



For the future
you're after

Social Bond Framework

May 2025

Table of Contents

1. AIB Group p.l.c.	3
2. AIB Social Bond Framework	7
3. Use of Proceeds	8
4. Process for Project Evaluation and Selection	18
5. Management of Proceeds	20
6. Reporting	21
7. External Review	26
Appendix 1	27
Appendix 2	28
Disclaimer	29

1. AIB Group p.l.c.

This document describes the steps taken by AIB to ensure a robust process regarding the issuance and maintenance of social bonds including external reporting.

The Framework provides a clear and transparent set of criteria to enable investments which bring positive social benefits and create long-term value for our stakeholders.

The ICMA Social Bond Principles (“SBP”) represent a set of voluntary guidelines that recommend transparency, disclosure and promote integrity in the development of the social bond market by clarifying the approach for issuing a social bond.

In line with the ICMA SBP, the AIB Social Bond Framework has four key components: 1. Use of proceeds 2. Process for project evaluation and selection 3. Management of proceeds 4. Reporting

We have also sought an external review on the Framework from an established second-party-opinion provider, ISS Corporate. This is available on the AIB website <https://aib.ie/investorrelations/debt-investor/social-bond-framework>

About AIB – Our purpose Empowering people to build a sustainable future

Well positioned in the markets we serve

AIB Group operates predominantly in Ireland and the United Kingdom. Our shares are quoted on the Irish and London stock exchanges and we are a member of the FTSE4Good Index. Our four core operating segments are Retail Banking, Capital Markets, Climate Capital and AIB UK.

Whether it's adapting to a greener way of living, planning for the future, growing a business or simply navigating day-to-day life, our ambition as a Group is to be at the heart of our customers' financial lives.

Our purpose is empowering people to build a sustainable future

Our Brands



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



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



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



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



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



AIB Merchant Services is an associate of the Group. It is one of Ireland's largest payment solution providers and one of Europe's largest e-commerce acquirers, with an international customer base.



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



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

Core operating Segments

Retail Banking

3.08m Active customers⁽¹⁾

€42.1bn

Gross loans

Retail Banking supports our personal and business customers with a comprehensive range of banking and financial services, delivered through our branch and digital channels with an expanded reach via EBS, Haven, Payzone, AIB life, AIB Merchant Services and Nifti.

Capital Markets

Relationship-driven model

€17.6bn

Gross loans

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

Climate Capital

Relationship and transaction-driven model

€5.5bn

Gross loans

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

AIB UK

254.4k Active customers⁽¹⁾

£5.0bn

Gross loans

AIB UK operates in two distinct markets of Great Britain and Northern Ireland. Across both regions, AIB supports our corporate customers with sector-specific expertise. In Northern Ireland, we offer full-service retail banking.

Operating Contribution by Segment

Retail Banking

€1.7bn

Capital Markets

€0.8bn

Climate Capital

€0.1bn

AIB UK

£0.1bn

Operating contribution is before exceptional items. Total includes Group segment contribution of €75m. For further information see Segment Reporting on pages 32 to 37 in the Operating and Financial Review, Annual Financial Report 2024.



Our strategy – A strategy for the future

The AIB Group strategy is centred on an informed view of our customers' needs and anchored in a progressive ESG agenda. With one year of our three-year strategic cycle complete, we are progressing our three areas of focus at pace.

Three strategic areas of focus

Customer first

We will develop deeper, more enduring relationships with our customers by better serving their financial needs through integrated propositions.

Greening our business

We will mobilise capital to support climate action, be a catalyst for positive change and continue to build on our sustainability leadership.

Operational efficiency & resilience

We will ensure the appropriate capability, capacity and resilient platforms are in place to support the Group's strategic ambition.

We continue to support the transition to a more sustainable future, building long-term resilience for our business, customers, economy and society.

(1) Active customers defined as those meeting specific criteria under one or more of three categories: activity, balance and holds a policy.

Our approach to sustainability

Progressing sustainability is a core tenet of AIB's corporate strategy as evidenced through our strategic priorities above.

We integrate environmental, social and governance (ESG) factors into financial decision-making to promote sustainable development, which is often defined as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

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

Through our comprehensive sustainability reporting, we are committed to complying with regulatory requirements and providing our stakeholders with a fair and balanced view of our material sustainability matters, practices and results, reflecting our belief that open disclosure and accountability promote trust and confidence among stakeholders. Please see pages 41 to 121 of our Annual Financial Report for our comprehensive Sustainability Statement which has been prepared in accordance with CSRD.



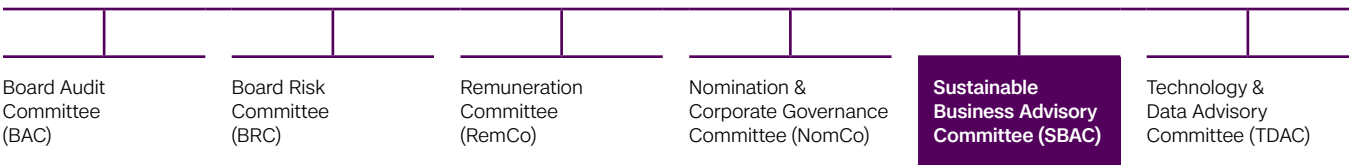
(2) While AIB supports all 17 United Nations Sustainable Development Goals, we believe we can make the most sustained and scalable impact in those listed above.

Our Sustainability Governance

Our strong governance structures are key to delivering our sustainability commitments. Our governance framework provides clear oversight and ownership of the Group's sustainability strategy and the management of risks and opportunities at Board and Executive levels.

AIB Group Board

Responsible for promoting the Group's long-term sustainable performance

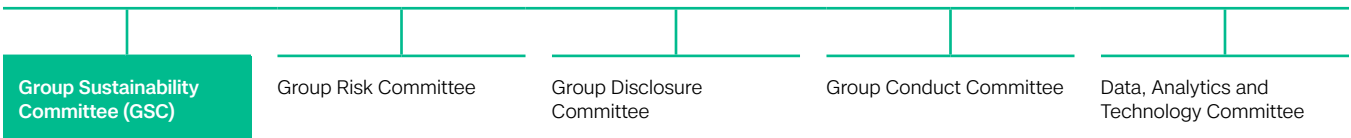


Sustainable Business Advisory Committee (SBAC)

The Sustainable Business Advisory Committee (SBAC) assists the Board in overseeing sustainability matters and supports the execution of the Group's sustainable business strategy, in accordance with the Group Strategic and Financial Plan.

AIB Group Executive Committee (ExCo)

Responsible for the day-to-day operation of the Group, including input on design, development and delivery of our purpose, strategy and values



Sustainable Business Advisory Committee (SBAC)

The GSC is chaired by our Chief Strategy & Sustainability Officer. Its remit includes the effective fulfilment of strategic objectives and regulatory obligations, and our data strategy as it relates to ESG disclosures. It reviews and assesses current and emerging ESG risks, interacting with the Group Risk Committee (see below) on relevant matters.

Social Impact

In AIB, we recognise the important contribution that the financial services sector can make to society, through continued support of key social infrastructure including Financial Wellbeing, Energy, Housing, Healthcare, Education as well as broader support for Enterprise and Employment.

For further information on Sustainability in AIB please see the Sustainability section in our 2024 Annual Financial Report.

2. AIB Social Bond Framework

AIB Rationale for Social Financing

The objective of establishing a Social Bond Framework (hereinafter referred to as the “Framework”) is to use an amount equivalent to the (net) proceeds to fund assets that provide positive societal impact and/or mitigate social issues.

Given AIB’s leading presence in the Irish economy, the intended AIB social bond issuances serve as a testament to AIB’s leadership and commitment to sustainability and society.

The issuance of social bond instruments does not only allow AIB to engage with investors dedicated to supporting sustainability efforts but also assists AIB in diversifying its investor base, broadening the dialogue with existing investors, and contributing to the growth of the social finance market.

AIB Social Bond Framework

AIB has established this Framework under which it or any of its subsidiaries (referred to as “AIB”) can issue social bond instruments (referred to as “Social Bond Instruments”), which may include senior bonds (preferred and non-preferred), subordinated bonds and medium-terms notes to finance and/or refinance social eligible loans (such financings hereinafter referred to as “Eligible Social Loans”) with a positive social benefit.

This Social Bond Framework is based on the:

- ICMA Social Bond Principles 2023⁽³⁾
- ICMA Pre-issuance Checklist for Social Bonds / Social Bond Programmes 2023⁽⁴⁾

The Framework is presented through the following key principles:

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

The Framework also follows the recommendations of the Social Bond Principles regarding External Review⁽⁵⁾.

The Framework defines the portfolio of loans (defined as “Eligible Social Loan Portfolio”) eligible to be funded by the proceeds of Social Bond Instruments issued by AIB.

AIB may review and update this Framework, from time to time, to align with industry best market practices and future market developments, regulations and expectations (e.g. future changes to the ICMA Social Bond Principles and/or developments related to sustainable finance regulation, including the EU Social Taxonomy). Any future version of this Framework will either keep or improve the current level of transparency and reporting disclosures, including the corresponding review by an external consultant (referred to as the “Second Party Opinion Provider”), and will be published on AIB’s website⁽⁶⁾.

This Framework will apply to any Social Bond Instruments issued by AIB. For the avoidance of doubt, any future version of this Framework (including the relevant eligibility criteria) and second party opinion may not necessarily apply to Social Bond Instruments issued under this or previous frameworks.

Contribution to the UN SDGs

In alignment with AIB’s sustainable ambitions and support of the UN SDG 2030 agenda, the Eligibility Criteria in this Framework contribute to the achievement of specific UN SDGs and related sub-targets⁽⁷⁾.

(3) To be found [here](#).

(4) To be found [here](#).

(5) To be found [here](#).

(6) To be found [here](#).

(7) <https://sdgs.un.org/goals>

3. Use of Proceeds

An amount equivalent to the (net) proceeds from Social Bond Instruments issued by AIB will be used to finance and/or refinance a portfolio of Eligible Social Loans as defined by the eligibility criteria (referred to as “**Eligibility Criteria**”) in this Framework.

Eligible Social Loans will be selected according to the qualification process part of the lending due-diligence assessment normally conducted by AIB, which already includes a negative screening for excluded activities (referred to as “AIB Group Excluded Activities List”).

On top of the bank wide policy for Excluded Activities, AIB has defined additional excluded sectors for this Framework (“Social Bond Exclusion List”).

The (net) proceeds of the Social Bond Instruments in accordance with the Framework will be earmarked to the following eligible categories:

1. Access to Healthcare
2. Access to Education
3. Social and Affordable Housing
4. SME financing
5. Affordable basic infrastructure



Eligible Category



Access to Healthcare



SBPs macro-category	Access to Essential Services
Social benefit(s)	<ul style="list-style-type: none"> → Increase access to quality, timely and accessible healthcare, including specialised medical treatment to target groups (e.g. people suffering from specific mental disorders and cognitive deficit pathologies) → Enhance quality and accessible care for aging population → Enhance availability of quality medical equipment to healthcare facilities and individuals
Target groups	<ul style="list-style-type: none"> → General public, including public patients → Individuals requiring specialist residential care → Aging populations requiring nursing home care → Individuals requiring specialized healthcare services or equipment
Location	<ul style="list-style-type: none"> → Healthcare and residential care provision in Ireland and the UK → “Pure-play” companies in healthcare located in Europe and the US
Alignment with National Policy Framework⁽⁸⁾	<ul style="list-style-type: none"> → Irish National Treatment Purchase Fund (NTPF)⁽⁹⁾ → Irish Nursing Homes Support Scheme (NHSS)⁽¹⁰⁾ → Irish HSE Fair Deal⁽¹¹⁾ → HSE⁽¹²⁾ /TUSLA⁽¹³⁾ → Slaintecare⁽¹⁴⁾, the Irish National cross Governmental Healthcare reform framework → UK National Healthcare System (NHS)⁽¹⁵⁾ → Department of Health and Social care Policies UK
Eligible Category	Loans to eligible assets as defined in the following section:
Healthcare facilities	Loans dedicated to the financing (operation, construction, maintenance and renovation) of healthcare facilities such as hospitals and primary care facilities, affiliated to the relevant national healthcare system and schemes and/or broadly accessible by the general population, including facilities to treat specific physical and cognitive deficit conditions, and rehabilitation services for drugs and alcohol related conditions
Residential care facilities	Loans dedicated to the financing (operation, construction, maintenance and renovation) of residential care facilities for elderly people and people with specific health conditions (such as learning or physically disabled people), assisted living facilities and nursing homes, respectively affiliated with national residential care and nursing home schemes
“Pure-play” companies in healthcare	Loans to “pure-play” companies in healthcare, defined in accordance with the 3-Step process described in Appendix 1
Contribution to UN SDGs	3.8: Achieve universal health coverage, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all
Social impact	Social output and estimated impact indicators (Reporting Section)



- (8) The list of national policy framework is not exhaustive and covers the main initiatives.
- (9) The NTPF is a corporate body with functions and responsibilities as set out under Statutory Instrument 179 - National Treatment Purchase Fund (Establishment) Order, 2004 and the Nursing Homes Support Scheme Act (2009). Its key functions are: (i) Arranging for the provision of hospital treatment to classes of persons determined by the Minister; (ii) Collecting, collating and validating information on persons waiting for public hospital treatment; (iii) Agreeing pricing arrangements with private & voluntary nursing homes under the Nursing Homes Support Scheme; (iv) Furnishing advice to the Minister for Health on related issues; (v) Performing any other function assigned by the Minister for Health, since July 2012 this includes responsibility for the publication of outpatient waiting lists. In carrying out its functions, the NTPF works closely with the Department of Health, the HSE, acute public hospitals and private nursing homes across the health system. Source: <https://www.ntpf.ie/>
- (10) The NTPF has been designated by the Minister for Health pursuant to Section 40 of the Nursing Homes Support Scheme Act as a body authorised to negotiate with proprietors of registered nursing homes to reach agreement in relation to the maximum price(s) that will be charged for the provision of long-term residential care services to Nursing Homes Support Scheme residents. As part of this function, the NTPF will enter into "Approved Nursing Home Agreements" with registered private and voluntary nursing homes to record the maximum price(s) that have been negotiated. The NTPF will provide the HSE with the details of all Approved Nursing Home Agreements. Source: <https://www.ntpf.ie/information-for-nursing-homes/>
- (11) Through the Irish HSE Fair Deal, citizens can apply for financial support to help pay for the cost of care in a nursing home. In order to receive funding for a nursing home, citizens need to be approved for Fair Deal. Source: <https://www2.hse.ie/services/fair-deal-scheme/about-the-fair-deal-scheme.html>
- (12) The HSE provides all of Ireland's public health services in hospitals and communities across Ireland. Source: <https://www.hse.ie/eng/about/>
- (13) TUSLA is the Irish Child and Family Agency. The entity comprises of HSE Children and Family Services, the Family Support Agency and the National Educational Welfare Board as well as incorporates some psychological services and a range of services responding to domestic, sexual and gender-based violence. Source: <https://www.tusla.ie/about/>
- (14) <https://www.gov.ie/en/campaigns/slaintecare-implementation-strategy>
- (15) The National Health Service (NHS) is the public health system of the United Kingdom. The NHS provides primary and secondary healthcare to every resident of the United Kingdom. Source: <https://www.nhs.uk/>

Eligible Category	Access to Education		
SBPs macro-category	→ Access to Essential Services		
Social benefit(s)	→ Increase access to quality and accessible education and vocational training → Increase access to quality, safe and affordable student accommodation		
Target groups	→ Students, including low-income students → Adults benefitting from vocational training		
Location	→ Loans to Schools in Ireland, UK and EU → “Pure-play” companies in education and vocational training in Ireland, UK, EEA, and the US		
Alignment with National Policy Framework	→ Student Universal Support Ireland (SUSI) ⁽¹⁶⁾ and Student Grant Scheme ⁽¹⁷⁾ → Student Support Scheme for Asylum Seekers ⁽¹⁸⁾		
Eligibility Criteria	Loans to eligible assets as defined in the following section:		
Education facilities	Loans dedicated to the financing of education provision such as schools, universities and 3rd level education facilities and vocational training centres		
Student housing	Loans to student housing organisations and providers		
“Pure-play” companies in education	Loans to “pure-play” companies in education, defined in accordance with the 3-Step process described in Appendix 1		
Contribution to UN SDGs	<p>4.1: Ensure that all girls and boys complete free, equitable and quality primary and secondary education</p> <p>4.3: Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p> <p>4.4: Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p>		
Social impact	Social output and estimated impact indicators (Reporting Section)		

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

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

(18) The Student Support Scheme for Asylum Seekers is for students who are in the protection system or at the leave to remain (but not deportation order) stage and who are pursuing an approved Post Leaving Certificate course or an approved undergraduate course for the academic year 2020/21. <https://www.education.ie/en/Learners/Services/Pilot-Support-Scheme/student-grant-scheme-for-asylum-seekers.html>

Eligible Category

Social and Affordable Housing⁽¹⁹⁾



SBPs macro-category	Affordable Housing
Social benefit(s)	<ul style="list-style-type: none"> → Allow for universal access to decent housing → Promote the social inclusion of all, including low-income people and groups with no or restricted access to housing or home ownership → Provide access to housing & home ownership by bridging the considerable 'financial gap' for first time buyers and fresh starters⁽²⁰⁾ → Facilitates the provision of opportunities for homeownership while seeking to avoid further acceleration in the growth rate of housing prices through regional price ceilings for homes eligible under the schemes
Target groups	→ Individuals and families which due to income and/or affordability constraints, restricted access to finance, meeting the relevant social and/or affordable housing requirements as defined by local authorities, or authorised government bodies, in Ireland and the UK
Location	→ Ireland and the UK
Alignment with National Policy Framework	<ul style="list-style-type: none"> → Accredited and/or registered housing organisations in Ireland and the UK based on national Social and Affordable Housing Schemes → Local authorities' definition of eligible residents and prioritisation mechanism based on Social Housing Assessment Regulations → Schemes operating under the 'Housing For All' national policy framework and 'Fresh Start' principle, the legislative basis being contained in the 'Irish Affordable Housing Bill, 2021', including⁽²¹⁾ <ul style="list-style-type: none"> • National Affordable Housing Schemes (First Home Scheme, Cost Rental Scheme); • Local Authority Affordable Housing Scheme; Mortgage to rent scheme → National Planning Policy Framework⁽²²⁾
Eligibility Criteria	Loans to eligible assets as defined in the following section:

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

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

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

(22) <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

Eligible Category

Social and Affordable Housing⁽¹⁹⁾

Housing organisations	Loans to housing bodies, organisations and entities that enable the provision of affordable housing and provide greater access to social and affordable housing in accordance with accredited or registered social and affordable housing definitions, and/or contributes to enhanced access for low-income residents or marginalised communities ⁽²³⁾ . Housing organisations are often not-for-profit charities. In general, they provide affordable rented housing for people who cannot afford to pay private sector rents or buy their own homes, or for groups, such as the elderly or homeless people. Such loans may allow approved housing bodies to rent or acquire housing under government approved schemes, for example: Mortgage to rent ⁽²⁴⁾ & Cost rental schemes ⁽²⁵⁾
First Home Scheme	Loans to individuals that enable the purchase of new build primary dwelling homes on a shared equity basis, subject to approval of the individual(s) participation in the scheme by the relevant authorised body. Eligibility being assessed in accordance with legislative requirements, including but not restricted to being a first time buyer or 'Fresh Start' person(s), use of the property (primary dwelling only) and local authority property valuation thresholds ⁽²⁶⁾
Local Authority Affordable Purchase Scheme	Loans to individuals that enable the purchase of local authority primary dwelling homes on a shared equity basis, subject to local authority approval of the individual(s) participation in the scheme. Eligibility is assessed in accordance with the relevant legislative and local authority requirements, including but not restricted to being a first time buyer or 'Fresh Start' person(s), with maximum income thresholds and local authority property valuation thresholds. Where demand exceeds supply, each local authority applies a 'Scheme of Priority', based on household size and housing needs to prioritise applicants to the scheme ⁽²⁷⁾
Mortgage to Rent Scheme	Loans to authorised scheme providers under the mortgage to rent scheme. The mortgage to rent scheme is only available for citizens whose mortgage is with a private lender. Under the scheme, people that cannot pay their mortgage have the opportunity to become social housing tenants with a right to have their housing needs met by the local authority indefinitely (including monthly affordable rent based on income) ⁽²⁴⁾
Cost Rental Scheme	Loans to facilitate middle-income people which are above the threshold for social housing but have difficulty affording private rented accommodation. The rents for cost rental homes will be targeted at, at least 25% below regular market rents in an area, and are based on the cost of building, managing and maintaining the homes over a minimum of 40 years ⁽²⁵⁾ .
Contribution to UN SDGs	<p>1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p>10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</p>
Social impact	Social output and estimated impact indicators (Reporting Section)




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

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

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

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

(27) Local authority housing schemes as described in the Irish government's official 'Housing for All' policy document. Eligibility is restricted to scheme providers authorised by the Minister for Housing, Planning and Local Government to operate the MTR Scheme.

Eligible Category	SME Financing	  
SBPs macro-category	Employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance	
Social benefit(s)	<ul style="list-style-type: none"> → Employment generation and retention → Reduction of social and economic inequalities → Foster economic growth in deprived areas 	
Target groups	<ul style="list-style-type: none"> → SMEs in socioeconomically disadvantaged areas in Ireland⁽²⁸⁾ → SMEs affected by socioeconomic crises, including those affected by energy cost crises 	
Location	→ Ireland and the UK	
Alignment with National Policy Framework	<ul style="list-style-type: none"> → Irish Government's Supporting SMEs campaign⁽²⁹⁾ → Our Rural Future: Government's blueprint to transform rural Ireland⁽³⁰⁾ 	
Eligibility Criteria	Loans to eligible assets as defined in the following sections:	
SME financing in socio-economically disadvantaged areas	<p>Loans dedicated to the financing of SMEs, meeting the following cumulative three criteria:</p> <ol style="list-style-type: none"> 1. SMEs as per EU Commission definition⁽³¹⁾ 2. SMEs are subject to negative screening as per Social Bond Exclusion List 3. SMEs and must be located in the most socioeconomically disadvantaged areas in Ireland Socioeconomically disadvantaged areas are defined as areas ranking in the bottom 30th percentile in terms of the Irish Deprivation Index, which takes into account factors such as GDP per capita and unemployment rate (as defined in Appendix 2) 	
SMEs affected by socioeconomic crises	<p>Loans dedicated to the financing of SMEs, meeting the following cumulative three criteria:</p> <ol style="list-style-type: none"> 1. SMEs as per EU Commission definition 2. SMEs are subject to negative screening as per Social Bond Exclusion List 3. SMEs negatively impacted by the consequences of socioeconomic, political and natural disaster crises 	
Contribution to UN SDGs	<p>1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average</p>	

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

(29) The Supporting SMEs online guide is part of the Irish government's campaign, to increase awareness of the range of government supports for start-ups and small businesses. Link: <https://www.gov.ie/en/service/e14cd-supporting-businesses/>

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

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



**Eligible
Category**

**SME
Financing**

Social impact

Social output and estimated impact indicators (Reporting Section)



Eligible Category	Affordable Basic Infrastructure		
SBPs macro-category	Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, broadband)		
Social benefit(s)	<ul style="list-style-type: none"> → Allow for universal access to basic infrastructure → Promote the social inclusion of all, including low-income people, vulnerable and marginalised people 		
Target group	<ul style="list-style-type: none"> → General population, including marginalised, rural and vulnerable populations → Populations with limited or no access to the relevant infrastructure 		
Location	→ Ireland, UK and EU		
Alignment with National Policy Framework	<ul style="list-style-type: none"> → National Broadband Plan (NBP)⁽³²⁾ → National Development Plan 2021-2030⁽³³⁾ → Project Ireland⁽³⁴⁾ 		
Eligibility Criteria	Loans to eligible assets as defined in the following section:		
Access to affordable basic infrastructure	Loans to finance ongoing provision of basic infrastructure projects (e.g. clean drinking water, sewers, sanitation, broadband)		
Contribution to UN SDGs	<p>10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p>11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>		
Social impact	Social output and estimated impact indicators (Reporting Section)		

(32) <https://www.gov.ie/en/publication/c1b0c9-national-broadband-plan/>

(33) <https://www.gov.ie/en/publication/774e2-national-development-plan-2021-2030/#>

(34) <https://www.gov.ie/en/campaigns/09022006-project-ireland-2040/>

Negative Screening: Loans that follow under the Social Bond & AIB Group Exclusion Activities list below are ineligible.

AIB Group Excluded Activities List

AIB Capital Markets has elected to implement a Sustainability Exclusion List across all its wholesale businesses units. This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in a defined list of Excluded Business Activities, which we believe cause irreversible environmental and/or social harm to society and our communities. This rule applies to all Business Customers (i.e. non-mortgage and personal Customers) with a Gross Connected Exposure ("GCE") of >£/€300k, and which are relationship managed.

Energy & Climate Action:

- Exploration, extraction and upgrading of oil sands projects
- Nuclear Power Generation
- Nuclear waste transportation, decommissioning and/or final disposal of high-level nuclear waste
- Coal or oil-fired power generation (other than emergency or stand by oil generation) except where less than 25% of revenues are generated from this activity and only where there is a plan to move to sustainable fuels by 2025
- Onshore/offshore exploration, extraction or refining of Coal or Oil
- Natural Gas fracking

Animal Welfare:

- Producing, processing animal fur
- Support of any type of animal fights for entertainment
- The use of dynamite or poison to catch marine and freshwater species (including shellfish) in the wild

Ecosystem Protection:

- Deforestation or the burning of natural ecosystems for the purposes of land clearance
- Timber from illegal trading or logging operations
- Production or trade in wood or other forestry products other than from sustainably managed forests

Healthcare/Genetic Engineering:

- The development of Genetic Engineering or Genetic Modification on humans
- The development of Genetic Engineering or Genetic Modification on animals for non-medical purposes.

Adult Entertainment:

- Online pornography

Surveillance/Arms Related/Military:

- Anti-personnel landmines⁽³⁵⁾/Cluster munitions⁽³⁶⁾
- Weapons of Mass Destruction including the production, maintenance or trade of nuclear, biological⁽³⁷⁾, chemical and toxin weapons⁽³⁸⁾
- Any activity that adversely impacts Human Rights defined by the UN⁽³⁹⁾

Additional Lending Exclusions Solely for the Social Bond Asset Pool

In addition to the AIB Group Excluded Activities List, the Social Bond Framework excludes⁽⁴⁰⁾:

- Coal
- Oil
- Petrol
- Fossil fuel
- Genetically Modified Organisms (GMO) in food & feed
- Tobacco
- Gambling
- Alcohol

Further, for large scale projects for which a Technical Due Diligence Report is available, AIB will exclude from the pool any activities harmfully impacting the conservation of biodiversity and the sustainable management of living natural resources⁽⁴¹⁾.

(35) As defined in Article 2 of the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction.

(36) As defined in Article 2 of the Convention on Cluster Munitions.

(37) As defined in Article I of the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction.

(38) As defined in Article II of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (Chemical Weapons Convention).

(39) As listed on the UN website: <https://www.un.org/en/our-work/protect-human-rights>

(40) In line with IFC Exclusion List requirements.

(41) Such activities should comply with IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

4. Process for Project Evaluation and Selection

Projects financed and/or refinanced through Social Bond Instruments are evaluated and selected based on compliance with the Eligibility Criteria.

Governance of the Social Bond Framework

The Board of AIB Group plc established an advisory sub-committee to enhance AIB's focus on building a long-term sustainable business. This committee is called the Sustainable Business Advisory Committee (SBAC), its membership includes Non-Executive Directors and members of our Executive Leadership Team. It meets at least four times in every year and reports directly to the AIB Group plc Board.

The Group Sustainability Committee (GSC) supports SBAC in the implementation of AIB's sustainable business strategy. The GSC comprises of a number of members of our Executive Leadership team and Senior Leadership members as well as senior management from across the organization. Further details of our Sustainability Governance are detailed in section 1.

This Framework is prepared by the ESG Bond Forum - a cross functional forum of relevant business areas within AIB (Group Treasury, Legal, Sustainability, and relevant business teams). The Eligible Social Loans financed and/or refinanced through the Social Bond Instruments are evaluated and selected for inclusion in the Eligible Social Loan Portfolio by AIB employees that are members of the Treasury ESG Bond Forum based on compliance with the Eligibility Criteria and the exclusion criteria, as described in Use of Proceeds section.

Relevant members of the Treasury ESG Bond Forum are responsible for:

- Reviewing from time to time the content of the Framework and updating it to reflect – to the extent possible – changes in corporate strategy, technology, market, or regulatory developments.
- Procure when needed and ensure that third party documents are reviewed or updated, such as Second Party Opinion (SPO) and related documents from external consultants and auditors.

- Overseeing the allocation of the proceeds from Social Bond Instruments to the Eligible Social Loan Portfolio and monitoring its evolution over time, to ensure that the size of Eligible Social Loan Portfolio equals or exceeds the amount of Social Bond Instruments to the greatest extent possible.
- Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements. AIB may rely on external consultants and their data sources, in addition to its own assessment. GSC provides oversight on the integrity of this activity, and ensures it is aligned with AIB's sustainability strategy.

The Treasury ESG Bond Forum will meet at least on a quarterly basis.

The Eligible Social Loan Portfolio is required to align with AIB's related internal sustainability codes and policies. We recognise the need to align our frameworks, policies and practices to environmental, social and governance (ESG) principles, and this continues to be an ongoing focus for us. Eligible Social Loans are still subject to environmental standards, since AIB meets or exceeds all relevant environmental obligations under laws and regulations in each of the jurisdictions in which we operate. AIB's codes and policies can be found at <https://aib.ie/sustainability>.

Regarding minimum social safeguards, AIB respects human rights and is committed to being a good employer. Our **Human Rights Commitment** outlines how we respect human rights in accordance with internationally accepted standards. Our commitment to human rights is being embedded in the culture and values that define our company, and is reflected in our policies and actions towards our customers, employees, suppliers and the communities and countries where we do business. It has been shaped by the United Nations Guiding Principles on Business and Human Rights.



Our Human Rights Commitment operates alongside our Code of Conduct and **Responsible Supplier Code**, and our commitments are aligned with those laid out in the laws applicable to the jurisdictions in which we operate, the European Convention on Human Rights and, for our business in Ireland, the EU Charter of Fundamental Rights.

Our commitment was approved by our Executive Leadership Team and reviewed by our Sustainability Business Advisory Committee and Board in February 2023. We require our key suppliers to attest to the supplier Code of Conduct, as well as other key policies, including our Group Data Protection Statement, and where relevant, to conform to the UK Modern Slavery Act.

We have a robust **Financial Crime Statement**. Internally, our Financial Crime Policy and related standards encompass anti-money laundering, countering the financing of terrorism, fraud, anti-bribery and corruption (ABC) and sanctions. We have embedded the policy and standards in our operating procedures and we verify their content at least annually to ensure they are kept up to date. Any material updates require Board approval. We manage

financial crime matters through our three lines of defense model. Assurance teams operate throughout each line, and regularly report to senior management and the Board on the efficacy of our controls.

All of our customers are subject to the “Know your Customer” (KYC) process at the on-boarding stage and then subsequently, in line with the frequency set out in the policy, which is driven by the risk category of the customers.

Risk culture at AIB is guided by policies, codes, and procedures such as the Code of Conduct, Conflicts of Interest Statement⁽⁴²⁾ and Whistleblowing Policy. These provide a strong foundation to encourage the right behaviours and to comply with regulatory requirements.

AIB is an equal opportunities recruiter and employer, adhering to all local laws and regulations on employment rights, pay, employment representation, diversity and gender balance, and adhere to established industrial relations mechanisms wherever it operates and in accordance to the Recruitment Policy⁽⁴³⁾, Remuneration Policy⁽⁴⁴⁾ and Inclusion and Diversity Code⁽⁴⁵⁾.

(42) https://aib.ie/content/dam/frontdoor/personal/sustainability/Conflicts_of_Interest_Policy.pdf

(43) <https://aib.ie/content/dam/frontdoor/personal/sustainability/Recruitment-Policy.pdf>

(44) <https://aib.ie/content/dam/frontdoor/personal/sustainability/remuneration-policy.pdf>

(45) <https://aib.ie/content/dam/frontdoor/personal/sustainability/diversity-and-inclusion-code.pdf>



5. Management of Proceeds

Treasury will be responsible for overseeing the management of proceeds and will track Eligible Social Loans using an internal tracking system.

The (net) proceeds from Social Bond Instruments will be managed by AIB in a portfolio approach. AIB intends to allocate an amount equivalent to the (net) proceeds from the issue of Social Bond Instruments to an Eligible Social Loan Portfolio, selected in accordance with the Eligibility Criteria set out in Use of Proceeds and Process for Project Evaluation and Selection above.

AIB will strive, over a period of 24 months post issuance, to achieve a level of allocation for the Eligible Social Loan Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of (net) proceeds from its outstanding Social Bonds Instruments. Additional Eligible Social Loans will be added to the Eligible Social Loan Portfolio to the extent required to ensure that an amount equivalent to the (net) proceeds from outstanding Social Bonds Instruments will be allocated to Eligible Social Loans.

All redeeming financings are removed from the pool and any asset that no longer meets the Eligibility Criteria will also be removed from the pool at the earliest opportunity⁽⁴⁶⁾.

Pending allocation of an amount equivalent to the (net) proceeds of any tranche of Social Bonds Instruments to an Eligible Social Loan Portfolio AIB will hold and/or invest, at its own discretion, the balance of (net) proceeds not yet allocated to the Eligible Social Loan Portfolio in its treasury liquidity portfolio or in cash or other short term and liquid instruments. Within its liquidity portfolio, AIB has established a Socially Responsible Investment pocket, via which AIB's treasury actively invests in green/SRI assets to fund domestic and international projects aimed at global sustainability, carbon emission reduction, and social improvement, all under the over-arching themes of Environment, Social, and Governance (ESG). Therefore, AIB intends to at least assign a portion of an amount equivalent to any temporarily unallocated (net) proceeds from the issue of Social Bond Instruments to ESG orientated assets.

⁽⁴⁶⁾ Within one year at the latest. This topic is discussed during the Treasury ESG Bond forum meetings.

6. Reporting

AIB intends to publish a report on the allocation of proceeds to the Eligible Social Loan Portfolio as well as an impact report annually at least until full allocation (or until maturity).

AIB intends to report the allocation and impact of the use of proceeds to the Eligible Social Loan Portfolio at least at the category level and on an aggregated basis for all of AIB's Social Bond Instruments outstanding.

AIB intends to align, on a best effort basis, the impact reporting with the portfolio approach described in the ICMA "Harmonized Framework for Impact Reporting for Social Bonds (September 2024)"⁽⁴⁷⁾.

Allocation Reporting

The allocation report will provide, on the Eligible Social Loan Portfolio, indicators such as:

- The size of the identified Eligible Social Loan Portfolio, per eligible category
- The total amount of proceeds allocated to the Eligible Social Loans
- The number of Eligible Social Loans
- The balance of unallocated proceeds, if any
- The amount or the percentage of new financing and refinancing⁽⁴⁸⁾
- The geographical distribution of the assets (at country level)
- The sector distribution of the assets (at country level), where feasible

Impact Reporting

Where feasible, AIB intends to report on the impact of the Eligible Social Loan Portfolio. The Impact report may provide:

- A description of relevant Eligible Social Loans.
- The breakdown of the Eligible Social Loan Portfolio by nature of what is being financed (financial assets).
- Social Output and Impact indicators of the Eligible Social Loan Portfolio, at Eligible Category (and, if needed, at sub-category) level. A description of the Social Output and Impact indicators is provided in the table below.
- Potential green co-benefits of the Eligible Social Loan Portfolio.

The impact report will be provided on a portfolio basis.

Depending on availability and subject to confidentiality agreements, AIB intends to seek to complement below indicators with relevant case studies.

AIB may appoint specialized consultants to develop a methodology for the estimation and calculation of the Social Output and Impact Indicators.

Both the allocation report(s) and the impact report will be made available on AIB's website⁽⁴⁹⁾.

⁽⁴⁷⁾ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/ICMA-Handbook-Harmonised-Framework-for-Impact-Reporting-for-Social-Bonds-September-2024-250924.pdf>

⁽⁴⁸⁾ New financing refers to loans issued over the previous reporting period.

⁽⁴⁹⁾ <https://aib.ie/investorrelations/debt-investor/social-bond-framework>

Social outputs and impacts table

Indicators to be provided per annum. Impact indicators are likely to be estimated rather than real figures. In case of estimated figures, a clear explanation of the methodology used to estimate indicators will be published in the Social Bond Report(s).

AIB and/or the external party engaged by AIB to assess impact, may refer to research paper from acknowledged universities or research centres, and reports from Public bodies as well as Business and Labour Market statistics from official sources and research centres to estimate impact.

Eligible category	Potential output indicators	Potential impact indicators
Access to Healthcare (Access to Essential Services)	Healthcare facilities: <ul style="list-style-type: none"> → Number of hospitals covered → Number of specialised healthcare facilities (e.g. specific type of disease, underlying conditions) covered → Number of rehabilitation centers covered → Number of beds → Location (country level) 	<ul style="list-style-type: none"> → Number of outpatient and inpatient in healthcare facilities (hospitals and rehabilitation centers) → Estimated number of patients benefitting from healthcare facilities services on annual basis
	Residential care facilities: <ul style="list-style-type: none"> → Number of residential care facilities covered → Number of beds → Location (country level) 	<ul style="list-style-type: none"> → Estimated number of people benefitting from residential care (elderly people and people with specific health conditions)
	“Pure-play” companies in healthcare: <ul style="list-style-type: none"> → Number of pure-players in healthcare covered → Type and amount of medical products and/or services provided → Location (country level) 	<ul style="list-style-type: none"> → Estimated number of healthcare facilities and/or individuals benefitting from medical products and/ or services provided by pure-players in healthcare

Eligible category

Access to Education
(Access to Essential Services)

Potential output indicators

Education facilities:

- Number of schools, universities and 3rd level education facilities covered
- Number of vocational training centers covered
- Location (country level)

Student Housing:

- Number of student housing organizations covered
- Location (country level)

“Pure-play” companies in education:

- Number of pure-players in education covered
- Type and amount of educational services provided
- Location (country level)

Potential impact indicators

- Estimated number of students benefitted from educational and vocational services

- Estimated number of student-resident benefitting

- Estimated number of individuals benefitting from educational services provided by pure-players in education



Eligible category	Potential output indicators	Potential impact indicators
Social and Affordable Housing	Housing organisations <ul style="list-style-type: none"> → Number of housing bodies, organisations and entities covered → Rent differential versus non-social/affordable housing with the same area → Average monthly or yearly rent → Percentage of social/affordable housing located in socio-economically disadvantaged areas⁽⁵³⁾ → Location (at country level) 	<ul style="list-style-type: none"> → Number of affordable/social dwellings covered → Estimated number of residents benefiting
	First Home Scheme <ul style="list-style-type: none"> → Number of first home loans (first time buyers vs. fresh starters) → Average borrower capacity → Average affordability gap → Location (Ireland) 	<ul style="list-style-type: none"> → Estimated number of residents benefitting → Number of dwellings covered
	Mortgage to rent <ul style="list-style-type: none"> → Number of mortgage to rent loans → Rent differential versus non-mortgage to rent housing with the same area → Average monthly or yearly rent → Percentage of mortgage to rent (social) housing located in socio-economically disadvantaged areas⁽⁵⁰⁾ → Location (Ireland) 	<ul style="list-style-type: none"> → Number of dwellings covered → Estimated number of residents benefiting

(50) Areas with GDP lower than country's average GDP.

Eligible category	Potential output indicators	Potential impact indicators
SMEs financing	<p>SMEs financing in socio-economically disadvantaged areas:</p> <ul style="list-style-type: none"> → Number of SMEs covered → Location of the SMEs and micro-enterprises financed in compliance with bottom 30% socio-economically disadvantaged areas in Ireland, defined via the Irish Deprivation Index 	<p>SMEs affected by socioeconomic crises:</p> <ul style="list-style-type: none"> → Number of people employed by financed SMEs → Estimated number of jobs created and/or retained via AIB financing → Contribution to Irish Gross Output / GVA / GDP (EURm)
Affordable Basic Infrastructure	<ul style="list-style-type: none"> → Number and type of social projects → Location (country/regional level) 	<ul style="list-style-type: none"> → Number of people employed by financed SMEs → Estimated number of jobs created and/or retained via AIB financing



7. External Review

Second Party Opinion (pre-issuance)

AIB has obtained an independent second party opinion from ISS Corporate to assess the alignment of the Framework with the ICMA Social Bond Principles 2023.

The Second Party Opinion as well as the Social Bond Framework will be made available [here](#).

Verification (post-issuance)

AIB may request on an annual basis, starting one year after issuance and until full allocation (or until maturity), a limited assurance report of the allocation of the Social Bond Instruments to the Eligible Social Loans, provided by its external auditor (or any subsequent external auditor).



Appendix 1

Methodology to select “pure-play” companies in Healthcare and Education

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

Pure-players in Healthcare and Education

Step 1	“Pure-play” company definition based on 90% revenue-threshold
	1.1 Healthcare
	Companies meeting the “pure-play” definition based on 90% of companies’ annual revenues being related to products and services in the healthcare field. Eligible products and services are defined as: products and services in the medical and healthcare field such as development of healthcare technology and medical specialty, diagnostic and emergency services, automation solutions to the healthcare sectors. This also includes production of medical equipment for hospitals and care-homes and well as for private customers (such as customised wheelchairs, adaptive seating systems, and other mobility solutions for individuals diagnosed with permanent or long-term loss of mobility)
	1.2 Education
	Companies meeting the “pure-player” definition based on 90% of companies’ annual revenues being related to services in the education and vocational training field, such as providers of educational courses and materials including language courses and specific training, including non-profit organisations
Step 2	Social Bond Exclusion List
	The remaining 10% of “pure-play” companies’ annual revenues must not derive from products and services in the Social Bond Exclusion List
Step 3	Minimum ESG Rating requirement
	In case of companies with a Sustainalytics ESG Risk Rating, companies with ‘High-Risk’ ESG Risk Rating scores ⁽⁵¹⁾ are excluded. SMEs are exonerated from the third Step

AIB has established internal guidelines for the 3-Step process. Written confirmation in regard to Step-1 and Step-2 should be provided by the borrower to AIB relevant lending unit before considering inclusion. Step-3 can be assessed by obtaining confirmation from the borrower or by consulting public website with high level ESG-Rating information. The 3-Step process guidelines require a loan-by-loan assessment.

(51) Sustainalytics ESG Risk Ratings have been chosen because the ESG Risk Ratings ranges “High Risk”, “Medium Risk”, “Low Risk” for companies that are part of the Sustainalytics ESG Rating universe are accessible to the public via: <https://www.sustainalytics.com/esg-ratings>. In case a borrower is not rated, this last step cannot be performed.

Appendix 2

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

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

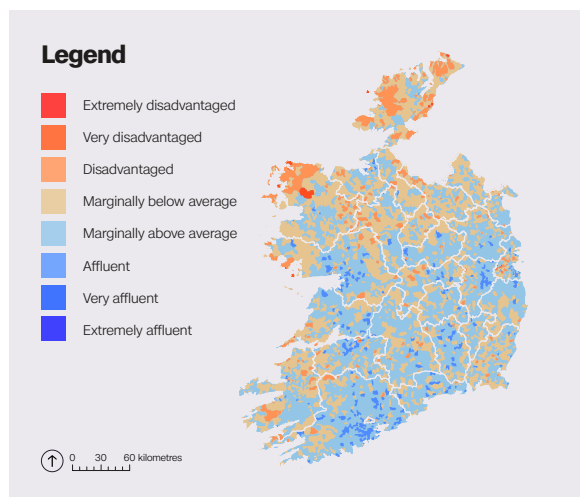
1. Be an SME as per EU Commission definition.
2. Not be engaged in any business activity described in the AIB Social Bond Exclusion List.
3. Be located in a socio-economically disadvantaged region of Ireland, as explained below.

AIB has designed a method for identifying socio-economically underperforming areas in Ireland, by employing public macroeconomic data released by the Pobal HP Deprivation Index⁽⁵²⁾, which is a series of maps measuring the relative affluence or disadvantage of a particular geographical area in the Republic of Ireland, using data compiled from various censuses.

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

The index is used by various state agencies and government departments to target resources towards disadvantaged areas. The index is used in the allocation of resources under the following programmes managed by Pobal: The Social Inclusion and Community Activation Programme (SICAP), LEADER and Early Years Capital. The index is also used by the following agencies:

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



AIB loan selection methodology is based on a geocoding exercise to convert client postcodes to latitudes and longitudes. These geographical coordinates have then been used to each client to a Small Area or Electoral District (ED). Finally, AIB has linked each client to a Small Area or ED deprivation score and used the score as a proxy for the socio-economic position of the client. This is the standard procedure used by the largest insurance companies, health providers, departments and agencies in Ireland for identifying risks and assessing the targeting of services.

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

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

<https://www.pobal.ie/research-analysis/>

(52) <https://www.pobal.ie/research-analysis/>

Disclaimer

This document is intended to provide non-exhaustive, general information. This document may contain or incorporate by reference public information not separately reviewed, approved or endorsed by AIB and accordingly, no representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, reasonableness, completeness or correctness of the information included herein.

No responsibility or liability is accepted by AIB as to the fairness, accuracy, reasonableness, or completeness or correctness of such information. This document may contain statements about future events and expectations that are forward looking statements. Any such statements speak only as at the date of this framework. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates, targets or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document.

AIB has no obligation and undertakes no obligation to update, modify or amend this document or the statements contained herein to reflect actual changes in assumptions, changes in factors affecting these statements or to otherwise notify any addressee if any information, opinion, projection, forecast or estimate set forth herein changes or subsequently becomes inaccurate. No representation, warranty or undertaking, express or implied, is given by or on behalf of AIB as to the achievement or reasonableness of any future projections, expectations, estimates, targets or prospects.

This document is not intended to be and should not be construed as providing legal or financial advice. It does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation regarding any securities. Nothing contained herein shall form the basis of any contract or commitment whatsoever and it has not been approved by any security regulatory authority. The distribution of this document and of the information it contains may be subject to legal restrictions in some countries. Persons who might come into possession of it must inquire as to the existence of such restrictions and comply with them. The information in this document has not been independently verified.

The addressee is solely liable for any use of the information contained herein and AIB shall not be held responsible for any damages, direct, indirect or otherwise, arising from the use of this document by the addressee. This framework represents current AIB policy and intent, is subject to change and is not intended nor can be relied on, to create legal relations, rights or obligations. Any decision to purchase any AIB Green or Social Bonds should be made solely on the basis of the information to be contained in any offering document or prospectus produced in connection with the offering of such bonds. Prospective investors are required to make their own independent investment decisions.

No representation is made as to the suitability of any AIB Green or Social Bonds to fulfil Green, Social and Sustainability criteria required by prospective investors. Each potential purchaser of AIB Green or Social Bonds should determine for itself the relevance of the information contained or referred to in this framework or the relevant bond documentation for such AIB Green or Social Bonds regarding the use of proceeds and its purchase of AIB Green or Social Bonds should be based upon such investigation as it deems necessary. AIB has set out its intended policy and actions in this framework in respect of use of proceeds, project evaluation and selection, management of proceeds and investor reporting, in connection with AIB Green or Social Bonds.

However, it will not (i) give rise to any claim of an investor against AIB or (ii) constitute an event of default under the AIB Green or Social Bonds or (iii) lead to an obligation of AIB to redeem AIB Green or Social Bonds or be a relevant factor for AIB in determining whether or not to exercise any optional redemption rights in respect of such bonds or (iv) where applicable, affect the qualification of the AIB Green or Social for regulatory purposes or (v) otherwise affect or impede the ability of AIB to apply the proceeds of any AIB Green or Social to cover losses in any part of the AIB Group or (vi) result in any step-up or increased payments of interest, principal or any other amounts in respect of the AIB Green or Social otherwise affect the terms and conditions of such bonds, if AIB fails to adhere to this framework, whether by failing to fund or complete eligible Green or Social loans or otherwise.

In addition, it should be noted that all of the expected benefits of the projects as described in this framework may not be achieved. Factors including (but not limited to) market, political, Social and economic conditions (including (but not limited to the covid-19 pandemic and the consequences thereof), changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of eligible Green or Social loans.

In addition, each socially or responsibly focused potential purchaser of AIB Green or Social Bonds should be aware that eligible Green or Social loans may not deliver the Green, Social or Sustainability benefits anticipated, and may result in adverse impacts. On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of AIB Green or Social Bonds or any other person might otherwise have in respect of this framework or any AIB Green or Social Bonds as a result of any failure to adhere to or comply with this framework is hereby disclaimed to the fullest extent permitted by law.