our farming customers. Opps 2: In 2017 AIB invested €76M in a joint venture with GreenCoat Renewables plc. In 2018, AIB's share of results was €2M (As per AIB's 2018 AFR page 305). Magnitude of the impact on AIB's financial planning process has been estimated as High. Further information on this matter cannot be disclosed due to commercial sensitivity.
Operating costs	Impacted	As part of our enterprise risk management approach, the bank identified carbon taxes as a risk that could be reflected as higher expenses to maintain our business: energy consumption in our buildings, fleet fuel costs, etc. To reduce financial burden of carbon taxes the bank 1) has implemented an energy management system to measure and reduce its energy expenditure, 2) purchases green electricity in UK and ROI, 3) started an electric fleet pilot project in March 2018, AIB installed electric charging points in key branch locations and tested an electrical vehicle with the objective of converting our fleet to a full electrical one. 4) places a strong emphasis on operational control, training and improving the skillset of staff who are key influencers in terms of energy use. 5) integrates energy and environmental clauses on its maintenance contracts. The magnitude of the impact on your financial planning process is considered Medium: The financial cost to implement EnMs and AIB's electric fleet pilot project is estimated in the region of €300,000
Capital expenditures / capital allocation	Impacted	AIB Property and Facilities Division allocates funds annually to upgrade the energy efficiency of our physical assets (boilers, lighting, HVAC systems, etc) and reduce our associated carbon emission. Our buildings are operated with an ISO 50001 energy management system that monitors energy expenditure. As part of this system we maintain a list of energy opportunities that will be assessed by the Energy Team and independent experts on a regular basis. A Capex is associated to energy optimisation projects. Magnitude of the impact on AIB's financial planning process has been estimated as Medium-High. Cost to implement EnMS is in the region of €180,000. Further information on capital expenditures cannot be disclosed due to commercial sensitivity.
Acquisitions and divestments	Not impacted	AIB is a financial services group operating predominantly in the Republic of Ireland and the UK. We provide a comprehensive range of services to personal, business and corporate customers in our target markets and have leading market shares in banking products in the Republic of Ireland. Acquisitions and divestments are not part of AIB's core business. In 2018, AIB did not acquire another firm or business entity.
Access to capital	Impacted for some suppliers, facilities, or product lines	AIB recognises the need to take precautionary measures to anticipate, prevent or minimize the causes of climate change and mitigate its adverse effect. Our business lines, in collaboration with the Office of Sustainable Business (OSB), the Sustainable Business Executive Committee (SBEC), and the Board's Sustainable Business Advisory Committee (SBAC), together provide focused governance on this issue on an ongoing basis. AIB is positioning capital through partnerships to increase climate change knowledge and skills. In 2018, a) AIB sponsored Ireland's 1st Climate Week. b) issued the AIB Energy Efficiency Outlook Report for SMEs. It focused on providing information to support SMEs investing in energy and resource efficiency projects to improve their competitiveness, c) joined forces with Sustainable Nation Ireland and EIT Climate-KIC, the EU's largest public-private partnership addressing climate change through innovation, to finance a key accelerator programme for Irish businesses. d) AIB allocates capital for greener loans (https://aib.ie/our-products/loans/environmentalimprovements) and green investments. In 2018, AIB was the leading domestic provider of finance to the renewables sector. Magnitude of the impact on AIB's financial planning process has been estimated as High. Further information on this matter cannot be disclosed due to commercial sensitivity.
Assets	Impacted	The Strategy Division within AIB Property and Facilities plans and designs our approach to current and new required properties. For the acquisition of new office buildings, a life cycle perspective of the property is considered and sustainable buildings are preferred. This strategy has seen AIB moving two non-efficient head offices into two new LEED buildings (Molesworth Street and Central Park) with a total 2,000 employee capacity. The project started in 2017 and finalised in March 2019. Magnitude of the impact on AIB's financial planning process has been estimated as High. Further information on this matter cannot be disclosed due to commercial sensitivity.
Liabilities	Impacted for some suppliers, facilities, or product lines	Failure to repay loans or investments might cause a liability. As part of its enterprise risk management approach, the bank identified extreme weather conditions as a risk to be factored in. That's why: 1) Environmental and Climate Risk are factored a) into our credit decision process and, b) into restructuring solutions for personal and business customers in difficulty. 2) AIB is an ISO 22301 certified business. This certification ensures AIB has suitable business continuity plans in place to cope with the risks associated with company outages which can occur due to unexpected disruptions or disasters. Magnitude of the impact on AIB's financial planning process has been estimated as Medium-High. Further information on this matter cannot be disclosed due to commercial sensitivity.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

Yes, qualitative

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

AIB recognises that as the major financial institution in Ireland it plays a pivotal role in helping Irish society transition to a low carbon economy and to enabling Ireland to achieve its climate action targets. It is focused on meeting the needs of its customers and the societies it serves.

i) In continuing to progress AIB's sustainability journey, in 2018 we carried out our second materiality exercise (in accordance with the Global Reporting Initiative) that asked our stakeholders to identify the macroeconomic issues and material topics of most importance to them. "Low carbon economy" continued to be a key macroeconomic issue.

Our sustainability strategy embeds climate action and environmental principles (aligned with our key macroeconomic issue "low carbon economy") into the decision-making processes throughout the organisation. This is brought to life through key initiatives, including when our CEO announced our €5 billion euro fund for climate action lending and our sponsorship of Ireland's Climate Week.

We recognise the need to align our operational and lending risk frameworks, policies and practices to environmental, social and governance (ESG) principles. This is an ongoing focus for us. Climate Change impact considerations continue to be integrated into all our decision making, eg: Climate-related issues are incorporated into AIB's risk assessments.

ii) AIB's business strategy is linked to achievement in the short term of our energy efficiency target of 33% reduction in primary energy consumption by 2020 and in the medium and long term to achieving a) the emission reduction intensity target of 50% by 2030 and b) the target of 78% reduction by 2036. AIB's 2020 target is an obligation set out in the National Energy Efficiency Action Plan (NEEAP).

AIB's 2030 intensity target is linked to our commitment to the Irish Low Carbon Pledge. AIB's 2036 target is an internal Science Based Target developed using the SDA Tool (covering Scope 1 and 2 emissions).

iii) In 2018, The most substantial business decisions to be influenced by the strategy have been a) AIB's partnership with Sustainable Nation and Climate-KIC to supporting the Accelerator Programme, that assists promising start-ups by providing the tools, opportunities and network to transform break through innovations in climate innovation and finance b) AIB announced a joint investment in a €150m equity fund for the development of pre-construction renewable energy projects in Ireland and c) continual commitment to and for achieving a low-carbon economy (AIB sponsored the Inaugural Climate Week Ireland 2018 and signed up to the Low Carbon Pledge committing to further reduce its emissions).

iv) Regulatory changes (eg: mandatory emission reporting and our commitment to roll out our ISO 50001 Management Systems to all our branches as method of compliance) and opportunities to develop green business have influenced the strategy as outlined in (iii) above.

AIB has committed to a continued focus on financing the renewable industry and has published sector insight reports and held Sustainability Conferences for the last two years to highlight opportunities for business customers.

v) Short Term Strategy has been influenced by:

a) Publishing, in 2018 our 2nd Sustainability Report and becoming headline sponsors of Ireland's first Climate Week in November 2018.

b) Energy efficiency targets. Actions to achieve these are incorporated into annual Business Strategy.

c) Calculating Carbon Footprint according to ISO 16064 standard and communicating this information among our staff to increase behavioural changes.

d) Training Staff on Climate Change and Energy Efficiency.

e) Customer and Public awareness on Climate Change and Energy Efficiency via poster campaigns within branches, reports that examine and analyse the key issues affecting particular sectors within the Irish economy and local seminars. During Climate Week Ireland 2018, AIB issued the AIB Energy Efficiency Outlook Report for SMEs to support SMEs investing in energy and resource efficiency projects to improve their competitiveness.

vi) Long term strategy has been influenced by:

a) Establishment of Sustainable Business Advisory committee to provide oversight to AIB's social and environmental impact agenda.

b) Dedicated focus on financing projects that promote renewable energy: large wind farms and biomass projects

c) Research into establishing green investment bonds for launch onto Irish market.

d) Setting of long term energy efficiency science based targets for the organisation: 78% reduction by 2036 (established with the forward looking scenario analysis, the 2°C scenario).

e) Environmental risk profile is managed within delegated risk appetite limits and in compliance with policies, systems and controls defined or approved by the central risk function and set out in frameworks and policies.

f) Commercialization of new products / services such as the Forestry Finance Packages for our Agricultural customers.

g) Locations: AIB is vacating its inefficient headquarter building in Ballsbridge, staff is being relocated to two new LEED Offices in Dublin. In addition has created a workplace local strategy that reduces commuting times by allowing staff to work from home or from hubs located on principal commuting routes.

h) Increasing focus, at a government level on Climate Action, evidenced through the publication of the Climate Action Policy 2019.

vii) This is gaining advantage over our competitors through:

Reputation and Leadership: Developing a long term Climate Change mitigation strategy has provided the organisation with an increase attractiveness to different stakeholders, who perceive AIB as a leader in sustainability.

Business growth: New products and services are being developed to manage opportunities arising due to Climate Change: Forestry loans to Farmer Sector, Home Improvement Loans with a free Building Energy Rating certificate, etc.

viii) The Paris Agreement has influenced the strategy in a number of ways:

- a) Setting of Science Based Targets: we used the forward looking scenario analysis, the 2°C scenario to determined and set targets for energy reduction and carbon emissions reduction in line with the Science Based Targets Initiative's (SBTi) proposed methodology (78% reduction by 2036 and 56% by 2025). AIB intends to validate these targets once the methodology for financial institutions has been determined. This ambitious target is closely linked to our business strategy of leading the low carbon transition in Ireland.
- b) AIB signed up to the Low Carbon Pledge. Specifically, we pledged to reduce our Scope 1 and 2 GHG intensity by 50% by 2030.
- c) AIB's Energy, Climate Action and Infrastructure Centre of Expertise focus on providing finance to help Ireland meet its longer term (2030) carbon reduction targets. As an example, in 2018 the team supported Greencoat Renewables to purchase four wind farms in Ireland.
- d) Establishment of strong Sustainability governance.

C3.1d

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

Climate-related scenarios	Details
2DS	In the development of our business strategy, AIB continues to use climate-related scenario insights from the Office of Sustainable Business (among others) to inform our business strategy. a) Boundaries and time horizons ○ Scenario parameters: market and technology shifts, physical risks, reputation risk and policy, legal and regulatory. ○ Time horizon considered: 2030 (Our long term horizon is defined as more than 10 years) ○ Business areas considered: Retail and Corporate Banking in ROI. b) Methodology : We have mainly explored the 2DS transition scenario. ○ Assumption: We considered the implications of the 2DS transition scenario in 2030, assuming we have the same business activities as we do today. ○ Analytical methods: Pestle analysis ○ Inputs: Personal loans and mortgage products c) Summary Results 1) Mortgages: Risk and Opportunities were identified for buildings classified as BER B3 to G. Opportunity: Under the national Climate Action Plan 2019, the Irish government has set a target of completing 500,000 building retrofits to achieve a B2 BER/cost optimal equivalent or carbon equivalent by 2030 – 50,000 per year from 2021. SEAI estimate that over €35 billion will be required over 35 years to make the existing housing stock low carbon by 2050, therefore the opportunity here is estimated at €1bn per year. Risk: Irish homes emit almost 60% more CO2 than the average EU home. As carbon taxes and energy costs rise, mortgage owners of these energy inefficient houses may have difficulty servicing their home loans as their energy costs increase. As the largest provider of mortgages in Ireland this stock of energy inefficient houses presents a risk for AIB. 2) Opportunities in this area are also present in the financing of loans to increase the supply of Hybrid and Electrical Vehicles on Ireland's roads. Ireland has an EU mandated target to decarbonise its transport system. The decarbonisation is a key priority in the national Climate Action Plan 2019, which sets out a target of increasing the number of EVs to 936,000 by 2030. AIB can play a strategic role in providing finance for these initiatives. 3) In light of increased stakeholder focus on climate actions in the markets in which we operate, including the publication of Climate Action Plan 2019 and associated national targets in Ireland, work mobilised to respond to the PRA in the UK, we intend to further review our analysis against the evolving thinking on this. d) Use and Reporting within the organisation: Outputs are incorporated into market intelligence used to inform our strategy and guide the development of our business plans. e) Are the results made public? No f) Changes to AIB's strategy/business model resulting from CSA? The key change to our business model resulting from all our climate related insights, incorporating CSA, was the expansion of our centre of expertise for Energy, Climate Action & Infrastructure. g) Case Study/Example: Climate-related research has become an increasing focus in recent times. AIB announced we are funding a body of research to be undertaken by the Economic and Social Research Institute "ESRI" (who have a pre-eminent role in providing evidence for public policy in Ireland) on a range of climate-related questions to understand consumer behaviours and enhance our climate-related insights. h) Monitoring procedures implemented: Yes. i) Other relevant information: Expectations under the PRA's Supervisory Statement, published in April 2019, include that banks should use scenario analysis and stress testing to inform the risk identification process and understand the short- and long-term financial risks to their business model from climate change. AIB has mobilised working groups with representation across various disciplines in our business, to review and to consider the requirements of this Supervisory Statement, and to advise the PRA in October of AIB's plan to address those expectations.

C4. Targets and performance

C4.1

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

Absolute target

C4.1a

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

Target reference number

Abs 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

94.16

Targeted % reduction from base year

56

Base year

2011

Start year

2017

Base year emissions covered by target (metric tons CO₂e)

27172.7

Target year

2025

Is this a science-based target?

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

% of target achieved

55.62

Target status

Underway

Please explain

We have used the SDA Tool V8 available on Science Targets website to develop our medium term (ABS1) and long term (ABS2) SBT. The lack of methodology for setting Scope 3 targets for financial institutions has prevented us from publishing these targets. We have been in contact with the SBT organisation to keep up to date with the latest developments regarding a methodology for financial institutions. It is our understanding that this is at an advanced stage and we will continue to participate with this process with the ultimate goal of publishing our targets. Note 1: Data from all our locations in ROI (AIB and EBS), UK (FTB and AIB GB), as well as our US have been considered. Note 2: Excluded from Scope 1 total, emissions of refrigerants and vehicle fleet. Note 3: After completion of a rebaseline emissions exercise in 2018, we re-ran the model (SDA Tool V8). This resulted in a slight variation of our original % SBT. The new calculated % emissions target was used when reporting ABS1 information. Note 4: This target meets the required 2.1% year-on-year emissions reductions between base year and target year. Note 5: Year on year, AIB achieved a 3.77% reduction and is on is target to achieve a 56% reduction by 2025. (In 2017, AIB reduced the emissions within the Scope of this target by 27.37% and in 2018 added a further reduction of 3.77%. Achieving, in 2018, a total reduction of 31.15%).

Target reference number

Abs 2

Scope

Scope 1+2 (location-based)

% emissions in Scope

94.16

Targeted % reduction from base year

78

Base year

2011

Start year

2017

Base year emissions covered by target (metric tons CO2e)

27172.7

Target year

2036

Is this a science-based target?

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

% of target achieved

39.93

Target status

Underway

Please explain

We have used the SDA Tool V8 available on Science Targets website to develop our medium term (ABS1) and long term (ABS2) SBT. The lack of methodology for setting Scope 3 targets for financial institutions has prevented us from publishing these targets. We have been in contact with the SBT organisation to keep up to date with the latest developments regarding a methodology for financial institutions. It is our understanding that this is at an advanced stage and we will continue to participate with this process with the ultimate goal of publishing our targets. Note 1: Data from all our locations in ROI (AIB and EBS), UK (FTB and AIB GB), as well as our US have been considered Note 2: Excluded from Scope 1 total, emissions of refrigerants and vehicle fleet. Note 3: After completion of a rebaseline emissions exercise in 2018, we re-ran the model (SDA Tool V8). This resulted in a slight variation of our original % SBT. The new calculated % emissions target was used when reporting ABS2 information. Note 4: This target meets the required 2.1% year-on-year emissions reductions between base year and target year. Note 5: Year on year, AIB achieved a 3.77% reduction and is on is target to achieve a 78% reduction by 2036. (In 2017, AIB reduced the emissions within the Scope of this target by 27.37% and in 2018 added a further reduction of 3.77%. Achieving, in 2018, a total reduction of 31.15%).

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target

Other, please specify (Emission Reduction)

KPI – Metric numerator

N/A

KPI – Metric denominator (intensity targets only)

Metric tons of CO2 per unit revenue

Base year

2014

Start year

2018

Target year

2030

KPI in baseline year

10.83

KPI in target year

5.42

% achieved in reporting year

27.14

Target Status

Underway

Please explain

AIB signed up to the Low Carbon Pledge powered by Business in the Community Ireland's Leader's Group on Sustainability in Nov 2018. All signatory companies commit to reducing their Scope 1 and 2 GHG emission intensity by 50% by 2030. Note 1: Only data from our locations in ROI (AIB and EBS) has been considered Note 2: All Scope 1 and 2 emissions included Note 3: In January 2019, AIB reported its progress against the 2050 target to Business in the Community. This information is disclosed here.

Part of emissions target

N/A

Is this target part of an overarching initiative?

Other, please specify (Low Carbon Pledge powered by Business in the Community Ireland's Leader's Group on Sustainability)

C4.3

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

Yes

C4.3a

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	11	490
To be implemented*	8	420
Implementation commenced*	3	130
Implemented*	2	645
Not to be implemented	0	0

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

Initiative type

Energy efficiency: Building services

Description of initiative

Building controls

Estimated annual CO2e savings (metric tonnes CO2e)

217

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

60000

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

180000

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

Following on from the ISO 50001 expansion to the whole AIB group, AIB have continued to reduce carbon emissions through reduction in energy consumption through AIB has replaced and upgraded a number of branch locations containing R22/R407C/R410a air conditioning systems and ongoing monitoring of HVAC & lighting systems etc. These initiatives are delivering annual carbon savings of 217 tonnes of CO2. Stringent control strategies for significant users have been implemented in all locations which are certified to ISO 50001.

Initiative type

Energy efficiency: Building services

Description of initiative

Other, please specify (Lighting, Motors and Drives, HVAC and building controls were implemented)

Estimated annual CO2e savings (metric tonnes CO2e)

428

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

103131

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

1000000

Payback period

4 - 10 years

Estimated lifetime of the initiative

11-15 years

Comment

AIB have undertaken a Property Strategy project which sees a rationalisation of existing property portfolio. This has reduced the number of properties occupied in the UK and Northern Ireland. AIB has begun decanting from its existing Headquarters campus. AIB acquired a new office building with LEED Gold status with staff decanted from existing HQ campus to AIB Central Park in Dublin. These items are delivering annual carbon savings of 428 tonnes of CO2. In addition has created a workplace local strategy that reduces commuting times by allowing staff to work from home or from hubs located on principal commuting routes.

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

Method	Comment
Compliance with regulatory requirements/standards	AIB strives to be compliant with all relevant regulatory requirements and standards. To ensure full compliance is achieved and consistently repeated AIB has implemented both an Environmental (EMS), as well as an Energy Management System (EnMS). One of the primary cornerstones was an ability to actively measure/monitor its level of compliance, and have this compliance expressed as a percentage. The EMS greatly facilitated AIB achieving full compliance with regard to its Trade Effluent Licences. Other environmental aspects that had to be complied with were Greenhouse Gas regulations, Chemicals management and labelling, as well as ensuring the appropriate emergency response procedures were in place to deal with potential environmental incidents e.g. an oil leak entering storm drains etc. In 2018, AIB contributed to the evolution of the ESG regulatory agenda through consultation on proposed EU regulation for sustainable finance and in the roundtable discussions in the UK on PRA's consultation process for their proposed new supervisory statement on climate-related financial risks.
Dedicated budget for other emissions reduction activities	AIB's electricity purchase is 100% from renewables in both the UK and Ireland. As well as supplying AIB with 100% Green Electricity, our utility companies provide an enhanced online reporting mechanism - providing accurate and up to date consumption data. This has allowed the organisation to more effectively track, monitor and manage energy consumption performance. Every year AIB allocates a capital investment budget to the Energy Manager for investment in energy, reduction projects. Budgets are planned for 3 years in advance with a pipeline of projects maintained under the ISO 50001 energy opportunities register. Payback and projected savings are used to build a business case for investment.
Employee engagement	Our Energy and Environmental Management Systems have detailed energy and environmental awareness plans. Our intranet page, as well as our dedicated blog has dedicated information aimed to increase behavioural change (carbon infographic, waste segregation tips, energy saving tips, etc.) our 'Energy awareness course' was designed to make staff more aware of their environmental / energy impacts.
Financial optimization calculations	All energy expenditure and energy processes are reviewed annually to identify if savings can be made and where these savings can be made. Necessary investments and budget for energy and fuel efficiency projects are made based on supporting financial optimisation calculations as well as meeting and supporting the objectives of the organisations' Energy Policy and Environment Policy.
Internal incentives/recognition programs	"Appreciate" is AIB's on-line, bank-wide recognition programme that enables peer-to-peer recognition and empowers employees to recognise behaviours that demonstrate our purpose and values. All full and part-time AIB employees are eligible to participate in Appreciate. A range of awards are available to recognise varying levels of employee contribution. AIB's Energy & Environmental Manager gives recognition to colleagues and teams that are contributing and supporting the teams actions to "green" AIB's operations.
Internal finance mechanisms	Maximise efficiency of existing energy supplier arrangements/contracts. A business case is made for each initiative proposed based on financial optimisation calculations as well as supporting the objectives of the organisations' Environmental and Energy Policies.
Other	1) In November 2018, AIB became headline sponsor of the Sustainable Nation/Climate KIC inaugural Climate Week Ireland. Over 1,000 attendees (of which 600 were European financial and climate innovators) attended a range of events in Dublin. With support from the government, Climate Week Ireland focused on capital markets, covering banking, insurance, responsible investment, corporate reporting and sustainable finance innovation among other topics. 2) AIB Business banking sponsors Energy Efficiency Seminars for SME's around the country.
Dedicated budget for energy efficiency	On an annual basis, a capital budget is allocated to the energy manager for energy reduction projects. A full measurement and verification programme is put in place to ensure savings are fully achieved.
Dedicated budget for low-carbon product R&D	Annually AIB explores the market for financing opportunities for new low carbon finance products. In 2018, AIB expanded its Energy, Climate Action and Infrastructure Centre of Expertise. The team has a diverse array of backgrounds including advisory, corporate and commercial banking, private equity and engineering. This ensures a balanced approach to understanding the specific funding requirement, and can tailor flexible and unique solutions for our customers. In addition to funding large scale energy generation, AIB has been at the forefront of supporting our customers who are considering energy efficiency initiatives and environmental improvements as we understand the benefits that can be obtained. In November 2018, AIB and the Ireland Strategic Investment Fund (ISIF) backed a new €150m investment vehicle aimed at developing renewable energy projects. The fund aims to support the pre-construction of energy projects that will deliver more than 1,000MW in Ireland over the next 12 years. Furthermore, in June 2019, AIB committed to make five billion euros of funding available. One billion euro per annum to be made available for climate related products, green incentives and climate related research.
Internal price on carbon	AIB's internal carbon price is used when evaluating funding of energy efficiency projects and as a driver to reach the bank energy reduction target (33% reduction on primary energy by 2020). This evaluating criteria has a significant funding impact on projects with lower return on investment but with a potential to reduce AIB's carbon footprint significantly
Partnering with governments on technology development	Supported by the European Institute of Innovation and Technology, EIT Climate-KIC is a Knowledge and Innovation Community (KIC), working to accelerate the transition to a zero-carbon economy. In 2018, as part of the Year of Sustainable Business 2018 (a year of climate linked finance events and initiatives overseen by Sustainable Nation Ireland), we joined forces with EIT Climate-KIC and Sustainable Nation Ireland to finance a key accelerator programme for Irish businesses. Over €400,000 has been pledged to the EIT Climate-KIC Dublin Accelerator programme, allowing Irish entrepreneurs and start-ups to develop products and services that can help fight climate change and decarbonise the economy. A total of €350,000 is being made available by EIT Climate-KIC with €50,000 from AIB to run the Dublin Accelerator programme, managed by Sustainable Nation Ireland on behalf of EIT Climate-KIC in Ireland. In June 2019, AIB announced its commitment to make five billion euros of funding available (one billion per annum to be made available for climate related and green products) to support Ireland's transition to lower carbon economy. In addition, recognising the challenge the green transition presents for businesses and people all over Ireland, AIB is funding a body of research to be undertaken by the Economic and Social Research Institute on a range of climate-related questions. This recognises the ESRI's pre-eminent role in providing evidence for public policy in Ireland. The research will enable us to inform our customers on the social dialogue of how Ireland is embracing the challenges and opportunities that climate change brings.

C4.5

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

Yes

C4.5a

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

Level of aggregation

Product

Description of product/Group of products

AIB is at the forefront of digitally-enabled banking in Ireland with ongoing investment in our technology, supported by a resilient and agile platform. The core digital platforms include Internet Banking (full responsive infrastructure), Mobile Interactions, Digital Wallet, iBusiness Banking, Tablet Logins and AIB social media channels. At the end of 2018, we had 1.38 million active digital customers (Ireland), 940K active mobile customers, over 1.8m daily interactions and 45m transactions completed online or on mobile.

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

Avoided emissions

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

Other, please specify (Methodology: 2018 DEFRA emission factors on material consumption and waste disposal)

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

1

Comment

a) % revenue from low carbon products: This information is not identified separately in our official reports and is not released for reasons of commercial sensitivity. Estimated at 1%. b) The following assumptions have been made to estimate avoided emissions: 1) Each customer who switched to e-statements would have previously received a statement once a quarter. 2) AIB had 1.38M digital customers 3) A conservative estimate of 1 sheet of paper (90gsm) per statement, that's approx. 5.52M sheets of paper or 31.05T of paper that would have been sent to our customers 4) 50% of the paper is fully recycled by our customer and 50% is going to landfill. 5) DEFRA provides emission factors for paper material consumption and disposal methods. The combined emission factors are 0.8167 tCO₂e (recycled paper statement) and 1.837 tCO₂e (if going to landfill) Hence, AIB is preventing the annual emission of 41.2 tCO₂e thanks to the use of e-statements. Note, that this is a conservative estimate and the emission savings are likely to be much greater if emissions from distribution, customer travel to/from branches are also taken into account. c) AIB also introduced online account opening and a loan approvals using electronic copies of documents, further reducing the need for paper documentation. d) 64% of our key products were sold online in 2018.

Level of aggregation

Group of products

Description of product/Group of products

Environmental Improvement Loans: At AIB, we believe that good business and environmental responsibility go hand in hand. We have an established track record in relation to the promotion of environmentally friendly initiatives, as well as promoting environmental responsibility and awareness among customers and staff. As part of our ongoing commitment to support environmentally friendly initiatives, you can apply for loan or asset finance if you are undertaking any project that is deemed to have a positive impact on the environment.

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

Low-carbon product and avoided emissions

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

Other, please specify (Product classification: Environmental Improvement Loans)

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

1

Comment

a) % revenue from low carbon products: This information is not identified separately in our official reports and is not released for

reasons of commercial sensitivity. Estimated at 1% b) Loan and/or asset finance can be provided to personal customers who are undertaking the following Environmental Improvement Projects including: 1. Purchasing any new car included in Motor Tax Band A or B for CO2 emissions. 2. Purchasing any non petrol/non diesel car e.g. hybrid, flexi-fuel, bio engine, electric power, etc. 3. Improving the energy rating of a house e.g. replacement heating system, windows and doors, attic/roof insulation, etc. 4. Switching to renewable energy sources e.g. solar panels, woodchip burners, biomass fuel, etc. 5. Any project undertaken that qualifies for SEI grant schemes or incentives. Note that this is not an exhaustive list. In June 2019, AIB announced its commitment to make five billion euros of funding available (one billion euro per annum to be made available for climate related and green products) to support Ireland's transition to a lower carbon economy. This funding will be made available to customers through a number of climate related products and incentives – from energy efficient homes to electric vehicles to production of renewable energy. AIB will continue to support lending through its multi-disciplinary Energy, Climate Action and Infrastructure team. In 2018, AIB was the leading domestic provider of finance to the renewables sector.

Level of aggregation

Group of products

Description of product/Group of products

Our Energy and Climate Action division manages a diverse portfolio which includes investments in all asset classes across the power and energy sectors. We provide solutions to energy companies across both conventional power and renewable energy (e.g. wind, solar, hydro, biomass and waste to energy).

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

Low-carbon product and avoided emissions

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

Other, please specify (Climate action lending)

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

1

Comment

a) % revenue from low carbon products: This information is not identified separately in our official reports and is not released for reasons of commercial sensitivity. Estimated at 1%. b) We recently established a Centre of Expertise for Energy, Climate Action and Infrastructure to further support Ireland's decarbonisation. For example, in 2018 the team was involved in a project for the development of a 77 Megawatt wind-farm portfolio in Northern Ireland. Through our Dublin and Belfast energy lending teams, we participated in the syndicate bank facility which provided senior finance to the project. The project forms a key part of the Energia Group (formerly Viridian Group) renewable portfolio as well and the power generation infrastructure in Northern Ireland. The annual power generated from the project (est. 161,788 MWh) equates to the average power consumption of 34,000 homes in the local market. In June 2019, AIB announced its commitment to make five billion euros of funding available (one billion euro per annum to be made available for climate related and green products) to support Ireland's transition to a lower carbon economy. This funding will be made available to customers through a number of climate related products and incentives – from energy efficient homes to electric vehicles to production of renewable energy. AIB will continue to support lending through its multi-disciplinary Energy, Climate Action and Infrastructure team. In 2018, AIB was the leading domestic provider of finance to the renewables sector.

C5. Emissions methodology

C5.1

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

Scope 1

Base year start

January 1 2009

Base year end

December 31 2009

Base year emissions (metric tons CO2e)

11514

Comment

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

Scope 2 (location-based)

Base year start

January 1 2009

Base year end

December 31 2009

Base year emissions (metric tons CO2e)

21272

Comment

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

Scope 2 (market-based)

Base year start

January 1 2009

Base year end

December 31 2009

Base year emissions (metric tons CO2e)

3912

Comment

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

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

Defra Voluntary 2017 Reporting Guidelines

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

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

5212

Start date

January 1 2018

End date

December 31 2018

Comment

January - December 2018 Reporting Period

C6.2

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

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

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

Reporting year

Scope 2, location-based

14316

Scope 2, market-based (if applicable)

45

Start date

January 1 2018

End date

December 31 2018

Comment

January - December 2018 Reporting Period

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

482

Emissions calculation methodology

Water: Data supplied shows only water supplied to AIB. Emissions factors used are based on DEFRA 2018 guidelines. Paper: Total spend by AIB for Paper consumption was apportioned across AIB based on FTE. Total emissions for paper were estimated using an economic input-output model which has used emission factors from the CEDA 5.0 Database (Comprehensive Environmental Data Archive 5.0). Note: CEDA emission factors only account for the indirect emissions, not the emissions associated to the use of the product or service that may have already been accounted for in a different category of the footprint.

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

100

Explanation

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

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

376

Emissions calculation methodology

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

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

100

Explanation

Capital Goods is comprised of IT and office Equipment.

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

Evaluation status

Relevant, calculated

Metric tonnes CO2e

6122

Emissions calculation methodology

Fuel and energy related activities includes all well-to-tank emissions and transmission and distribution loss emissions associated with all energy consumed by AIB. This was calculated using the Scope 1 and 2 fuel data (natural gas, diesel, kerosene, gas oil), Scope 2 electricity data, and Scope 3 business travel and commuting data, and applying the DEFRA 2018 Well-to-tank and transmission and distribution loss conversion factors.

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

100

Explanation

This is the first year AIB are reporting emissions from fuel-and-energy related activities.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

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

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

82

Emissions calculation methodology

Waste to landfill, waste recycled, waste recovered and waste composted were measured in tonnes on site. Relevant emissions factors sourced from DEFRA 2018 were used to calculate emissions.

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

100

Explanation

Waste data is provided by our service providers. Waste calculated categories include data gathered from the following waste streams: water treatment waste, electrical waste, waste oil, grease trap waste, septic waste and used cooking oil.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3493

Emissions calculation methodology

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

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

90

Explanation

Business travel data is captured from suppliers and internal expenses management systems.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

4749

Emissions calculation methodology

AIB have developed an internal commuting model to estimate emissions from employee commuting. Benchmarks for the countries in which AIB offices are located (Ireland, United Kingdom) have been used based on FTE to identify journey times, journey distances and modes of transport. For Ireland, the "Census of Population 2016 - Profile 6 Commuting in Ireland - Means of Travel to Work" census, as made available by the Central Statistics Offices, was used to estimate proportion of transport mode taken by employees in Ireland. Time and distance data also provided by the Central Statistics Office was used to determine journey times and distances. For the United Kingdom, the UK Government's Department of Transport's 2015 statistics indicating proportions of travel mode and duration and distance of commute, were used. The relevant emission factor for each transport type provided by DEFRA (2018) were used to estimate emissions based on resultant data. For non-stated transport modes under this model, an average of car, bus, rail and motorbike emission factors have been used.

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

0

Explanation

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

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

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

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

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

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

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

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

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

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

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

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

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

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

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

Investments

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

As investor and provider of financial services this category is relevant to AIB. Nevertheless, the lack of a clear methodology for setting scope 3 targets for financial institutions has prevented us to calculate these emissions. We're aware of the ongoing initiatives to develop a guidance for the financial sector to account for greenhouse gas (GHG) emissions associated with lending and investments and track emissions reductions over time (scope 3). We have been in constant communication with the Science Based Targets organisation to keep up to date with the latest developments regarding the development of a methodology for financial institutions. It is our understanding that this is at an advanced stage and we will continue to participate with this process with the ultimate goal to calculate the carbon emissions which arise from our investment portfolio and to incorporate these emissions to our carbon footprint in subsequent years. As recently suggested by ADEC, AIB used a free tool from the Greenhouse Gas Protocol, the Quantis Scope 3 Evaluator, to carry on a preliminary estimation of this type of Scope 3 emissions. To test the tool, AIB introduced its general information and data regarding its 2018 joint ventures. a) As per our 2018 Financial Disclosure, AIB invested €10M in Fulfil Holdings Limited (25% equity interest): The Quantis Scope 3 Evaluator calculation resulted in 9,918 tCO₂. b) The tool automatically provides figures for employee commuting. Results for this category of emissions had a large margin of difference (+150%) when compared with results from our verified emissions. The bank doesn't feel comfortable with the results obtained: a) the tool was tested for only one type of investments and commuting emissions but, as per tool calculated commuting figures and verified ones, it seems to provide results with a large margin of error. The bank is unable to compare investment results with the ones from other methodologies. b) AIB is unable to verify the accuracy of the Quantis tool or the methodology behind its calculations. For these reasons we have made the decision of not officially publishing the calculated information. Our ultimate goal to calculate the carbon emissions which arise from our investment portfolio and to incorporate these emissions to our carbon footprint in subsequent years.

Other (upstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Other (downstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

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

Intensity figure

0.00000716

Metric numerator (Gross global combined Scope 1 and 2 emissions)

19528

Metric denominator

unit total revenue

Metric denominator: Unit total

2726000000

Scope 2 figure used

Location-based

% change from previous year

3.5

Direction of change

Decreased

Reason for change

• Branches – energy audits of branch locations checking and resetting of excess plant operating parameters • Bankcentre – has had a reduction in footprint due to changes to lease agreement. The building is being vacated as it is an inefficient headquarters building in Ballsbridge. Staff are being relocated to two new LEED certified offices in Dublin. In addition, AIB has created a workplace local strategy that reduces commuting times by allowing staff to work from home or from hubs located on principal commuting routes. • Great Britain & Northern Ireland locations emissions footprints have been reduced due to lease terminations

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Ireland	4821
United Kingdom of Great Britain and Northern Ireland	375
United States of America	16

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
AIB Ireland	4508
AIB UK (GB)	69
AIB FTB	306
EBS	313
AIB US	30

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Ireland	13257	0	31948	0
United Kingdom of Great Britain and Northern Ireland	974	0	3439	0
United States of America	85	45	92	104

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
AIB Ireland	12117	0
AIB UK (GB)	399	0
AIB FTB	575	0
EBS	1140	0
AIB US	85	45

C7.9

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

Decreased

C7.9a

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

	Change in emissions (metric tons CO ₂ e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	We are reporting location-based Scope 2 emissions, so renewables do not effect the total
Other emissions reduction activities	21.8	Decreased	0.1	The emissions total (21.8 tonnes) is derived from the emissions reductions activities/projects implemented in C4.3b. These emissions are then divided by total Scope 1&2 from 2017 (20823 tonnes) x100. $21.8/20823 \times 100 = 0.105\%$ reduction
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified	1273	Decreased	6.1	The emissions total (21.8 tonnes) is derived from remaining unidentified emissions ($1295 - 21.8 = 1273$ tonnes). These emissions are then divided by total Scope 1&2 from 2017 (20823 tonnes) x100. $1273/20823 \times 100 = 6.1\%$ reduction
Other		<Not Applicable>		

C7.9b

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

Location-based

C8. Energy

C8.1

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

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

C8.2

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

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

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	25629	25629
Consumption of purchased or acquired electricity	<Not Applicable>	35583	107	35583
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	35583	25768	61212

C8.2b**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.****Fuels (excluding feedstocks)**

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

19523

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

15443

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

4080

Comment

We run two tri-generation plants in two of our head office buildings.

Fuels (excluding feedstocks)

Kerosene

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

1870

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

1870

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Comment**Fuels (excluding feedstocks)**

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

3769

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

3769

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Comment

Fuels (excluding feedstocks)

Gas Oil

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

466

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

466

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor

0.24768

Unit

kg CO2e per kWh

Emission factor source

DEFRA 2018 - Diesel (Average biofuel blend) - kWh (Gross CV)

Comment

Gas Oil

Emission factor

0.27652

Unit

kg CO2e per kWh

Emission factor source

DEFRA 2018 - Gas Oil - Kwh (Gross CV)

Comment

Kerosene

Emission factor

0.24665

Unit

kg CO2e per kWh

Emission factor source

DEFRA 2018 - Burning Oil - kwh (Gross CV)

Comment

Natural Gas

Emission factor

0.18396

Unit

kg CO2e per kWh

Emission factor source

DEFRA 2018 - Natural Gas - kwh (Gross CV)

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	972.4	972.4		
Heat	773.4	773.4		
Steam				
Cooling	248.9	248.9		

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

Low-carbon technology type

Wind

Other low-carbon technology, please specify (Ireland renewables grid mix)

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling

35579

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

C9. Additional metrics

C9.1

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

Description

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

Metric value

1.99

Metric numerator

19528 tCO₂e

Metric denominator (intensity metric only)

9801 FTE

% change from previous year

3.04

Direction of change

Decreased

Please explain

Our FTEs decreased from 10,137 to 9801 from 2017 to 2018. During the same time, our location-based Scope 1 and 2 emissions decreased from 20,823 tCO₂e to 19528 tCO₂e. This resulted in a 3.01% decrease in emissions intensity, from 2.05 tCO₂e/FTE to 1.99 tCO₂e/FTE. The majority of this decrease can be attributed to emission reduction activities.

C10. Verification

C10.1

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

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

C10.1a

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

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

190731 AIB ISO14064-3 Verification Statement ISSUED.pdf

Page/ section reference

1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

190731 AIB ISO14064-3 Verification Statement ISSUED.pdf

Page/ section reference

1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

190731 AIB ISO14064-3 Verification Statement ISSUED.pdf

Page/ section reference

1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

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

Scope

Scope 3- all relevant categories

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

190731 AIB ISO14064-3 Verification Statement ISSUED.pdf

Page/section reference

1

Relevant standard

ISO14064-3

C10.2

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

Yes

C10.2a

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

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Other, please specify (Annual Primary Energy Consumption for AIB locations in ROI, activity metrics, annual energy management projects and energy management and energy management practices)	The information is submitted using SEAI's online monitoring & reporting (M&R) system. (SEAI stands for Sustainable Energy Authority of Ireland) An SEAI-appointed Energy Expert carries out a Data Verification assessment (DVA) to ensure that the information submitted is robust and satisfies SEAI's data acceptability thresholds. The DVA process is a critical aspect of data validation in the M&R system, i.e. for ensuring, insofar as is practical, that the data which is submitted is robust and verifiable. However, it is also a means for SEAI to support organisations in improving how they gather and submit M&R data and for providing feedback on the M&R system. https://www.seai.ie/energy-in-business/monitoring-and-reporting/data-quality/	AIB has a legal obligation to improve its energy efficiency by 33% by 2020 under NEEAP and the SI 426:2014 Regulations and to report to SEAI (The Sustainable Energy Authority of Ireland) its annual energy performance data using an online monitoring and reporting system (M&R). The following is reported on annual basis: a) primary energy consumption for all energy types, b) value that quantifies the level of activity undertaken by the organisation each year (activity metrics - energy performance indicators), c) detail on energy saving projects (annual savings from implemented and planned projects in kWh TPER) and d) summary of AIB's energy management programme.
C8. Energy	Other, please specify (Energy Saving Credits)	A measurement and verification (M&V) Plan and an M&V Report of savings achieved completed by professionally competent individual (CMVP or CEM) and submitted to SEAI (the Sustainable Energy Authority of Ireland). Methodologies such as ISO 50015 or IPMVP should be followed to authenticate energy savings. An SEAI-appointed Energy Expert carries out a verification of the M&V report.	Under the Energy Efficiency Obligation Scheme (EEOS), energy suppliers must support energy efficiency projects in businesses. The EEOS places obligations on energy suppliers and distributors to deliver energy savings and achieve annual energy targets. This is true for all energy types, including electricity, gas, and solid fuel. For every unit of energy saved through these projects, they achieve energy credits towards their targets. This will help Ireland to reach national and European energy saving targets. Our energy supplier can claim energy credits from AIB projects that will permanently reduce our overall energy consumption and carbon emissions. The energy supplier provides technical or financial support and complete the M&V requirements. As a bonus, customers implementing energy saving measures are entitled to rebates from the energy credits claimed by the energy supplier. In AIB these energy credit payments are used to fund additional efficiency improvements. Eligible measures include: Lighting, Heating, Refrigeration, Ventilation and Air Conditioning, Transport, Motors, Drivers and Pumps, Compressed Air, Combined heat and power and industry processes. Note 1: in 2018, no energy credits were claimed from AIB projects. Although, AIB will generate energy savings credits from projects initiated in 2018 and still under implementation. Note 2: a kWh of primary energy saved is an energy credit

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Ireland carbon tax
UK carbon price floor

C11.1c

(C11.1c) Complete the following table for each of the tax systems in which you participate.

Ireland carbon tax

Period start date

January 1 2018

Period end date

December 31 2018

% of emissions covered by tax

12.74

Total cost of tax paid

88816

Comment

a) The current carbon tax rate in Ireland is €20 per tonne of carbon dioxide released into the atmosphere. This tax applies to certain fuels that we burn for heating (natural gas and heating oil) and for transport purposes (petrol and diesel). The Irish Committee on Climate Action agreed a series of increases for the carbon tax from 2020. The carbon tax will gradually increase from €20 per tonne of CO₂ to €80 over the course of a decade. 12.75 % of our Scope 1 and 2 emissions are related to gas, heating and transport fuels in Ireland. b) PSO levy note: In Ireland, you also pay a levy depending on the volume of electricity you use. A Public Service Obligation levy is set by the Commission for Regulation of Utilities and is designed to support the national policy objectives of security of energy supply, the use of indigenous fuels (e.g. peat) and of the use renewable energy sources in electricity generation. AIB purchases electricity from renewable generators and as paying this premium our business is exempt from paying this levy.

UK carbon price floor

Period start date

January 1 2018

Period end date

December 31 2018

% of emissions covered by tax

3.42

Total cost of tax paid

24432.4

Comment

The Climate Change Levy (CCL) is a tax on energy delivered to non-domestic users in the United Kingdom. Its aim is to provide an incentive to increase energy efficiency and to reduce carbon emissions. Rates are as follows: ◦ Electricity (£ per kWh): 0.00568 (from 01.04.17) and 0.00583 (from 01.04.18) ◦ Gas (£ per kWh): 0.00198 (from 01.04.17) and 0.00203 (from 01.04.18) AIB purchases electricity from renewable generators and pays a premium to be exempt from paying the CCL. Assumed the following market exchange rate: 1 GBP = 1.11 EUR

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

Strategy: Energy Program and Reduction Approach

AIB has an structured and systematic approach to energy management. A coordinated energy reduction plan was designed in 2013. Actions, milestones and goals to control the impacts of the tax systems where we participate are a part of this plan.

Energy Program - 2018 Example: From the outset, a plan was developed to implement a phased roll out of ISO 50001 across the group, commencing with the largest site (AIB Bank Centre, our headquarters), moving to our head offices and finally the remaining branches across UK and Republic of Ireland. In 2017 AIB rolled out its energy management system across the group and in January 2018, AIB achieved an energy management certification (ISO 50001) across all its locations in ROI and UK. This has meant that standardised control and operating procedures for building services plant is now in place for every location. Heating, cooling and ventilation now operates at set times and temperatures across all of our locations. In addition the discipline of monitoring and reporting on the energy consumption of each of these buildings along with the major energy users within them has enable us to reduce our energy consumption and associated carbon emissions by 440 tonnes from this initiative annually. For each building an energy audit was carried out and changes to controls and small projects recorded on the register of opportunities. As we implement identified opportunities as part of the EnMS (energy management system), we reduce our energy usage as well as our carbon taxes.

Reduction Approach - 2018 Examples (100% renewable energy targets - reduction of market based emissions): The Energy and Supplier teams have been working for the past few years in our utility procurement contracts. All our locations in ROI and UK are powered only by renewable energy. The advent of carbon taxes in Ireland and the UK has prompted AIB to gradually convert all its electricity supplies to renewable energy supply, with 100% supply being achieved in Ireland and the UK in 2017. This has resulted in reducing AIB's carbon taxes for electricity to zero, a saving of circa €25,000 annually. Furthermore, AIB's new building in Central Park that comprises 150,000 sq ft is designed with a philosophy that focuses on increasing the efficiency of how we use our resources and aligns with LEED (Leadership in Energy and Environmental Design) standard. As a result, the operation and running cost of this building are significantly reduced in comparison to traditional builds

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

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

Yes

C11.3a

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

Objective for implementing an internal carbon price

Drive energy efficiency

GHG Scope

Scope 1

Scope 2

Application

The internal carbon pricing mechanism along with a life cycle cost analysis applies to all energy efficiency projects. These projects are evaluated by the Energy Management team within AIB Engineering Services. This unit within AIB Property and Facilities is responsible for the managing the maintenance of throughout the organisations estate. The team comprises of a wide range of skills and abilities from electricians and plumbers to facility managers, engineers and energy managers.

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

20

Variance of price(s) used

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

Type of internal carbon price

Shadow price

Implicit price

Impact & implication

AIB's internal carbon price is used when evaluating funding of energy efficiency projects and as a driver to reach the bank NEEAP energy reduction target (33% by 2020) and the Low Carbon Pledge carbon emissions intensity target (50% by 2030). This evaluating criteria has a significant funding impact on projects with lower return on investment but with a potential to reduce AIB's carbon footprint significantly. Two examples on how this pricing affects our investment decisions are: a) Renewable Electricity Purchases. In 2018 all our locations in UK and Ireland were 100% green energy sourced b) Ongoing monitoring of HVAC systems and upgrades of air conditioning systems reduced our Scope 2 emissions by 217 tCO2 in 2018.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

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

Type of engagement

Compliance & onboarding

Details of engagement

Code of conduct featuring climate change KPIs

% of suppliers by number

25

% total procurement spend (direct and indirect)

5

% Scope 3 emissions as reported in C6.5

28.09

Rationale for the coverage of your engagement

The ones which have an effect on AIB's Scope 1 and 2 emissions have had clauses relating to environment, energy and sustainability in their contracts, they must assist and work with AIB to reduce its carbon emissions from energy sources.

Impact of engagement, including measures of success

Supplier KPIs are measured by regular contract meetings and the receipt annually of agreed opportunities register from each relevant stakeholder. 2018 Case Study: AIB's maintenance service contract in ROI has specifications to identify energy saving opportunities. In 2018, 230 opportunities were identified (versus 87 in 2017). These thermal and electrical opportunities on areas such as lighting, space heating or BEMS will provide savings of more than 1.6M kWh when fully implemented. Opportunities are reported regularly to AIB's Energy Team that includes them in its official ISO 50001 register of opportunities. All these energy saving measures are discussed and evaluated with the supplier.

Comment

Our remaining Scope 3 emissions are linked to business travel and employee commuting

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

45.09

Rationale for the coverage of your engagement

All our suppliers must adhere to all legal obligations in each jurisdiction e.g. environmental, labour law etc. as well as any specific requirements of our Environmental and Energy Policies. AIB shows its commitment to environmental protection by establishing an Environmental Policy to which the organisation pledges to commit. The policy statement satisfies the requirements of ISO 14001:2015 Environmental Management System Standard and has been defined and agreed upon by top management. It reflects the commitment of the company to prepare its business to deal with the impacts of climate change by understanding the associated risks and opportunities, to protect the environment and prevent pollution and, to continually improve its environmental performance. The AIB energy policy states the organisation's commitment to achieving energy performance improvement. The policy statement satisfies the requirements of ISO 50001:2011 Energy Management System Standard and has been defined and agreed upon by top management. This policy is designed to help AIB operate its businesses as energy efficiently as possible, reduce its carbon footprint and to achieve continuous improvement in energy performance by committing to implement energy conservation opportunities, provide energy awareness, set up energy targets and, consider energy efficiency as part of the life cycle cost during investment appraisal.

Impact of engagement, including measures of success

As part of supplier evaluation and selection processes, AIB Supplier Management carries out specific diligence checks on a regular basis. Independently of this official controls, AIB teams with direct and daily communication with suppliers maintain an emphasis on ensuring that this stakeholders are aware and support AIB's green business agenda. 2018 Case Study: As part AIB's commitment to improve its environmental performance (AIB is an ISO 14001 certified company. Waste targets are set up on an annual basis and Environmental Management Programme (EMP) is established to support achievement of that target. In 2018, AIB committed to turning the tide on plastic by eliminating single-use disposables from our catering services. The initiative had the full support from our catering supplier who provided alternatives to our non-recyclable single use plastics and aligned their waste segregation system to the new one installed in all AIB head offices. By the end of the year the team prevented the use of 11.5M non-recyclable disposable plastic containers. AIB's efforts to reduce waste were awarded with the Professional Services Award for Excellence in Waste Management & Recycling at the Pakman Awards 2018.

Comment

In Scope 3, 53.9% of our reported emissions are linked to travel independently booked by our staff and employee commuting. Note that last year this percentage was 75.25% but it should be taken into account that this year we have reported an extra category of Scope 3 emissions: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Other, please specify (encouraging innovation to achieve sustainable building operations)

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

44.59

Rationale for the coverage of your engagement

AIB strives to be an industry leader when it comes to sustainability and achieving efficiency within its Office Network and Estate. The major climate change impacts in AIB's value chain are seen within its property strategy. So in 2018, we challenge our suppliers with a design philosophy which focuses on increasing the efficiency of resource use — energy, water, and materials — while reducing building impacts on human health and the environment during the building's lifecycle, through better siting, design, construction, operation and maintenance. In addition, the Working Agile programme is designed to reduce staff commuting times. AIB has applied this philosophy to all new AIB buildings and has worked with key suppliers to implement these "green" building design requirements.

Impact of engagement, including measures of success

For our most recent building acquisitions AIB's goal is to design and/or fit out using the LEED framework to create healthy, highly efficient and cost-saving green buildings. LEED Certification demonstrates leadership, innovation, environmental stewardship, and social responsibility. LEED gives building owners and operators the tools they need to immediately improve both building performance and the bottom line while providing healthful indoor spaces for a building's occupants, attracting tenants, cost less to operate and boost employee productivity and retention. LEED-certified buildings are designed to deliver the following benefits: a) Lower operating costs and increased asset value. b) Reduced waste sent to landfills, c) Energy and water conservation, d) More healthful and productive environments for occupants and e) Reductions in greenhouse gas emissions. 2018 Case Study: AIB Central Park, opened in 2018 and comprises of 150,000 sq ft of new office facility. The building consists of 8 floors over 3 basement levels with glazed and natural stone finishes to the exterior. AIB suppliers were key to fit out our new "green" head office to achieve LEED certification. The sustainability of Central Park is highlighted in the achievement of a LEED Silver for Base Build and a LEED Gold for Fit Out. As a result, the operation and running cost of this building are significantly reduced in comparison to traditional builds. Suppliers operating on this building adhere to LEED building operation and maintenance practices.

Comment

C12.1b

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

Type of engagement

Collaboration & innovation

Details of engagement

Other – please provide information in column 5

% of customers by number

100

% Scope 3 emissions as reported in C6.5

0

Please explain the rationale for selecting this group of customers and scope of engagement

Engagement type: Range of products to incentivise and accelerate Ireland's transition to lower carbon economy. AIB has launched green products aimed at both personal and business customers who are intent on addressing climate change. These customers solutions create social climate awareness and encourage investment in energy efficient technologies in Irish homes and businesses. Our brave investment in a renewable future has the knock-on that Ireland gets closer to meeting its energy efficiency. There is 4.3GW of onshore wind expected to be in operation in Ireland by 2020. Since 2013, Allied Irish Banks is administering a €200 million fund to finance wind farms in Ireland. The money will be available for up to 15 years. In 2018, AIB was the leading domestic provider of finance to the renewables sector. Furthermore, in 2019 AIB has committed to make five billion euros of funding available (one billion euro per annum) to support Ireland's transition to a lower carbon economy. This funding will be made available to AIB customers through a number of climate related products and incentives – from energy efficient homes to electric vehicles to production of renewable energy. Our green customer solutions have been developed to reach all our customers.

Impact of engagement, including measures of success

2018 Case Studies: AIB's commitment to support Ireland's transition to a low carbon economy saw in 2018: a) an increased lending on energy, climate action activities that materialised for example in 1) the approval funding of €800,000 to the largest plastics recycler in Ireland, an AIB customer company that recycles 100,000 tonnes of plastics annually and 2) the support to one of our customers to install a €4m wind turbine that will generate about 6.2GWh a year (this turbine will supply our customer company with over 60% of their total energy requirements -enough energy to power the equivalent of 1,476 houses- and will displace 2,902 tonnes of carbon every year). b) continual investment in green technologies (AIB announced a €100 joint equity fund that will develop over 1,000MW renewable energy generation capacity, adding to the operational capacity in Ireland of 3,500MW). In 2018 AIB was the leading Irish lender in the renewables field. c) Provided information to support Irish SMEs investing in energy and resource efficiency projects by issuing an Energy Efficiency Report for SMEs customers. d) AIB also supported its agriculture sector customers through the carbon transition with initiatives like the support of the Teagasc Grass 10 initiative, a multi-year campaign to promote sustainable milk production and to increase grassland utilisation on Irish livestock farms. Over 400 dairy farmers attended the AIB sponsored Irish Grassland Association (IGA) 2018 Dairy Summer Tour which took place in West Cork.

C12.1c

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

To understand the environmental issues of most concern of our stakeholders, we have ongoing engagement exercises that combine direct feedback with a revised survey of our stakeholder group.

In this case "other partners" refers to staff, management, state agencies, shareholders, analyst, educational bodies, and non-governmental bodies. To simplify we have grouped all our stakeholders in 5 groups: Government & Society, Customers, Investors, Regulators and Employees.

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

We understand how important it is to listen to and to engage with our stakeholder groups. Their feedback and experiences inform and guide us, helping us to focus our actions so that we can improve our service. That's why in 2018 we carried our 2nd materiality assessment where low carbon economy was identified as an important theme for our stakeholders. A total sample of 1,376 respondents participated in the exercise in Q1, 2018 across the different stakeholder groups. The underlying survey was complemented by in-depth interviews with Leadership Team members, and two validation and development workshops with internal and external stakeholders.

We also fund collaborative projects to promote responsible consumption (see Case Study 2 for an example) and run campaigns to provide training to our staff regarding environmental awareness, energy efficiency and climate change impacts.

Case Study 1: After analysing our 2nd materiality assessment, we: a) built our most recent Sustainable Report from the feedback we received from our stakeholders, b) hosted our second sustainability conference and c) sponsored Climate Finance Week Ireland, a unique programme of events focused on sustainable finance and responsible investment to drive a carbon-neutral economy.

Case Study 2: AIB has a key role to play in every community in which operates. In 2018, we established a €1.8m three-year partnership with FoodCloud, a multi-awardwinning social enterprise that enables the redistribution of surplus food from industry to the charity sector. FoodCloud has helped to ensure 50 million meals have gone to people and not to waste, encouraging circular economy, saving 72,727 tonnes of CO₂ and moving more than 28 meals every minute of every day. In 2018, FoodCloud distributed over 19 million meals to almost 9,000 charities across Ireland and the UK, achieving carbon savings of more than 26,000 tonnes of CO₂.

C12.3

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

- Direct engagement with policy makers
- Trade associations
- Funding research organizations
- Other

C12.3a

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

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	The National Energy Efficiency Action Plan (NEEAP) was written into law in 2009 - Energy End-Use Efficiency and Energy Service Regulations 2009. • With AIB's classification as a Public Sector organisation in 2012 (the bank is 71% State owned), we are obliged to fulfil the obligations as set out in NEEAP under this law.	Implement AIB's obligations under the law including: a) Achievement of 33% energy savings by 2020 in the public sector (from 2007 - 2009 baseline). b) Report in the Annual Report of energy efficiency actions and progress towards 2020 target. c) Compliance with guidelines for Green Public Procurement in the Public Sector. Green procurement meaning that energy considerations and life cycle costs should be taken into account in procurement decisions. d) Develop & implement energy management programmes appropriate to make incremental progress year on year. e) Publish a 3 year energy efficiency strategy and identify longer term initiatives to achieve to achieve transformational change. f) Implementation of ISO 50001 Energy Management System. g) Publish formal targets and objectives and report against them in the annual report. h) Energy Certificates to be prominently displayed in all buildings with useful floor areas greater than 500m2.
Mandatory carbon reporting	Support	Development of an ongoing relationship with the Sustainable Energy Authority of Ireland (SEAI) in support of a number of strategic initiatives including the submission of the first report by AIB to the SEAI around Public Sector Energy Consumption, documenting progress on the requirement for AIB to meet a 33% energy reduction by 2020 as a Public Sector Body (based on 2007 - 2009 baseline).	Develop and implement energy management programmes appropriate to make incremental progress year on year. • Publication of a 3 year energy efficiency strategy and identification of longer term initiatives to achieve transformational change. • Implementation of ISO 50001 Energy Management System. • Publication of formal targets and objectives and report against them in the annual report.
Climate finance	Support	Ensuring we have an increasingly proactive approach to risk and regulatory engagement is a focus for us, across our entire business. We are conscious of the evolving ESG regulatory agenda and the need to comply with new requirements when they come on stream. We are contributing to the evolution of this regulation through consultation on proposed EU regulation for sustainable finance and in the roundtable discussions in the UK on PRA's consultation process for their proposed new supervisory statement on climate-related financial risks.	The PRA published a Policy Paper in April 2019. AIB is required to provide an initial plan to address their expectations and to submit a Senior Manager Function (SMF) application by 15 October 2019.
Other, please specify (Environmental Sustainability)	Support	AIB is a Lead Member of Business in the Community Ireland (BITC), a not for profit group which supports CSR and sustainability. •BITC believes in one central premise - action to address climate change is urgently required and a strong corporate response must be part of the solution. AIB supports BITC's efforts in this area.	Continue to work with BITC in relation to supporting their efforts - on behalf of large businesses in Ireland, in relation to environmental sustainability issues. The Pledge is a commitment for Irish businesses to invest time and resources into creating a more sustainable operation, by being more energy efficient and reducing carbon emissions. Specifically, we pledged to reduce our Scope 1 and 2 greenhouse gas emissions intensity by 50% by 2030.
Other, please specify (addressing climate change through innovation)	Support	Forming part of the Irish Government's IFS 2020 strategy, Sustainable Nation is helping transition Ireland to a low-carbon future. With increasing pressure on the planet's diminishing natural resources, the need to foster and develop responsible and sustainable business practices is crucial. Their purpose is to stimulate greater investment into smart innovations, new enterprises and sustainable business practices, building on the success of Ireland's existing sustainable and responsible businesses. Activities cover skills development; enterprise support; investment funds, financial products and services; resource efficiency; climate finance; international collaboration; and promotion. In 2018 AIB partnered with Sustainable Nation and Climate-KIC to a) sponsor the Inaugural Climate Week Ireland and b) to finance a key accelerator programme for Irish businesses. Over €400,000 has been pledged to the EIT Climate-KIC Dublin Accelerator programme for 2018, allowing Irish entrepreneurs and start-ups to develop products and services that can help fight climate change and decarbonise the economy. A total of €350,000 is being made available by EIT Climate-KIC with €50,000 from AIB to run the Dublin Accelerator programme, managed by Sustainable Nation Ireland on behalf of EIT Climate-KIC in Ireland (Note: EIT Climate-KIC is the EU's largest public-private partnership addressing climate change through innovation)	AIB has an obligation to support the decarbonisation of the Irish economy. Through partnering with a company such as Sustainable Nation which is focused on stimulating sustainable business practices, we are demonstrating our commitment and contribution to working towards achieving a zero-carbon economy. Continue to work with Sustainable Nation in relation to supporting their efforts in relation to environmental sustainability issues.
Energy efficiency	Support	AIB has a €100 million fund for lending to enable Irish Small & Medium Enterprises (SMEs) to radically lower their energy bills. Through this, the bank will take into account the projected saving from energy efficiency projects when calculating the borrower's repayment capacity. • This is in partnership with the Sustainable Energy Authority of Ireland (SEAI). • Research carried in conjunction with the above, found that energy expenditure accounts for approximately 9% of operating costs in most SMEs.	Continue to work with the Sustainable Energy Authority of Ireland (SEAI) in relation to supporting their efforts of energy savings across Ireland.

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Climate finance	Support	Climate disruption is already having diverse and wide ranging impacts on Ireland's environment, society, economic and natural resources. The Irish Department of Communications, Climate Action and Environment has a Climate Action Plan that sets out a course of actions over the coming years to address this issue. For financial service providers, the plan reflects the approach of the Central Bank to climate risk and efforts underway in the EU to re-purpose finance to support a de-carbonising economy. AIB as a member of BPF (Banking & Payments Federation Ireland) will explore the development of high-level principles for the provision of finance to support the Climate Action Plan.	AIB is fully committed to playing our part in ensuring that Ireland successfully responds to climate change in the coming years.

C12.3b

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

Yes

C12.3c

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

Trade association

Energy Cork

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

To help consolidate and raise awareness of Cork's position at the forefront of economic, commercial, research and educational activity in the energy sector in Ireland and to actively contribute to economic growth and job creation in Cork

How have you influenced, or are you attempting to influence their position?

AIB supports Energy Corks work in developing Cork as a hub of innovation in energy technology

Trade association

IBEC - Irish Business and Employers Confederation

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

IBEC is the leading voice of Irish business and employers, representing the interests of thousands of organisations in industry and commerce as well as academic and charitable institutions. Its Energy and Environment Policy ('EEP') Unit regularly discuss climate mitigation and low carbon technologies. Their primary concern is to ensure that national climate policy, and any associated Oireachtas legislation adheres to three key principles, namely: a) being based on scientific evidence and robust economic analysis; b) being consistent with the evolving EU energy/climate policy framework; and, c) creating opportunities for sustainable development and job creation.

How have you influenced, or are you attempting to influence their position?

AIB expressed support to IBEC position working with other stakeholders to further climate change goals in Ireland in a way that does not damage Irish Industries international competitiveness.

Trade association

IWEA – Irish Wind Energy Association

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

IWEA" is Ireland's leading renewable energy representative body and as such has an active interest in the potential for renewable

energy, and in particular wind energy, in Ireland. IWEA warmly welcomes the development of a National Climate Change Adaptation Framework and is firmly of the view that Irish wind energy as our leading renewable energy asset can, alongside other Irish renewables, make a continued valuable contribution to this national transition agenda and deliver a cost effective renewable option for Ireland's homes, communities and businesses.

How have you influenced, or are you attempting to influence their position?

AIB supports IWEA strongly believes that education and awareness measures must make up a key role of explaining and building support for both climate mitigation and adaptation within an Irish context. AIB has sponsored the Irish Wind Farmers Association annual conference to ensure a broader societal awareness of the impacts of climate change across our society.

Trade association

ISEA – Irish Solar Energy Association

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

ISEA is committed to bringing attention to the value of solar energy's contribution to Ireland's economic and environmental future. ISEA is committed to contributing to the development of viable renewable energy policies that support the development of solar in Ireland via lobbying activities, conferences, and other forums that bring key stakeholders together to shape policy

How have you influenced, or are you attempting to influence their position?

AIB recognizes the potential for solar in Ireland as a means for meeting Ireland's renewable energy and electricity targets, and as a long-term sustainable and clean option with numerous benefits for Ireland economically, socially and environmentally. It is important for businesses to see the demonstration effect of investing in energy efficiency. That is we have solar PV at our branch in UCD Dublin.

Trade association

BPFI (Banking & Payments Federation Ireland)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Banking & Payments Federation Ireland (BPFI) represents the banking, payments and fintech sector in Ireland. Together with its affiliates, the Federation of International Banks in Ireland and the Fintech & Payments Association of Ireland, BPFI has over 70 member institutions and associates, including licensed domestic and foreign banks and institutions operating in the Irish financial marketplace. BPFI supports the impetus of recent global policy initiatives – the Paris Agreement, G20, G7, OECD, UNEP FI and most recently the EU with the High-Level Expert Group report on Sustainable Finance- to mobilise investment to make a transition to sustainable finance that will mitigate climate change.

How have you influenced, or are you attempting to influence their position?

AIB holds a position on the governance body of BDFI.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3e

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

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

a) As in previous years since 2009, AIB participated in Earth Hour 2018. The engagement with WWF, the promoter of the initiative, held formalized as "Participating Company". Participation of AIB's branches is promoted in our intranet to raise awareness and understanding on Climate Change and using our digital screens in our branch networks and twitter account to reach our customers.

b) All AIB staff undertakes a bespoke online interactive energy awareness course since 2015. AIB have licensed it to the ISI Centre and Skillnets for distribution to the wider corporate community.

c) AIB sponsors Energy Efficiency Seminars for SME's around the country.

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

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

f) Awareness Days: In October 2018, AIB hold recycling and reuse workshops in key head office locations.

2) In 2018, we ran our second Sustainability conference, where 400 stakeholders joined a panel of sustainability experts who shared their experience and insights into a variety of sustainability matters including sustainability driven innovative food production

3) We understand how important it is to listen to and to engage with our stakeholder groups. We want to understand the issues that matter most. Their feedback and experiences inform and guide us, helping us to focus our actions so that we can improve our service. To help identify these issues we completed two materiality exercises, one in 2016 and our most recent one in Q1 2018.

4) Sharing our insight and expertise in energy and carbon management as conference speakers. For example, in 2018, our Energy Manager spoke at the Energy Perspectives Summit in Budapest and the Letterkenny IT energy college open day.

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

C12.3f

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

1) The Office of Sustainable Business (OSB) was established in January 2016 to advise and support AIB's Leadership Team and the Sustainable Business Advisory Committee (SBC) on sustainability issues including our climate change strategy. The SBAC meets formally quarterly. In 2016 the OSB developed our first materiality evaluation of key sustainability issues. Since then we have continued to make progress in aligning our sustainability programme with our four pillar business strategy, ensuring that we maintain a simple and focused approach to our work. (See "Our sustainability journey continued" - page 17 of our Sustainability Report 2017 at <https://aib.ie/sustainability> for more information)

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

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

C12.4

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

Publication

In mainstream reports, in line with the CDSB framework (as amended to incorporate the TCFD recommendations)

Status

Complete

Attach the document

aib-annual-financial-report-2018.pdf

Page/Section reference

Please see pages: 20, 22 and 24. (AIB's Group - Annual Financial Report for the financial year ended 31 December 2018)

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

sustainability-summary-report-2018.pdf

Page/Section reference

Please see page 12 of AIB Group plc - Summary Sustainability Report 2018

Content elements

Emissions figures
Emission targets

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

sustainability-detailed-report.pdf

Page/Section reference

Please see pages: 7 and 31 to 34 (AIB Group plc - Detailed Sustainability Report 2018)

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

AIB Infographic 2018 _ final.jpg

Page/Section reference

1 page document (Annual Carbon Footprint Infographic)

Content elements

Emissions figures

Emission targets

Other metrics

Comment

Publication

Other, please specify (CDP Ireland climate change report 2018)

Status

Complete

Attach the document

2018_cdp_ireland_report_final.pdf

Page/Section reference

Please see page 9 (AIB story of change - CDP Ireland Climate Change Report)

Content elements

Emissions figures

Comment

Publication

Other, please specify (AIB's Case Study published by Clean Energy Ministerial in 2018)

Status

Complete

Attach the document

CEM_EM_CaseStudy_AIB_Ireland.pdf

Page/Section reference

Please see Page 1 of the AIB Global Energy Management Implementation Case study.

Content elements

Other, please specify (Total energy savings and CO2 emissions reduction over the period 2014-2017)

Comment

The case study can be downloaded at: <https://www.cleanenergyministerial.org/publications-clean-energy-ministerial/allied-irish-bank-global-energy-management-implementation>

Publication

Other, please specify (Press Release - CDP Climate Change A results)

Status

Complete

Attach the document

CDP Climate Change A List Release FINAL - Jan19.pdf

Page/Section reference

Please see page 1

Content elements

Emission targets

Comment

C14. Signoff

C-FI

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

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Operating Officer at Allied Irish Banks, p.l.c.	Chief Operating Officer (COO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms

Verification statement

To the stakeholders of Allied Irish Banks, p.l.c., (AIB)

Carbon Clear Limited trading as EcoAct was engaged by AIB of Bankcentre, Ballsbridge, Dublin, Ireland to conduct limited verification of its 2018 carbon footprint, using the International Standard Organisation's 14064-3:2006 specification with guidance for the validation and verification of greenhouse gas assertions.

Opinion

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

Scope 1 emissions	5,212 tCO ₂ e
Scope 2 emissions*	14,316 tCO ₂ e
Scope 3 emissions	15,304 tCO ₂ e

*Location based emissions factors were used to calculate the Scope 2 emissions for the group. If a market-based factor was applied, Scope 2 emissions would be 45 tCO₂e.

Objective

The objective of this verification was to confirm whether the GHG assertion in AIB's 2019 CDP response was fairly stated and free from material error or omission in accordance with the criteria outlined below.

Criteria

The AIB carbon footprint was calculated using: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol); the UK Government's emission conversion factors for greenhouse gas company reporting (2018); the International Energy Agency database "CO₂ emissions from fuel combustion" (2018).

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

Description of activities

Data and calculations reviewed included those related to Scope 1 Emissions, (combustion of fuels), Scope 2 Emissions, (purchased electricity) and Scope 3 Emissions, (business travel, employee commuting, waste & water, IT and paper purchase, Transport & Distribution losses and Well to Tank emissions).

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

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



Gavin Tivey
Principal Consultant

EcoAct Limited

London, July 2019

Statement of independence

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

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