



For the future  
you're after

The background of the entire page is a scenic landscape photograph. In the foreground, a person wearing a purple jacket and blue jeans stands on a rocky path, looking out over a valley. A dog is sitting on the path next to them. The middle ground shows a large lake and rolling green hills. In the background, a prominent, rounded mountain rises against a blue sky with scattered white clouds. A purple wavy graphic element is at the bottom of the page.

# Green Bond Framework

September 2024

# Contents

<b>1. AIB Group p.l.c.</b> .....	<b>3</b>
<b>2. AIB Green Bond Framework</b> .....	<b>11</b>
<b>3. Use of Proceeds</b> .....	<b>14</b>
<b>4. Process for Project Evaluation and Selection</b> .....	<b>19</b>
<b>5. Management of Proceeds</b> .....	<b>24</b>
<b>6. Reporting</b> .....	<b>25</b>
<b>7. External Review</b> .....	<b>27</b>
<b>Disclaimer</b> .....	<b>28</b>

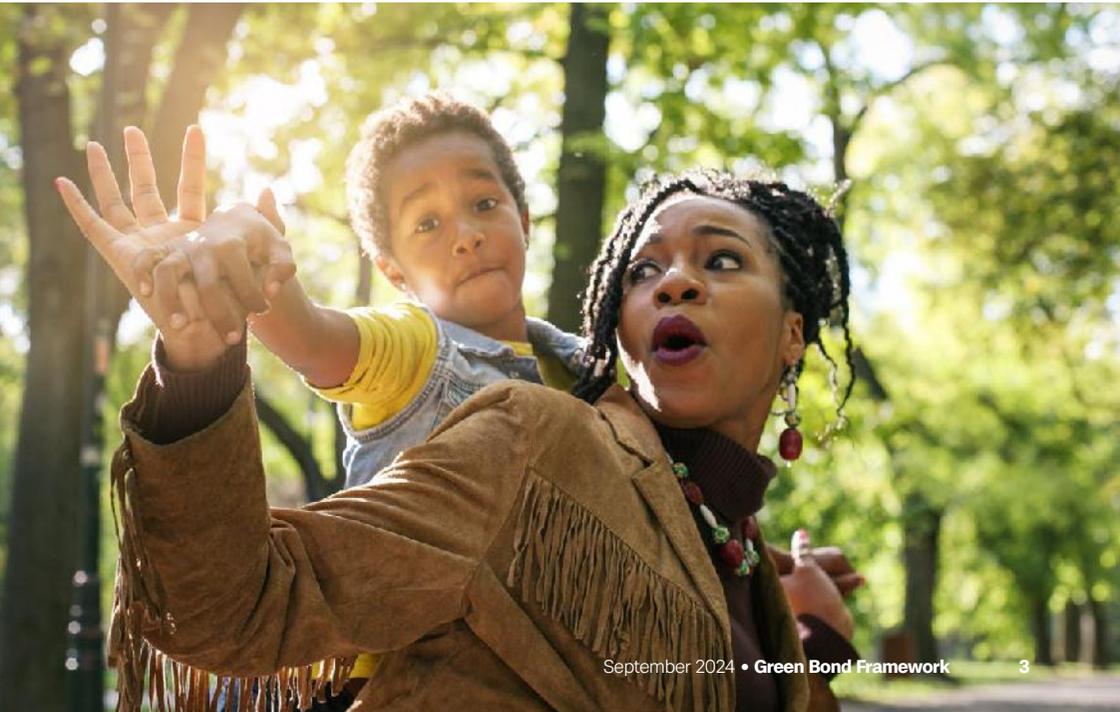
# 1. AIB Group p.l.c.

## About AIB

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. In 2023, the Group operated three core segments: Retail Banking, Capital Markets and AIB UK. From 2024, these will be complemented by a new Climate Capital segment.

### Further detail of core segments as follows:

- **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** including Goodbody, serves the Group's large and medium-sized business customers, as well as our private banking customers, providing deep-sectoral expertise combined with a comprehensive product offering.
- **AIB UK** operates in two distinct markets of Great Britain (AIB GB) and Northern Ireland (AIB NI). Across both regions AIB supports corporate customers with sector-specific expertise. AIB NI offers full-service retail banking.
- **Climate Capital** will see an increase in the bank's capability to fund significant sustainable infrastructure projects, and supports the transition to a zero-carbon future, building on the Group's strong track record of Energy, Climate Action, and Infrastructure lending as a market leader in financing energy transition and sustainable infrastructure projects.



# Sustainability at AIB

As a recognised leader of sustainability, and through our Pledge to Do More, we are committed to building long-term resilience and sustainability for all stakeholders. As a pillar Irish bank, AIB has significant reach into society – enhancing livelihoods, supporting homemakers, promoting job creation, and enabling communities to flourish.

Sustainable Communities is one of AIB’s five strategic pillars - along with Customer First, Simple & Efficient, Risk & Capital, and Talent & Culture. In 2024, we reviewed and evolved our sustainability strategy, in line with the Group strategic ambition, as we strive to improve the lives of people and their communities, support the low carbon transition, and drive structural change to build a brighter and fairer future. Our ESG principles can be broadly summarised under the three pillars as follows:

- **Climate & Environmental Action:** We will provide responsible green finance, investments and advice to drive structural change and support the transition to a low carbon future.
- **Societal & Workforce Progress:** We will strive to make a positive economic contribution and to be a positive influence on society, improving the lives of people and their communities and helping to build a brighter and fairer future.
- **Governance & Responsible Business:** We pride ourselves on acting responsibly, with integrity and transparency, while embedding ESG capabilities and measures at the heart of our business.



OUR PURPOSE	EMPOWERING PEOPLE TO BUILD A SUSTAINABLE FUTURE		
ESG Strategic Pillars	Climate & Environmental Action	Societal & Workforce Progress	Governance & Responsible Business
Areas of Focus	<ul style="list-style-type: none"> <li>• Lend responsibly and steer our portfolios towards net zero by 2040 (Agriculture by 2050).</li> <li>• Reach net zero in our own operations by 2030.</li> <li>• Increase consideration and management of climate-and environmental-related risks.</li> <li>• Contribute to protecting nature and safeguarding natural ecosystems/ habitats.</li> </ul>	<ul style="list-style-type: none"> <li>• Put our customers first, always treating them fairly and with respect.</li> <li>• Continue to pro-actively contribute to a robust and sustainable future economy and society.</li> <li>• Empower own workforce and foster a safe, inclusive and supportive work environment.</li> <li>• Positively support sustainable communities and local initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate a culture that promotes our values and fosters engagement.</li> <li>• Board and Management to work to the highest standards to deliver long-term value.</li> <li>• Operate responsibly at all levels, while managing cybersecurity, data security and operational resilience risks.</li> </ul>
Alignment with UN SDGs*			
Our ESG Measures	<ul style="list-style-type: none"> <li>• We have increased our existing Climate Action Fund from €10bn (by end 2023) to a cumulative target €30bn by 2030.</li> <li>• We aim to have 70% of new lending to be Green or Transition by 2030.</li> </ul>	<ul style="list-style-type: none"> <li>• We will build a brighter and fairer future for our customers by lending more than €6bn to first time buyers by 2026.</li> <li>• We will continue to support sustainable communities and local initiatives through AIB's community fund and charity donations.</li> </ul>	<ul style="list-style-type: none"> <li>• We will act responsibly and build an inclusive workforce that reflects our culture and promotes our values.</li> <li>• We will further improve our efforts to manage cybersecurity, data security and operational resilience risks, protecting customers and the bank.</li> </ul>

\*AIB supports all 17 United Nations Sustainable Development Goals, however, from an ESG Strategy perspective, we believe the most sustained and scalable impact is to SDGs 1, 4, 5, 7, 9, 11, and 13. Further details of SDG alignment of Social Bond eligible lending is outlined in Section 3. Use of Proceeds.

Strong governance frameworks are key to delivering on our strategy. To oversee and embed sustainable practices across our business, an integrated approach is in place through our in-flight ESG Transformation Programme - delivering on our regulatory, strategic, and customer enablement objectives. This programme is supported by teams across the business, ExCo, the Sustainable Business Advisory Committee (SBAC), and the Board.



## A Closer Look at our material topics under the Climate & Environmental Action pillar

In 2023, we carried out a 'double materiality' assessment in advance of CSRD assessing on 'Impact' and 'Financial' materiality. Seven material topics were identified, of which two were categorised under the environmental pillar and are briefly summarised as follows

- **Responsible Lending and Investment:** AIB will support our customers as they plan for the transition to net zero through sustainable financing.

We have set a new, increased Climate Action Fund, aiming to provide a total of €30bn to aid national and global efforts to realise a necessary lower-carbon economy by the end of 2030. To ensure real, transformative action, our dedicated green financing division, Climate Capital, will complement our other segments and focus on establishing renewables technology in North America, UK and Europe. We recognise we have a long-term role to play in providing the finance for Ireland's transition to a low-carbon economy. This fund is realised through the Group's various green and transition products for personal, SME and corporate customers in Ireland, the UK and further afield, and focuses on energy, climate and infrastructure projects.

- **Climate Change Adaptation** The Group must adjust our own operations and business model to best meet the challenges of climate change – leading by example in this regard. AIB's purpose is empowering people to build a sustainable future, and sustainability is at the heart of our Group strategy as we protect our fragile planet from the devastating impact of climate change by reducing our own carbon footprint.

For AIB, Climate Change Adaptation is a material topic and is defined as the process of adjustment to actual and expected climate change and its impacts on the business model of the Bank over the short, medium and long term. AIB faces climate-related financial risks in our business. For further information on how we actively manage climate-related financial risks, please see page 31 of the DSR.

## AIB's Journey to Net Zero

In 2020, AIB became the first Irish bank to make net zero commitments, including our commitment to be net zero in our own operations by 2030, and to reach net zero in our financed emissions by 2050.

### Scope 1 & 2

The emissions targets we have set and validated for our own operations are (using 2019 as our baseline):

- Reduce our absolute Scope 1 GHG emissions by 34% by 2027
- Increase our annual sourcing of renewable electricity to 100% by 2030.

Since 2019, we have reduced the carbon emissions from our own operations by 49%<sup>1</sup>, including a 17% reduction in 2023, paving the way for the bank to meet its target of being net zero in its own operations by 2030.

### Scope 3

We set financed emissions targets for three sectors using a Sector Decarbonisation Approach (SDA) for 75% of the loan book, and a fourth Corporate Portfolio Coverage Target all of which have been validated by SBTi. The attainment of these targets remains a central tenet of our strategy, and at the business level we will continue to use identified drivers to support delivery against them throughout our lending portfolio.

- For **Residential Property and Commercial Real Estate (CRE)**, these emissions reduction targets have been translated into what would need to be achieved in terms of new lending to energy-efficient buildings. For Residential Mortgages and Commercial Real Estate, the reduction target set for financed emissions is 58% and 67%, respectively, in emissions intensity by 2030.
- Given the already low emissions from our renewable-focused **Electricity Generation Portfolio**, the target is a maintenance target range. We were the first bank in the world to get Science Based Targets initiative (SBTi) approved maintenance targets for electricity generation in 2023.
- For **Corporate Lending**, the required emissions reduction targets relate to larger entities with over 500 employees which have themselves set and obtained externally approved SBTi. For the **Corporate Portfolio Coverage**, an increase in loan volume covered by emissions targets from 12% to 54% is targeted by 2030.

For further detail on AIB's Scope 3 targets, see page 24 of AIB's Annual Financial Results<sup>2</sup>.

<sup>1</sup> Emissions data based on verification exercise conducted in February 2024.

<sup>2</sup> <https://aib.ie/investorrelations/financial-information/results-centre/2023-financial-results>

## Integrating ESG Considerations Across our Business

Integrating ESG considerations across our business, and into risk management, is critical for the success of the Group's sustainability strategy and the future of our business. Through our latest materiality assessment and ongoing stakeholder engagement, it is clear that ensuring ESG issues are considered in lending and investment decisions, and supporting customers in the transition to net zero, is of material importance.

Our Credit Risk team develop and maintain policies designed to establish responsible lending practices. Core principles are also enshrined in our policy for customers in arrears and the management of distressed credit to ensure that customers are treated fairly, objectively, sympathetically and consistently. Our Group Credit Risk Policy includes a list of excluded business activities that are considered to be incongruent with Group strategy.<sup>1</sup> Additionally, lending related to fossil fuel-related activities (including coal, oil and gas-related activities) represents <1% of our lending activities, and is therefore considered immaterial for our business. Funding renewable energy and infrastructure projects is a key strategic priority for AIB.

Responsible investments are underpinned by our Green and Social Bonds programme. Other key responsible initiatives in which AIB is engaged include:

- **United Nations Environment Programme Finance Initiative Principles for Responsible Banking (UNEP FI PRB)** AIB is a founding signatory of the UNEP FI PRB. As a signatory, we align our strategy to support challenges in our areas of operation. For Ireland, the location of our most significant operations, the main challenges for society, and the areas where AIB can make the most significant impact include climate change and housing. We report annually in our Detailed Sustainability Report.
- **Responsible Supplier Code** AIB seeks to support an inclusive and ethical supply chain where individuals at all points work responsibly, sustainably, and safely. Our Responsible Supplier Code sets out expectations for suppliers, including the requirement to operate at all times in an ethical and fair manner in line with AIB's values and national and international laws. AIB only engage suppliers who adhere to our Code, as set out in our contractual agreements and purchasing transactions. We also expect suppliers, in turn, to conduct business in a fair and honest manner with their stakeholders, while encouraging reporting of carbon emissions through the Carbon Disclosures Project (CDP).
- **Our Commitment to Human Rights** AIB is committed to the protection and preservation of human rights. Our Human Rights Commitment<sup>3</sup>, published in 2021, is shaped by the UN Guiding Principles on Business and Human Rights, the European Convention on Human Rights, and the EU Charter of Fundamental Rights, and operates alongside our Code of Conduct and Responsible Supplier Code. By nature of our industry, geography, and services employed, we are generally not at high risk of modern slavery in our supply chain or business, however, when engaging suppliers in elevated risk sectors, appropriate checks and measures are completed. Other initiatives include:
  - In 2022, we engaged Shift, the leading centre of excellence on the UN Guiding Principles, to establish a process for identifying suppliers most at risk of modern slavery. Using this process, we completed an evaluation exercise and incorporated an enhanced ESG questionnaire into our supplier risk assessment process.
  - In 2023, we partnered with Business in the Community Ireland to provide training on Modern Slavery and Human Trafficking to our staff. The training helped raise awareness of the issued of Modern Slavery, Forced Labour, and hidden labour exploitation, and the legislative requirements AIB is subject to.

<sup>3</sup> Our Human Rights Commitment and Responsible Supplier Code can be accessed under "Related Codes & Policies" at <https://aib.ie/sustainability>

# Key Sustainability Milestones

2018	Low Carbon Pledge
2019	<p>€5bn five-year Climate Action Fund Launched (€1.2bn new Green Lending financed in 1st year)</p> <p>Founding signatory of UNEP FI Principles for Responsible Banking</p> <p>Supporter of TCFD</p> <p>Green Bond Framework published</p> <p>5Y Fixed Green Mortgage launched</p>
2020	<p>Socially Responsible Investment (SRI) Bond Portfolio</p> <p>Member of FTSE4Good Index Series</p> <p>Commitment to Carbon Neutral in own operations by 2030, using net zero approach</p> <p>Established new lending target – 70% to be green or transition by 2030</p> <p>Ambition to be net zero across customer lending portfolio by 2040 (Agriculture 2050)</p> <p>Excluded Activities List established</p> <p>1st Green Bond issued by an Irish Bank (€1bn)</p> <p>Responsible Supplied Code published</p> <p>Second year of Climate Action Fund (€146bn of new Green Lending financed)</p>
2021	<p>Green Personal Loan</p> <p>Human Rights Commitment published</p> <p>UN Global Compact</p> <p>2nd Green Bond Issued (€0.75bn)</p> <p>Signatory of industry-led UN-convened Net Zero Banking Alliance (NZBA)</p> <p>1st Irish company to have committed to use the World Economic Forum (WEF) Stakeholder Capitalism metrics for reporting</p> <p>Partnered with Coillte Nature and Forestry Partners to plant 90,000 native trees</p> <p>ESG Questionnaire published for customers in high climate-risk sectors</p> <p>Social Bond Framework published</p> <p>Signatory of Equator Principles</p> <p>One of only ten companies Globally to achieve gender balance across Board, Executive, Senior Management, and Workforce (Equileap Gender Equality Global Report and Ranking)</p> <p>Third year of Climate Action Fund (€2bn of new Green Lending financed; 3-year total €4.7bn)</p> <p>€300m Social Housing Fund fully allocated over 2,100 homes; additional €500m fund launched to back a further 3,000 homes</p> <p>Climate Action Fund doubled to €10bn</p>

**2022**

1st Social Bond issued by an Irish Bank (€750m)

3rd and 4th Green Bonds issued raising €1.75bn

Human Rights Pilot focussing on procurement and corporate lending

AIB Community €1m fund launched to support 20 charitable organisations across Ireland

4th of Climate Action Fund (€3.3bn of new Green Lending financed; 4-year total €7.9bn)

1st bank to be awarded 'Investors in Diversity' Gold Accreditation

Virtual Corporate Power Purchase Agreement (vCPPA) with NTR to power own operations

Finance Emissions targets set for 75% of our loan book

AIB launch the Strategic Business Corporation of Ireland (SBCI) Energy Efficiency Loan Scheme

**2023**

5th Green Bond and 2nd Social Bond issued bringing total ESG issuance to 5.75bn

Institute of Bankers (IOB) Future of Finance Sustainability Team Award

Chambers Ireland Sustainable Business Impact Award (Category: Communications Large-indigenous Company)

GlobalCapital's Most Impressive Financial Institution ESG Bond Issuer

Climate Action Fund tripled to 30bn by 2030

New Climate Capital segment launched to support growth in renewables and related ESG infrastructure

Gradireland Most Popular Recruiter Banking, Investment and Financial Services Award

Irish HR Champion in Leadership Award

Launched 2nd AIB Community €1m Fund

550k customers supported in financial literacy

New target of more than €6bn of lending to First Time Buyers by 2026

€548m social housing fund allocated, supporting development of 3,500 homes

For more information on the above topics, please see our FY2023 Detailed Sustainability Report [here](#).

# 2. AIB Green Bond Framework

## AIB Rationale for Green Financing

The objective of establishing a Green Bond Framework (hereinafter referred to as the “**Framework**”) is to use an amount equivalent to the (net) proceeds to fund assets that mitigate climate change by reducing emissions, protect ecosystems or otherwise have a positive environmental impact in support of the 10 strategic outcomes of the “Project Ireland 2040” - the Government’s long-term overarching strategy to make Ireland a better country for all of its people<sup>4</sup>, and Ireland’s Climate Action Plan<sup>5</sup>.

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

The issuance of green 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, broaden the dialogue with existing investors, and contributing to the growth of the green finance market.

## AIB Green Bond Framework

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

This Green Bond Framework is based on the:

- ICMA Green Bond Principles 2021, including the updated Appendix I of June 2022<sup>6</sup>
- ICMA Pre-issuance Checklist for Green Bonds / Green Bond Programmes<sup>7</sup>

The Framework is presented through the following key pillars:

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

4 gov - Project Ireland 2040 ([www.gov.ie](http://www.gov.ie))

5 gov - Climate Action Plan 2021 ([www.gov.ie](http://www.gov.ie))

6 Green-Bond-Principles-June-2022-060623.pdf ([icmagroup.org](http://icmagroup.org))

7 External-Review-Guidelines\_June-2022-280622.pdf ([icmagroup.org](http://icmagroup.org))



The Framework also follows the recommendations of the Green Bond Principles regarding External Review<sup>8</sup>.

The Framework defines the portfolio of loans (defined as “**Eligible Green Loan Portfolio**”) eligible to be funded by the proceeds of Green 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 Green Bond Principles and/or developments related to sustainable finance regulation, including the EU Taxonomy Regulation and the EU Green Bond Standard Regulation). 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<sup>9</sup>.

This Framework will apply to any Green 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 Green Bond instruments issued under this or previous frameworks.

<sup>8</sup> External-Review-Guidelines\_June-2022-280622.pdf (cmagroup.org)

<sup>9</sup> <https://aib.ie/investorrelations/debt-investor/green-bonds>

## Contribution to the EU Environmental Objectives, the EU Taxonomy Regulation, the EU Taxonomy Climate Delegated Act & the EU Green Bond Standard Regulation

This Framework, where relevant and applicable, takes into account elements of the EU Taxonomy Regulation<sup>10</sup>, the EU Taxonomy Disclosures Delegated Act<sup>11</sup>, the EU Taxonomy Climate Delegated Act – Annex I<sup>12</sup>, subsequent amendments<sup>13</sup> and the EU Green Bond Standard Regulation<sup>14</sup>.

The definition of the Eligibility Criteria takes into account the EU Taxonomy Regulation and the EU Taxonomy Climate Delegated Act substantial contribution criteria on a best effort basis where there are feasible practical applications for the use of proceeds category in question, and where there are feasible practical applications in the geographies where AIB's assets are located (in terms of local regulation).

The EU Taxonomy establishes a system to classify environmentally sustainable economic activities by setting out metrics and thresholds. AIB is closely monitoring the developments of the EU Taxonomy. When deemed necessary by AIB, internal Green criteria in the AIB Sustainable Loan Framework may be changed to further harmonise with the metrics and thresholds of the EU Taxonomy. If such changes are made, related to criteria in this Green Bond Framework, this Green Bond Framework may also be updated.

## 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.<sup>15</sup>

---

10 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>

11 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2178>

12 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139>

13 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R2485>

14 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32023R2631>

15 <https://sdgs.un.org/goals>

# 3. Use of Proceeds

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

Under the use of proceeds categories under this Framework, General Corporate Purposes (GCP) loans qualify only when they relate to “pure-play companies” with over 90% of revenues coming from green activities as outlined in the Eligibility Criteria below. Such loans would be considered 100% eligible.



## GREEN BUILDINGS

<p><b>Eligibility Criteria</b></p>	<p>Loans to (re)finance the acquisition, ownership and construction of new or existing residential and commercial buildings that meet one or more of the following eligibility criteria:</p> <p><b>Ireland</b></p> <ul style="list-style-type: none"> <li>• Buildings built &lt;2021 that are within the top 15% low carbon buildings in Ireland<sup>16</sup></li> <li>• Buildings built ≥2021 with a primary energy demand at least 10% lower than the Nearly Zero-Energy Building (NZEB) standard<sup>17</sup></li> </ul> <p><b>UK</b></p> <p>Buildings with an Energy Performance Certificate (“EPC”) A or B label or belonging to the top 15% low carbon buildings in the local context (i.e. England &amp; Wales, Scotland and Northern Ireland)</p> <p><b>EEA and UK</b></p> <p>Commercial buildings holding at least one of the following certifications:</p> <ul style="list-style-type: none"> <li>• BREEAM ‘Excellent’ or higher</li> <li>• LEED ‘Gold’ or higher</li> <li>• DGNB ‘Gold’ or higher</li> </ul> <p><b>Renovation of existing buildings</b></p> <ul style="list-style-type: none"> <li>• The building renovation leads to a reduction of primary energy demand (PED) of at least 30%,<sup>18</sup> and</li> <li>• The building renovation complies with the applicable requirements for major renovations<sup>19</sup></li> </ul>
<p><b>UN SDGs</b></p>	 <p>Target 7.3    Target 9.4    Target 13.1</p>
<p><b>EU Environmental Objective</b></p>	<p><b>Substantial contribution to Climate Change Mitigation</b></p> <ul style="list-style-type: none"> <li>• <b>(1.b):</b> Improving energy efficiency, except for power generation activities as referred to in Article 19(3)</li> </ul>
<p><b>EU Economic Activity</b></p>	<p>7.1 Construction of new buildings 7.2 Renovation of existing buildings 7.7 Acquisition and ownership of buildings</p>
<p><b>Project Ireland 2040 Target<sup>20</sup></b></p>	<ul style="list-style-type: none"> <li>• Compact Growth</li> <li>• Transition to a Low Carbon and Climate Resilient Society</li> </ul>
<p><b>Climate Action Plan for Ireland 2024<sup>21</sup></b></p>	<ul style="list-style-type: none"> <li>• Complete 500,000 residential building retrofits to achieve a B2 BER, and to install 400,000 heat pumps by 2030</li> <li>• Embedding of sustained reductions in household heat demand</li> <li>• Support public and commercial buildings to deliver savings of 735 KtCO<sub>2</sub>e by 2030</li> </ul>

16 For buildings built before 31 December 2020, to be aligned with the substantial contribution criteria of the EU Taxonomy Delegated Act, the building must be within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings. As of Q4 2023, the top 15% of the national stock built <2021 in terms of primary energy demand is equivalent to a minimum BER B2 label threshold for residential buildings and commercial buildings.]

17 In line with the EU EPBD directive, Ireland carries out a cost optimal analysis to define NZEB requirements. AIB will calculate the NZEB-10% threshold as per the official cost optimal analysis, as published by the Department of Housing, Local Government and Heritage. At the time of writing, the cost optimal analysis for residential and non residential buildings can be found at <https://www.gov.ie/en/publication/8b9f5-cost-optimal-residential-report-ireland-2018/> and <https://www.gov.ie/en/publication/a81e9-report-on-the-development-of-cost-optimal-calculations-and-gap-analysis-for-buildings-in-ireland-under-directive-2010/31eu-on-the-energy-performance-of-buildings-recast-non-residential-buildings-2019/>, respectively.

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

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

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

21 <https://www.gov.ie/en/publication/79659-climate-action-plan-2024/>

## RENEWABLE ENERGY

<p><b>Eligibility Criteria</b></p>	<p>Loans to (re)finance equipment, development, manufacturing, construction, operation, distribution, maintenance, installation or repair of renewable energy generation and/or electricity transmission and distribution:</p> <ul style="list-style-type: none"> <li>• <b>Solar Energy:</b> Photovoltaics (PV), concentrated solar power (CSP)</li> <li>• <b>Wind Energy:</b> Onshore and offshore wind energy generation facilities</li> <li>• <b>Geothermal Energy:</b> Geothermal power plants with life cycle emissions lower than 100g CO<sub>2</sub>e/kWh</li> <li>• <b>Hydropower:</b> Small scale facilities (less than 25 MW) where either:             <ul style="list-style-type: none"> <li>○ The electricity generation facility is a run-of-river plant and does not have an artificial reservoir;</li> <li>○ The power density of the electricity generation facility is above 5W/m<sup>2</sup>;</li> <li>○ The lifecycle emissions from the generation of the electricity from hydropower are lower than 100g CO<sub>2</sub>/kWh</li> </ul> </li> </ul> <p><b>Electricity Transmission and Storage:</b> Construction, operation and maintenance of transmission, distribution and storage systems (or other infrastructure, including storage) to facilitate the integration of electricity from renewable energy sources into the grid<sup>22</sup></p> <ol style="list-style-type: none"> <li>1. Transmission and distribution infrastructure in an electricity system that complies with at least one of the following criteria:             <ul style="list-style-type: none"> <li>○ The system is the interconnected European system, and its subordinate systems;</li> <li>○ More than 67% of newly enabled generation assets are less than the 100gCO<sub>2</sub>e/kWh life cycle threshold (over a rolling 5-year period);</li> <li>○ The grid's average emissions factor is less than 100gCO<sub>2</sub>e/kWh (over a rolling 5-year period)</li> </ul> </li> <li>2. Direct connections, or expansion of existing direct connections of renewable energy sources</li> <li>3. Construction and operation of facilities that store electricity and return it at a later time in the form of electricity (including pumped hydropower storage)</li> </ol>
<p><b>UN SDGs</b></p>	  <p>Target 7.1 Target 7.2 Target 7.3</p> <p>Target 13.1</p>
<p><b>EU Environmental Objective</b></p>	<p><b>Substantial contribution to Climate Change Mitigation:</b></p> <ul style="list-style-type: none"> <li>• <b>(1.a):</b> Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid</li> <li>• <b>(1.b):</b> Improving energy efficiency, except for power generation activities as referred to in Article 19(3)</li> <li>• <b>(1.g):</b> Establishing the energy infrastructure required for enabling the decarbonisation of energy systems</li> </ul>
<p><b>EU Economic Activity</b></p>	<p>3.1 Manufacture of renewable energy technologies</p> <p>4.1 Electricity generation using solar photovoltaic (PV) technology</p> <p>4.2 Electricity generation using concentrated solar power (CSP) technology</p> <p>4.3 Electricity generation from wind power</p> <p>4.5 Electricity generation from hydropower</p> <p>4.6 Electricity generation from geothermal energy</p> <p>4.9 Transmission and distribution of electricity</p> <p>4.10 Storage of electricity</p>
<p><b>Project Ireland 2040 Target</b></p>	<ul style="list-style-type: none"> <li>• Compact Growth</li> <li>• Transition to a Low Carbon and Climate Resilient Society</li> </ul>
<p><b>Climate Action Plan for Ireland 2024</b></p>	<ul style="list-style-type: none"> <li>• Achieve 80% renewable electricity by 2030, by harnessing renewable energy, supporting micro-generation, and improving grid connections</li> <li>• Deploy 9 GW of onshore wind, 8 GW of solar power, and at least 5 GW from offshore wind projects</li> </ul>

<sup>22</sup> AIB does not intend to finance and/or refinance any: i. infrastructure dedicated to a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100gCO<sub>2</sub>e/kWh measured on a life cycle basis; ii. installation of metering infrastructure that does not meet the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944

## CLEAN TRANSPORTATION

<p><b>Eligibility Criteria</b></p>	<p>Loans to (re)finance low carbon vehicles, rail transport and supporting infrastructure:</p> <ul style="list-style-type: none"> <li>• <b>Vehicles:</b> electric, hydrogen or otherwise zero direct (tailpipe) CO2 emissions passenger/freight vehicles and/or light/heavy-duty vehicles</li> <li>• <b>Rail transport:</b> passenger and freight transport using railway rolling stock on mainline networks, as well as short line freight railroads which meet one of the following criteria: <ul style="list-style-type: none"> <li>○ the trains and passenger coaches/wagons have zero direct tailpipe CO2 emission;</li> <li>○ the trains and passenger coaches/wagons have zero direct tailpipe CO2 emission when operated on a track with necessary infrastructure, and use a conventional engine where such infrastructure is not available (bimode)<sup>23</sup></li> </ul> </li> <li>• <b>Infrastructure to support zero direct (tailpipe) CO2 emissions vehicles</b> including EV charging and hydrogen fuelling stations</li> <li>• <b>Exclusionary criteria:</b> transport and/or storage dedicated to fossil fuels</li> </ul>
<p><b>UN SDGs</b></p>	 <p>Target 9.4      Target 11.2      Target 13.1</p>
<p><b>EU Environmental Objective</b></p>	<p><b>Substantial contribution to Climate Change Mitigation:</b></p> <ul style="list-style-type: none"> <li>• <b>(1.c):</b> Increasing clean or climate neutral mobility</li> </ul>
<p><b>EU Economic Activity</b></p>	<p>6.1 Passenger interurban rail transport  6.2 Freight rail transport  6.3 Urban and suburban transport, road passenger transport  6.5 Transport by motorbikes, passenger cars and light commercial vehicles  6.6 Freight transport services by road  6.14 Infrastructure for rail transport  6.15 Infrastructure enabling low-carbon road transport and public transport</p>
<p><b>Project Ireland 2040 Target</b></p>	<ul style="list-style-type: none"> <li>• Compact Growth</li> <li>• Transition to a Low Carbon and Climate Resilient Society</li> </ul>
<p><b>Climate Action Plan for Ireland 2024</b></p>	<ul style="list-style-type: none"> <li>• Reduce CO2 eq. emissions from the sector by 50% by 2030 from a 2018 baseline</li> <li>• Increase the number of EVs to an amount that every one in three vehicles is electrical</li> <li>• Build the EV charging network to support the growth of EVs at the rate required, and develop our fast-charging infrastructure to stay ahead of demand</li> <li>• Expansion of electrified rail services</li> <li>• Shift a significant proportion of new freight vehicle registrations to zero-emission</li> </ul>

<sup>23</sup> Engines for the propulsion of railway locomotives (RL) and engines for the propulsion of railcars (RLR) comply with emission limits set out in Annex II to Regulation (EU) 2016/1628.

## CIRCULAR ECONOMY & WASTE MANAGEMENT

<p><b>Eligibility Criteria</b></p>	<p>Loans to (re)finance the management and/or remediation of non-hazardous waste:</p> <ul style="list-style-type: none"> <li>• <b>Collection &amp; Transport:</b> Source-segregated collection and transport of (single or comingled) fractions intended for preparation for reuse or recycling operations</li> <li>• <b>Material Recovery:</b> Material recovery resulting in at least 50%, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes.</li> </ul>
<p><b>UN SDGs</b></p>	 <p>Target 12.2</p>
<p><b>EU Environmental Objective</b></p>	<p><b>Substantial contribution to Climate Change Mitigation:</b></p> <ul style="list-style-type: none"> <li>• <b>(1.b):</b> Improving energy efficiency, except for power generation activities as referred to in Article 19(3)</li> </ul> <p><b>Substantial contribution to the Transition to a Circular Economy:</b></p> <ul style="list-style-type: none"> <li>• <b>(1.f):</b> Increasing the use of secondary raw materials and their quality, including by high-quality recycling of waste</li> <li>• <b>(1.h):</b> Increasing preparing for the re-use and recycling of waste</li> <li>• <b>(1.i):</b> Increasing the development of the waste management infrastructure needed for prevention, for preparing for re-use and for recycling, while ensuring that the recovered materials are recycled as high-quality secondary raw material input in production, thereby avoiding downcycling</li> </ul>
<p><b>EU Economic Activity</b></p>	<p>2.3 Collection and transport of non-hazardous and hazardous waste                  2.7 Sorting and material recovery of non-hazardous waste                  5.5 Collection and transport of non-hazardous waste in source segregated fractions                  5.9 Material recovery from non-hazardous waste</p>
<p><b>Project Ireland 2040 Target</b></p>	<ul style="list-style-type: none"> <li>• Compact Growth</li> <li>• Sustainable Management of Water Waste and other Environmental Resources</li> </ul>
<p><b>Climate Action Plan for Ireland 2024</b></p>	<ul style="list-style-type: none"> <li>• Recycle 70% of packaging waste by 2030</li> <li>• Recycle 55% of plastic waste by 2030</li> <li>• Reduce food waste by 50% by 2030</li> <li>• 90% collection of plastic drinks containers by 2029</li> <li>• Ensure all plastic packaging is reusable or recyclable by 2030</li> </ul>

# 4. Process for Project Evaluation and Selection

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

For Green Buildings, AIB will select and track the Eligible Green Loans, where possible, based on the information from the official land register of the respective country where the asset is located and/or the EPC label. The information may also be received through the public data (eg on EPC labels) based on the land register, specialist building consultant(s), data providers or public government-affiliated data (eg CSO, SEAI).

In alignment with the wider ESG disclosures of AIB, AIB will identify and keep records of new and existing mortgages that meet the eligibility criteria. The green mortgage register will be kept by AIB, and AIB will select from which Eligible Green Loans from the register that are available for green funding.

For Renewable Energy, Clean Transportation and Circular Economy & Waste Management the relevant business lines within AIB will identify the Eligible Green Loans in accordance with the eligibility criteria described in the Use of Proceeds section of this framework.



## Governance of the Green 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 Committee. It meets once a quarter and reports directly to the AIB Board.

The Group Sustainability Committee (GSC) supports SBAC in the implementation of AIB's sustainability strategy. The GSC comprises of a number of Executive Committee members and Senior Leadership members from across the bank to evolve the strategy and implementation of the sustainability agenda in AIB.

This Framework is prepared by the ESG Bond Working Group – a cross functional working group of relevant business areas within AIB (Group Treasury, Legal, Sustainability Team, and relevant business teams). The Eligible Green Loans financed and/or refinanced through the Green Bond instruments are evaluated and selected for inclusion in the Eligible Green Loan Portfolio by AIB employees that are members of the ESG Bond Working Group based on compliance with the Eligibility Criteria described in Use of Proceeds section. The ESG Bond Working Group approves the final Eligible Green Loan Portfolio following the selection process.

Relevant members of the ESG Bond Working Group 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 the Second Party Opinion (SPO) and related documents from external consultants and auditors.
- Overseeing the allocation of the proceeds from Green Bond Instruments to the Eligible Green Loan Portfolio and monitoring its evolution over time, to ensure that the size of the Eligible Green portfolio equals or exceeds the amount of Green 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.

# Environmental and Social Risk Management

In accordance with the EU Taxonomy and the EU Green Bond Standard Regulation (EU GBS), the Eligible Green Loans should not only contribute to at least one of the EU Environmental Objectives but should also do no significant harm ('DNSH') to any other EU Environmental Objective. In addition, minimum safeguards should be in place at the issuer level. Our code of conduct requires us to actively avoid causing, financing or contributing to any business activity that is known to breach human rights or fair practices, including taking steps to address any situations we become aware of where this has occurred. It also requires that we do not partner with or buy from organisations which we know to breach human rights or fair practices.

AIB takes care that the Eligible Green Loan Portfolio complies with official international, national and local laws and regulations on a best effort basis. The terms and conditions that govern AIB's business lending require borrowers to comply with all applicable laws, regulations and practices and that they will comply with all authorisations, consents, approvals, waivers, resolutions, licences, permits, exemptions or registrations related to the project financed<sup>24</sup>.

Environmental and social risks potentially associated with the Eligible Green Loan Portfolio are mitigated via the due diligence processes conducted by AIB. Within credit assessment due diligence, assets likely to have significant effects on the environment by virtue of their size, nature or location must undergo an environmental impact assessment (EIA) which will have to be submitted to competent authorities when applying for project development.

In addition, where an asset is likely to have a significant effect on a designated European conservation site, an appropriate assessment must be carried out under the Habitats Directive. AIB may rely on analysis provided by external parties, in addition to our own assessment. Furthermore, In July 2020, AIB published a defined list of 'Excluded Activities' and stated that new term lending and Corporate Finance advisory services would not be provided to any entities, or their subsidiaries engaged in the excluded activities.

Initially this list was implemented in our Capital Markets segment. It has since been incorporated into AIB's Group Credit Risk Policy, which supports the management of credit risk across the Group. The rules in it prohibit providing new money for any term lending facilities to businesses, or any of their subsidiaries, involved in the excluded activities. The policy was approved by AIB's Board in October 2020 and since 29 January 2021 this rule applies to all business customers with a Gross Connected Exposure of >£/€300k and who are relationship-managed.

---

<sup>24</sup> <https://aib.ie/content/dam/frontdoor/business/docs/products/finance-and-loans/terms-and-conditions.pdf>

## Excluded Activities:

<b>Energy &amp; Climate Action:</b>	<ul style="list-style-type: none"> <li>• Exploration, extraction and upgrading of oil sands projects</li> <li>• Nuclear Power Generation</li> <li>• Nuclear waste transportation, decommissioning and/or final disposal of high-level nuclear waste</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Onshore/offshore exploration, extraction or refining of Coal or Oil</li> <li>• Natural Gas fracking</li> </ul>
<b>Animal Welfare:</b>	<ul style="list-style-type: none"> <li>• Producing, processing animal fur</li> <li>• Support of any type of animal fights for entertainment</li> </ul>	<ul style="list-style-type: none"> <li>• The use of dynamite or poison to catch marine and fresh water species (including shellfish) in the wild</li> </ul>
<b>Ecosystem Protection:</b>	<ul style="list-style-type: none"> <li>• Deforestation or the burning of natural ecosystems for the purposes of land clearance</li> <li>• Timber from illegal trading or logging operations</li> </ul>	<ul style="list-style-type: none"> <li>• Production or trade in wood or other forestry products other than from sustainably managed forests</li> </ul>
<b>Healthcare/Genetic Engineering:</b>	<ul style="list-style-type: none"> <li>• The development of Genetic Engineering or Genetic Modification on humans</li> </ul>	<ul style="list-style-type: none"> <li>• The development of Genetic Engineering or Genetic Modification on animals for non-medical purposes</li> </ul>
<b>Adult Entertainment:</b>	<ul style="list-style-type: none"> <li>• Online pornography</li> </ul>	
<b>Surveillance/Arms Related/Military:</b>	<ul style="list-style-type: none"> <li>• Anti-personnel landmines<sup>25</sup>/Cluster munitions<sup>26</sup></li> <li>• Weapons of Mass Destruction including the production, maintenance or trade of nuclear, biological<sup>27</sup>, chemical<sup>28</sup> and toxin weapons</li> </ul>	<ul style="list-style-type: none"> <li>• Any activity that adversely impacts Human Rights defined by the UN<sup>29</sup></li> </ul>

The Eligible Green Loan Portfolio is required to align with AIB's related internal sustainability codes and policies, including the Environmental Policy and the Code of Conduct. 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. Set out below are some examples of relevant codes and policies:

- Environmental Policy<sup>30</sup>
- Energy Policy<sup>31</sup>
- Code of Conduct<sup>32</sup>
- Excluded Activities List<sup>33</sup>

25 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.

26 As defined in Article 2 of the Convention on Cluster Munitions.

27 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.

28 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).

29 As listed on the UN website: <https://www.un.org/en/universal-declaration-human-rights/>

30 [https://aib.ie/content/dam/frontdoor/personal/sustainability/Environmental\\_Policy.pdf](https://aib.ie/content/dam/frontdoor/personal/sustainability/Environmental_Policy.pdf)

31 <https://aib.ie/content/dam/frontdoor/personal/sustainability/energy-policy.pdf>

32 <https://aib.ie/content/dam/aib/personal/docs/sustainability/code-of-conduct.pdf>

33 <https://aib.ie/corporate/excluded-activities>



AIB's codes and policies can be found [here](#), under “Our Commitments & Progress”.

Our robust Financial Crime Framework<sup>34</sup>, approved by our Board Risk Committee includes the Financial Crime policy and standards on Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT), Fraud, Group Sanctions and Anti-bribery and Corruption. They are embedded in our operating procedures, and subject to at least an annual content verification to ensure they are kept up to date. Financial crime is managed through the Three Lines of Defence model, and subject to oversight by the Board and externally by the Central Bank of Ireland.

Our customers go through our Customer Due Diligence process at the onboarding stage, and on an ongoing basis, which is driven by the risk assessment of the customer. Within the process, we screen customers against various criteria including national/ international sanctions lists.

Risk culture at AIB is guided by policies, codes and procedures such as the Code of Conduct, and Conflicts of Interest Policy<sup>35</sup>. These provide a strong foundation to encourage the right behaviours and to comply with regulatory requirements.

<sup>34</sup> <https://aib.ie/content/dam/frontdoor/personal/sustainability/financial-crime-statement.pdf>  
<sup>35</sup> [https://aib.ie/content/dam/frontdoor/personal/sustainability/Conflicts\\_of\\_Interest\\_Policy.pdf](https://aib.ie/content/dam/frontdoor/personal/sustainability/Conflicts_of_Interest_Policy.pdf)

# 5. Management of Proceeds

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

The (net) proceeds from Green 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 Green Bond instruments to an Eligible Green Loan Portfolio, selected in accordance with the Eligibility Criteria set out in the Use of Proceeds and Process for Project Evaluation and Selection sections.

AIB will strive, over a period of 24 months post issuance, to achieve a level of allocation for the Eligible Green 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 Green Bonds Instruments. Additional Eligible Green Loans will be added to the Eligible Green Loan Portfolio to the extent required to ensure that an amount equivalent to the (net) proceeds from outstanding Green Bond instruments will be allocated to Eligible Green 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<sup>36</sup>.

Pending allocation of an amount equivalent to the (net) proceeds of any tranche of Green Bond instruments to an Eligible Green Loan Portfolio, AIB will hold and/or invest, at its own discretion, the balance of (net) proceeds not yet allocated to the Eligible Green Loan Portfolio, in its treasury liquidity portfolio, or in cash, 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 equal to any temporarily unallocated net proceeds from the issue of Green Bond instruments to ESG orientated assets.

---

<sup>36</sup> Within one year at the latest. This topic is discussed during the ESG Bond Working Group meetings.

# 6. Reporting

AIB intends to publish a report on the allocation of proceeds to the Eligible Green 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 Green Loan Portfolio at least at the category level and on an aggregated basis for all of AIB's Green Bond instruments outstanding.

AIB intends to align, on a best effort basis, the impact reporting with the portfolio approach described in the ICMA "Handbook – Harmonized Framework for Impact Reporting (June 2023)"<sup>37</sup> and/or with the NPSI "Position Paper on Green Bonds Impact Reporting (March 2024)"<sup>38</sup>.

Further, AIB may decide to provide pre-issuance and/or post-issuance disclosures according to the (voluntary) common templates according to the EU Green Bond Standard Regulation<sup>39</sup>.

## Allocation Reporting

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

- The size of the identified Eligible Green Loan Portfolio, per eligible category
- The total amount of proceeds allocated to Eligible Green Loans
- The number of Eligible Green Loans
- The balance of unallocated proceeds
- The amount or the percentage of new financing and refinancing<sup>40</sup>
- The geographical distribution of the assets (at country level)
- The sectoral distribution of the assets (at country level), where feasible

## EU Taxonomy & EU Green Bond Standard

AIB may rely on Sustainalytics' EU Taxonomy alignment assessment as part of its SPO or its own annual EU Taxonomy alignment ('Green Asset Ratio') reporting to assess alignment of the Eligible Green Loan Portfolio with the EU Taxonomy.

AIB may provide pre-issuance and/or post-issuance disclosures according to the (voluntary) common templates according to the EU Green Bond Standard Regulation<sup>41</sup>.

37 <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

38 [https://kommuninvest.se/wp-content/uploads/2024/03/NPSI\\_Position\\_paper\\_2024\\_final.pdf](https://kommuninvest.se/wp-content/uploads/2024/03/NPSI_Position_paper_2024_final.pdf)

39 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R2631>

40 New financing refers to loans issued over the previous reporting period.

41 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R2631>

# Impact Reporting

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

- A description of relevant Eligible Green Loans
- The breakdown of the Eligible Green Loan Portfolio by nature of what is being financed (financial assets)
- Potential social co-benefits of the Eligible Green Loan Portfolio
- Metrics regarding Eligible Green Loans environmental impacts as described in the table opposite:

ICMA GBP ELIGIBLE CATEGORY	POTENTIAL IMPACT INDICATORS
Green Buildings	<ul style="list-style-type: none"> <li>• Estimated ex-ante annual energy consumption in KWh/m2 or energy savings in MWh</li> <li>• Estimated annual reduced and/or avoided emissions in tons of CO2 equivalent</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>• Total installed capacity in MWh</li> <li>• Estimated annual avoided emissions in tons of CO2 equivalent</li> <li>• Number of power storage facilities (units per year) financed</li> <li>• Number of interconnectors (units per year) financed</li> </ul>
Clean Transportation	<ul style="list-style-type: none"> <li>• Estimated annual reduced and/or avoided emissions in tons of CO2 equivalent</li> <li>• Estimated annual reduced GHG emissions intensity in tons of CO2 equivalent per ton-km for freight activity and in tons of CO2 equivalent per passenger-km for passenger activity</li> <li>• Estimated reduction in car kilometers</li> <li>• Number of zero-emission vehicles financed</li> <li>• Number of zero-emission rail transport financed</li> <li>• Number of transportation infrastructures financed (units per year)</li> </ul>
Circular Economy & Waste Management	<ul style="list-style-type: none"> <li>• Estimated annual avoided emissions in tons of CO2 equivalent</li> <li>• Share and/or volume of annual non-hazardous waste collected and sorted and/or material recovered [% and/or m3]</li> </ul>

The impact report will be provided on a portfolio basis.

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

AIB may appoint specialized consultants to develop a methodology for the estimation and calculation of the impacts that were made publicly available.

Both the allocation report(s) and the impact report(s) will be made available on AIB's debt investor webpage: <https://aib.ie/investorrelations/debt-investor/green-bonds>.

# 7. External Review

## Second Party Opinion (Pre-issuance)

AIB has obtained an independent second party opinion from Sustainalytics to assess the alignment of the Framework with the ICMA Green Bond Principles 2021 (including the updated Appendix I of June 2022).

Sustainalytics has assessed the alignment of AIB's Green Bond Framework with the EU Taxonomy Climate Delegated Act (Annex I).

The second party opinion as well as the Green Bond Framework will be made available on AIB's debt investor webpage: <https://aib.ie/investorrelations/debt-investor/green-bonds>

## Verification

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 Green Bond instruments to the Eligible Green Loans, provided by its external auditor (or any subsequent external auditor).

# 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, 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 bonds for regulatory purposes or (v) otherwise affect or impede the ability of AIB to apply the proceeds of any AIB green or social bonds 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 bonds or 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 projects 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 projects.

In addition, each socially or environmentally focused potential purchaser of AIB green or social bonds should be aware that eligible green or social projects 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.