

# ESG Disclosures

Task Force on Climate-Related Financial Disclosures	54
Non-Financial Information Statement	59
EU Taxonomy	64

## ESG Disclosures – TCFD

# Our TCFD Disclosures

In 2019, AIB was the first Irish Bank to become an official supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) to identify and assess our climate risks and opportunities. During 2023 AIB continued to make good progress in aligning with TCFD recommendations across the four key areas of Governance; Strategy; Risk Management; and Metrics and Targets.

An overview of our progress against the TCFD recommendations is referenced in the applicable sections of this report with further detail, where relevant, provided in the Detailed Sustainability Report 2023.

TCFD Pillar	Recommendation	AIB's governance approach	Disclosure Location
Governance	(a) Board's oversight of climate-related risks and opportunities.	Our governance structure provides clear oversight and ownership of the Group's sustainability strategy and management of climate risk at Board and executive levels. The Board is ultimately responsible for promoting the long-term sustainable performance of the Group, setting strategic aims and risk appetite to support the strategy. The Board delegates specific climate matters to its Committees.	<a href="#">Please see Governance and Oversight at p.66-79 and Detailed Sustainability Report at p. 57</a>
	(b) Management's role in assessing and managing climate-related risks and opportunities.	The key management committees responsible for climate-related activities are as follows: <ul style="list-style-type: none"> <li>• Executive Committee;</li> <li>• Group Sustainability Committee;</li> <li>• Group Disclosure Committee; and</li> <li>• Group Risk Committee.</li> </ul>	<a href="#">Please see Governance and Oversight at p. 110-112, Risk Management at p. 195 and Detailed Sustainability Report at p.58</a>
TCFD Pillar	Recommendation	AIB's strategy approach	Disclosure Location
Strategy	(a) Climate-related risks and opportunities (short, medium, and long term).	<ul style="list-style-type: none"> <li>• AIB considers transition risks and opportunities, as well as physical risks over the short, medium and long term.</li> </ul>	<a href="#">Please see Sustainability in AIB at p 22-24 and Risk Management: Climate and Environmental Risk at p. 193-195</a>
	(b) Impact of climate-related risks and opportunities on businesses, strategy, and financial planning.	<ul style="list-style-type: none"> <li>• Sustainable Communities continues to be a foundational pillar of our Group strategy and aligns strongly with our wider business strategy. AIB continues to support the transition to a low-carbon future building long term resilience and sustainability for our business, economy and society through our purpose of empowering people to build a sustainable future.</li> </ul>	<a href="#">Please see Sustainability in AIB at p 22-24 and Detailed Sustainability Report, at p.31</a>
	(c) Resilience of strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> <li>• The impact of Climate and Environmental risk is incorporated in the Group's stress testing framework by conducting comprehensive scenario analyses to evaluate the potential impact of various climate-related events on the Group's portfolios, operations and overall financial position.</li> </ul>	<a href="#">Please see Risk Management: Climate and Environmental Risk at p 194</a>

TCFD Pillar	Recommendation	AIB's risk management approach	Disclosure Location
Risk Management	(a) Processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> <li>The Group's material risk assessment identified Climate and Environmental as a new principal risk for the Group and this was approved by the Board in the second half of the year.</li> <li>The material risk assessment is an annual top-down process, identifying the Group's material risks in line with the Group's Risk Management Framework, taking into account the Group's strategic objectives, in addition to internal and external risk sources including climate related and environmental factors</li> </ul>	<a href="#">Please see Risk Management: Climate and Environmental Risk at p.193-195</a>
	(b) Processes for managing climate-related risks.	<ul style="list-style-type: none"> <li>Climate &amp; Environmental risk is also assessed within other risk management tools including the Physical Risk and ESG Sectoral Risk heatmaps.</li> <li>The ESG Questionnaire has been incorporated into the credit application process for customers in high risk transition sectors on new lending over €/£300k. These have been identified as carrying increased transitional environmental, social and governance related risk.</li> <li>The impact of Climate risk is incorporated in the Group's stress testing framework by conducting a comprehensive scenario analysis to evaluate the potential impact of various climate-related events on the Group's portfolios, operations and overall financial position.</li> </ul>	<a href="#">Please see Risk Management: Climate and Environmental Risk at 193-194, and Detailed Sustainability Report, at p.31</a>
	(c) Integration of processes for identifying, assessing and managing climate-related risks into overall risk management.	<ul style="list-style-type: none"> <li>The ESG Framework ensures that the Group's approach to the management of ESG is clearly defined and well understood, from the Board and down through all operations. The ESG Framework will be retired over the course of 2024 and Climate risk will be primarily managed through the Board-approved Climate &amp; Environmental Risk Framework. This Framework (and associated policy) is a key means by which climate related risks are shown to be fully integrated into the overall Risk Framework of the Group.</li> </ul>	<a href="#">Please see Risk Management: Climate and Environmental Risk at p.195</a>

TCFD Pillar	Recommendation	AIB's metrics and targets approach	Disclosure Location
Metrics and Targets	(a) Metrics used to assess climate-related risks and opportunities in line with strategy and risk management.	<ul style="list-style-type: none"> <li>In 2022, Financed Emission Targets were set for c. 75% of our group lending portfolio.</li> <li>We continue to focus on flood risk as the most significant physical risk.</li> <li>We report key metrics to track and monitor sustainable finance lending and activity.</li> </ul>	<a href="#">Please see Metrics and Targets at p.56 and Detailed Sustainability Report at p.22-23</a>
	(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	<ul style="list-style-type: none"> <li>Scope 1, 2 and 3 greenhouse gas (GHG) emissions are disclosed in Metrics and Targets.</li> <li>In 2023 the Group undertook a review of concentration of credit by industry sector and geography for loans and advances to customers.</li> </ul>	<a href="#">Please see Metrics and Targets at p.58 and Detailed Sustainability Report, at p.100-102</a>
	(c) Targets used to manage climate-related risks and opportunities and performance against targets	<ul style="list-style-type: none"> <li>AIB committed to Net Zero in our own operations by 2030.</li> <li>In FY2023 reporting we report on our progress against our emissions targets and further outline our plans to achieve them.</li> </ul>	<a href="#">Please see Risk Management: Credit Risk at p.160 and Detailed Sustainability Report, at p.106</a>

## ESG Disclosures – TCFD continued

# Metrics and targets

### TCFD recommendation:

Actual and potential impacts of climate-related risks and opportunities on business, strategy and financial planning where such information is material.

### (a) Metrics used to assess climate-related risks and opportunities in line with strategy and risk management process

Our publicly communicated ambitions to achieve net zero and increase the proportion of sustainable lending in our customer lending portfolio are key metrics to assess climate related risks and opportunities. In this section we provide further details on four key groups of metrics which are expanded further in the Detailed Sustainability Report. These groups of metrics are:

1. Financed Emissions;
2. Transition and Physical Risk;
3. Sustainable Finance; and
4. Performance Management.

#### 1. Financed Emissions

In 2022, taking a baseline position as at 31 December 2021, AIB set Financed Emission Targets for three sectors using a sector decarbonisation approach (SDA) – (i) Residential Mortgages; (ii) Commercial Real Estate; and (iii) Electricity Generation and (iv) Corporate Portfolio Coverage target (including fossil fuels) which have been validated by the SBTi. To set Financed Emission Targets, there are several key steps involved, which together form the overall target setting methodology. These steps combine actual AIB and wider market data with a set of assumptions and decarbonisation levers to provide a baseline financed emissions position and associated Financed Emission Targets. The approach to setting Financed Emissions Targets and associated data collection is still evolving and is subject to change over time. As such, the figures disclosed may evolve in line with industry best practice. In addition, we will validate our Science Based Targets in 2024 to determine the impact of the acquisitions of inorganic loans onto our balance sheet. The steps undertaken included:

- Calculation of each lending portfolio's baseline emissions in line with Partnership for Carbon Account Financials (PCAF) GHG guidance;
- Calculation of absolute and intensity requirement based on standardised industry International Energy Agency (IEA) decarbonisation 1.5°C aligned pathways;
- Determination of AIB and national decarbonisation levers to reduce emissions e.g., Decarbonisation of the electricity system as a national lever and a competitive green mortgage market proposition as a specific AIB lever;
- Quantification of the impact of each lever on emissions across counterparty Scope 1, 2 and 3 emissions;
- Financed Emissions Targets were governed and approved, including the relevant business actions and metrics; and,
- Short-term (annual) portfolio level Financed Emissions Targets set in line with medium-term Net Zero ambitions regularly monitored.

The performance tracking against Financed Emission Targets is monitored and reported through internal governance and an overview of our progress is included in the 'Financed Emissions' section of the Detailed Sustainability Report.

#### Financed Emissions – AIB Group Lending Portfolio

	% of Loans 31.12.2021	Decarbonisation Scenario	2021 Baseline Financed Emissions	2021 Baseline Emission Intensity/Emissions Targets Coverage	% Reduction in Emissions/ Emissions Targets coverage required by 2030
Residential Mortgages	50%	IEA 2021 NZE2050 (1.5°C)	1.3 mtCO <sub>2</sub> e	40 kgCO <sub>2</sub> e/M <sup>2</sup>	(58)%
Commercial Real Estate	10%		1.2 mtCO <sub>2</sub> e	135 kgCO <sub>2</sub> e/M <sup>2</sup>	(67)%
Electricity Generation	3%	Maintenance Target	0.07 mtCO <sub>2</sub> e	21 gCO <sub>2</sub> e/kWh	Maintain
Corporate Portfolio Coverage (incl. fossil fuels)	12%	Emissions Targets coverage	n/a	12% loan volume covered by emissions targets	54% loan value covered by emissions targets
<b>Total Loan Portfolio Covered</b>	<b>75%</b>		<b>2.57 mtCo<sub>2</sub>e</b>		

#### Notes:

- The % reduction required by 2030 is the % reduction in intensity required to meet the targets. The Corporate Portfolio Coverage target relates to counterparties with >500 employees, that have set validated science based targets. From a baseline of 12%, AIB have set a target to increase this to 54% by 2030.
- An intensity measure is a normalised metric that expresses emissions relative to economic output or size; such as emissions per unit of electricity generated (KWH's) in the case of electricity generation or size of a property (metres squared) in the case of Residential Mortgages/Commercial Real Estate. This allows emissions reduction targets to be set while accounting for economic growth.

## 2. Transition and Physical Risk

We continue to focus on flood risk as the most significant acute and chronic physical risk and have developed initial metrics to better understand this risk for our property-related exposure. These metrics support the tracking of physical risk for our key property portfolios. Our approach is subject to further evolution based on industry developments and supervisory and regulatory expectations which continue to evolve over time. On the transition risk side, we currently require all new lending over £/€300k in high transition risk sectors to complete our ESG Questionnaire.

	2023	2022
Non Financial Corporate (NFC) exposures sensitive to Flood risk secured on immovable property*	3.2% (€0.28bn)	3.2% (€0.27bn)
% of new lending to sectors with higher transition risk - flow	8 %	8%**
% of lending to sectors with higher transition risk - stock	5 %	6%
Exclusions/Assets Excluded from EU Paris-aligned Benchmarks (% lending to non-financial corporates)	<1%	<1%

### Notes:

- \*Physical flood risk shown above is aligned with our CRR449a Pillar 3 disclosure showing "sensitivity" to physical risk for NFC's secured by immovable property under an adverse climate scenario. Adverse climate scenario is defined as: RCP 8.5 to 2035, and a 1:100 risk of a flood event. The threshold of risk for "sensitive" is set at a 1% flooding risk (1:100) and the adverse climate change scenario to 2035. This approach aligns to the EBA 2021 ESG Risk Management guidance in so far as there is prescriptive guidance.
- Lending to sectors with high transition risk includes term & revolver lending; \*\*2022 figure is shown on a consistent basis to 2023 i.e. all term and revolver lending to high transition risk sectors.
- Non-Paris Agreement aligned assets relate primarily to non-financial corporate lending to counterparties with revenue from fossil fuel activities.

## 3. Sustainable Finance

We are committed to supporting our customers to transition to a low-carbon economy by providing them with appropriate sustainable finance products and services including green mortgages and finance for green buildings and renewable energy. During 2023, we continued to deploy our Climate Action Fund. The table below shows the key metrics used by AIB to track and monitor sustainable finance lending and activity.

	2023	2022
New green and transition lending (Climate Action Fund)	€3.7bn	€3.3bn
New green lending as % total new lending	30%	26%
Green Bond issuances	€0.75bn	€1.50bn
CDP rating	A-	A-

### Notes:

- In H2 2023, our new green lending definition was expanded to include new mortgage lending to energy efficient homes (BER A1-B2 / EPC A-B), aligned to our Sustainable Lending Framework (SLF). Our green mortgage products may include lending to homes with a B3 BER rating. The SLF is an internal AIB Framework that outlines the key parameters on which a transaction can be classified as green. This expanded definition has been applied to all relevant lending activity for the full year.
- The Green Bond issuances are aligned with the Green Bond Framework and associated governance, including a Second Party Opinion (SPO) review.
- The Carbon Disclosure Project (CDP) rating is externally collated and benchmarked by CDP and is based on a survey completed by AIB management

## 4. Performance Management

In 2023, AIB established a variable remuneration scheme which is based on company performance.

Three of the six measures within this scheme flow from ESG targets and measurements in the Group Balanced Scorecard. 40% of the outturn of the variable remuneration is linked to these ESG measures.

Our performance against our Group Balanced Scorecard is reviewed and challenged quarterly by ExCo and regularly by the Board. In addition, since 2021, senior executives have an ESG related performance goal, and a mandatory sustainability goal has been included in all employee performance reviews since 2022.

## ESG Disclosures – TCFD continued

### (b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

Scope 1, 2 and 3 greenhouse gas (GHG) emissions are disclosed below. Our approach continues to evolve in line with industry developments and numbers may change with time.

Further detail on our GHG Emissions is out in the Detailed Sustainability Report with particular reference to the ESG Supporting Data section of that report.

#### Absolute GHG Emissions (tCO<sub>2</sub>e)

	2023	2022	2021	Baseline Emissions	Baseline Year
Scope 1: Direct emissions	2,670	3,200	3,978	4,784	2019
Scope 2: Indirect emissions	4,909	5,963	5,945	10,025	2019
<b>Total Absolute Scope 1 and 2 GHG emissions</b>	<b>7,579</b>	<b>9,163</b>	<b>9,923</b>	<b>14,808</b>	2019
Scope 3: Category 1 – Purchased goods & service		2,584	2,319	488	2019
Category 2 – Capital goods		1,045	926	129	2019
Category 3 – Fuel & energy-related activities		3,342	3,906	5,512	2019
Category 5 – Waste generated in operations		35	39	199	2019
Category 7 – Business travel		1,556	342	3,845	2019
Category 8 – Employee commuting		5,346	2,008	4,287	2019
Category 15 – Investments (Financed Emissions, see Financed Emissions Target table on page 26 of our Sustainability Report for more detail)		2,200,000	2,570,000	2,570,000	2021

#### Notes:

- Scope 1 Direct emissions are from sources that are owned by AIB. AIB's direct (Scope 1) emissions include combustion fuels, biomass (CH<sub>4</sub> and N<sub>2</sub>O), fleet and fugitive emissions. It does not include gross biogenic emissions which are emissions of CO<sub>2</sub> from the combustion of biodegradation of biomass.
- Scope 2 figures reflect gross location-based absolute emissions.
- Scope 3 emissions are reported one year in arrears. AIB reports on categories 1, 2, 3, 5, 7, 8 and 15. We do not report on categories 4, 6 and 9-14, which are not material for AIB and for which there is currently limited data available.
- 2023 verified figures include nine months actual data and three months estimations.
- 2022 scope 1 and 2 figures have been updated as per last re-statement, issued in 2023.

### (c) Targets used to manage climate-related risks and opportunities and performance against targets

In addition to our financed emission targets outlined previously, AIB has committed to Net Zero in our own operations by 2030. The emissions targets we have set and validated for our own operations are outlined further in the Detailed Sustainability Report 2023 with an overview provided below:

- (a) reducing absolute Scope 1 GHG emissions by 34% by 2027, from a 2019 base year\* (as neither 2020 or 2021 reflected a standard year's operation due to pandemic related reductions);

	2023	2022	2021	Baseline 2019
Absolute Scope 1 GHG emissions target*	2,706	3,231	3,991	4,800
<b>Reduction (versus Baseline)</b>	<b>(44)%</b>	<b>(33)%</b>	<b>(17)%</b>	

- Metrics cover the Group.
- 2023 figures: are based on verification exercise completed in February 2024 and include nine months actual data and three months estimations.
- 2022 figures have been updated as per last re-statement, issued in 2023. This exercise was completed in accordance with the GHG Protocol guidance and allowed the incorporation of 12 months of actual data.
- \*The target figures include gross biogenic emissions which are emissions of CO<sub>2</sub> from the combustion of biodegradable of biomass as required under SBTi. For further detail refer to Section 5 of the Detailed Sustainability Report 2023.

- (b) increasing annual sourcing of renewable electricity to 100% by 2030.

We took action in 2022 to create two new solar farms in Co. Wexford, to be owned by NTR plc. Construction began swiftly, and the first solar farm commenced energisation in February 2024.

## ESG Disclosures – NFI statement

# Our non-financial information statement

**Our Non-Financial Information Statement is intended to comply with the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.**

This Non-Financial Information Statement offers some high-level information to provide an understanding of the development, performance, position and impact of our activities in the four non-financial matters.

We have provided references to supplemental information in this report and in our Detailed Sustainability Report 2023, which is reported with reference to the Global Reporting Initiative (GRI) Standards. For information on our business model, see page 6.

In AIB codes, frameworks and policies are in place to enable us to operate our business in a responsible and sustainable way. We have set out some of the key codes, frameworks and policies related to Non-Financial Reporting Directive (NFRD) requirements, and provided links to the associated Principal Risks and key performance indicators (KPIs) for each matter.

[For more information see our Detailed Sustainability Report 2023](#)



## ESG Disclosures – NFI statement continued

Environmental matters	
<b>Environmental Policy</b>	Our Environmental Policy enables us to carry out activities in our own operations taking environmental protection into account, to manage the direct and indirect environmental impact of our business in a responsible way and to achieve continual improvement in environmental performance. AIB is certified to ISO 14001:2015 for environmental management. Our policy was approved by our then Chief Operating Officer Designate and our Chief Strategy & Sustainability Officer. It is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>
<b>Energy Policy</b>	Our Energy Policy enables us carry out our business as energy efficiently as possible, reduce our carbon footprint and to achieve continuous improvement in energy performance. AIB is certified to the international standard ISO 50001:2018 for energy management. Our policy was approved by our then Chief Operating Officer Designate and our Chief Strategy & Sustainability Officer. It is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>
<b>Green Bond Framework</b>	The purpose of our Green Bond Framework is to enable AIB, or its subsidiaries, to issue green bond instruments, which may include covered bonds, senior bonds (preferred or non-preferred), subordinated bonds and medium term notes, to finance and/or refinance green eligible loans with a positive environmental benefit. Our Framework is based on the ICMA Green Bond Principles 2021, including the updated Appendix I of June 2022, and defines the portfolio of loans eligible to be funded by the proceeds of Green Bonds issued by AIB. Our Framework is approved by both the Group Sustainability Committee and Treasury Management Risk Board and is publicly available at <a href="https://aib.ie/investorrelations/debt-investor">https://aib.ie/investorrelations/debt-investor</a>
<b>Group Credit Risk Policy</b>	Our Group Credit Risk Policy includes a list of excluded business activities that are considered to be incompatible with Group strategy due to, amongst other things, negative environmental impacts associated with deforestation, nuclear power generation, natural gas fracking and the exploration, extraction or refining of oil or coal. The policy rule prohibits providing new money for any term lending facilities to businesses, or any of their subsidiaries, involved in the excluded business activities. This rule applies to all business customers with a Gross Connected Exposure of > €£300k and who are relationship managed. Our policy was approved by our Board. The list of excluded activities is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>
<b>Group Project Finance Policy</b>	Our Group Project Finance Policy guides our renewable energy lending assessments and decisions for long-term infrastructure, industrial projects and public services. Within credit assessment due diligence, assets that are 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. AIB may rely on analyses provided by external parties to support our assessment. Our policy was approved by our Group Credit Committee.
<b>Stress Testing Policy</b>	<p>The Business Model and Capital Adequacy Framework and the Stress Testing Policy were updated in 2023 to reflect the work of the Climate Stress Testing project regarding Climate Stress Testing models, roles and responsibilities and governance requirements relating to climate stress testing across the Group. The climate stress testing approach and associated models consider the impact of physical and transition risks across a number of scenarios on the Group's exposures.</p> <p>The initial scope of climate stress testing activities and climate modelling in the Group is primarily focused on the credit risk implications for our loan portfolio via both transitional and physical risk. This is where the most material impact of climate stresses impacts the Group with the approach covering all customer loans and advances on the balance sheet. Our Policy was approved by the Group Risk Committee.</p>
<b>Sustainable Lending Framework</b>	Our Sustainable Lending Framework (SLF) enables the classification of new customer loans as green, transition or social. The SLF was developed to provide transparency on the criteria that AIB employs in classifying and reporting on green and transition lending to help us achieve our ambition that 70% of new lending should be green or transition by 2030. It is based on industry best practice and is aligned, where applicable, to the EU Taxonomy regulation and will evolve as required to amend or add additional qualifying activities and/or criteria. Our framework was approved and is periodically reviewed by our Group Sustainability Committee.
<b>KPIs</b>	<p>Our main key performance indicators for environmental matters are:</p> <ul style="list-style-type: none"> <li>• Reduction in emissions – in 2023 we achieved a (17)% reduction in our Scope 1 &amp; 2 GHG emissions (yoy); and,</li> <li>• New Green Lending (Climate Action Fund) – in 2023 we advanced €3.7bn in new green lending.</li> </ul>
<b>Principal Risks</b>	<p><a href="#">Operational Risk (see page 189 and 190)</a>  <a href="#">Financial Risk (see pages 184 to 188)</a>  <a href="#">Liquidity &amp; Funding Risk (see pages 177 to 183)</a>  <a href="#">Business Model Risk (see page 189)</a>  <a href="#">Model Risk (see page 193)</a>  <a href="#">Credit Risk (see pages 126 to 176)</a>  <a href="#">Climate &amp; Environmental Risk (see pages 193 to 196)</a></p>

## Social and employee matters

<b>Code Of Conduct</b>	Our Code of Conduct sets out clear expectations for how we behave and how we do business. The code guides our behaviours and emphasises our commitment to acting ethically, honestly and with integrity while demonstrating trustworthiness. It applies to anyone working in AIB. All employees are required to adhere to our code and complete a declaration of compliance with our code annually. In addition, annual e-learning on the code is mandatory for all employees. Our code was enhanced in 2023 to align with the requirements of the Central Bank (Individual Accountability Framework) Act 2023. Our code was approved by our Board Audit Committee. It is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>
<b>Speak Up Policy</b>	Our Speak Up Policy is our whistleblowing policy. It sets out how all those working in and for AIB Group, including but not limited to, employees, agency staff, tied agents, suppliers, contractors, consultants and those providing an outsourced service, can safely and confidentially speak up to raise a concern about suspected or actual wrongdoing in work, without fear of penalisation. The policy outlines the channels available to raise such concerns and was approved by our Board Audit Committee. It is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>
<b>Inclusion &amp; Diversity Code</b>	Our Inclusion & Diversity Code is based on an ethos that respecting all our employees and developing and harnessing their talents, creates an inclusive and supportive organisation. It enables the Group to deliver a superior experience for all our customers, provides an inclusive place to work for our employees, and contributes to an appropriate financial return for our shareholders and the economies within which we operate. Our code was approved by our Executive Committee. It is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>
<b>Group Social Housing Policy</b>	Our Group Social Housing Policy, together with our Commercial Investment Policy, supports lending to our customers for social housing and helps us to manage and mitigate the associated risks. Our policy was approved by our Group Credit Committee.
<b>Health &amp; Safety Policy</b>	Our Health & Safety Policy sets out our commitment to ensuring the safety of our employees, customers, contractors, visitors and our workplace. Our policy is endorsed by our Chief Executive Officer. It is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>
<b>Regulatory Accountability Policy</b>	Our Regulatory Accountability Policy sets out the requirements of all impacted staff within AIB Group entities with respect to adherence to the Central Bank (Individual Accountability Framework) Act 2023 ('IAF'), including the existing and enhanced Fitness & Probity Regime. This policy applies to all Controlled Function and Pre-Approval Controlled Function role holders who are directly employed by or contracted to AIB Group or any of its regulated subsidiaries. Through our commitment to the standards and adherence to the requirements outlined in this Policy, AIB will demonstrate it is satisfied on reasonable grounds that all its employees who are in relevant roles are correctly and appropriately identified, assessed and reviewed in terms of their initial and ongoing suitability for these roles under the required standards. Our policy was approved by our Executive Committee.
<b>Social Bond Framework</b>	The purpose of our Social Bond Framework is to enable AIB, or its subsidiaries, to issue social bond instruments, which may include covered bonds, senior bonds (preferred or non-preferred), subordinated bonds and medium term notes, to finance and/or refinance social eligible loans with a positive societal benefit. Our Framework is based on the ICMA Social Bond Principles 2021, including the updated Appendix I of June 2022, and defines the portfolio of loans eligible to be funded by the proceeds of Social Bonds issued by AIB. Our Framework is approved by both the Group Sustainability Committee and Treasury Management Risk Board and is publicly available at <a href="https://aib.ie/investorrelations/debt-investor">https://aib.ie/investorrelations/debt-investor</a>
<b>Socially Responsible Investment Bond Framework</b>	The purpose of our Socially Responsible Investment Bond Framework is to fund domestic and international initiatives aimed at global sustainability, carbon emission reduction, and social improvement, all under the overarching themes of ESG. As an established buy-to-hold bond investor, AIB can promote and support the transition to a more sustainable global economy and contribute to positive environmental and social change via the sustainable bond market. In order to ensure we maintain a strong presence in the sustainable bond market, and continue to fund positive impact projects, it is our continued ambition to grow the Socially Responsible Investment Portfolio to at least 14% of AIB's total Investment Securities in the medium-term (AIB's total Investment Securities are detailed as per this report.). Our framework is approved by Treasury Management Risk Board and noted at Group Sustainability Committee. It is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>
<b>KPIs</b>	For social and employee matters, our key performance indicators include: <ul style="list-style-type: none"> <li>• Diversity – In 2023, we maintained gender balance with 40% female representation at Board, 42% at ExCo and 42% across all management levels.</li> <li>• Social housing finance – We supported social housing by providing funding of €91m in 2023. This brings the total of social housing financed since we announced our target in 2020 to €548m.</li> </ul>
<b>Principal Risks</b>	<a href="#">Conduct and Culture Risk (see pages 190 to 191)</a> <a href="#">Credit Risk (see pages 126 to 176)</a>

## ESG Disclosures – NFI statement continued

Respect for human rights	
<b>Human Rights Commitment</b>	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 Committee and reviewed by our Sustainability Business Advisory Committee and Board in February 2023. It is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>
<b>Code Of Conduct</b>	Our Code of Conduct is our central policy for the human rights of our employees. In addition, our wider policy suite exists to protect our employees and respect their rights. Additional supporting policies include: our Inclusion & Diversity Code; Anti-Bullying & Harassment Policy; Domestic Abuse Handbook; Speak Up Policy; and Grievance Policy. We ensure that we not only fulfil our legislative requirements, but that we seek to go above and beyond the minimum standards for the jurisdictions in which we operate. Our code was approved by our Board Audit Committee. It is publicly available at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>
<b>Group Data Protection Policy</b>	Our Group Data Protection Policy is part of the Regulatory Compliance Risk Management Framework. It aims to ensure that processes and controls are in place to minimise the risk of unfair or unlawful data processing and that all employees understand the responsibilities and obligations that must be adhered to under data protection regulation. It applies to our entire operations, including our suppliers. Our policy was approved by our Group Risk Committee. While this policy is not publicly available, a synopsis of its key aspects is set out in our Data Protection Statement at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>
<b>Responsible Supplier Code</b>	Our Responsible Supplier Code sets out our expectation that our suppliers conduct their business in a fair, lawful, and honest manner with all their stakeholders, employees, subcontractors and any other third parties.  It describes our expectations on human rights, health, safety and welfare, supply chain, and inclusion and diversity. Suppliers are expected to adhere to it, along with all applicable laws, regulations and standards in the countries in which their business is conducted. Our suppliers may be asked to provide a written attestation that they have read and understood the Code, and will adhere to it. Our code was endorsed by our Chief Executive Officer. It is publicly available on our suppliers portal at <a href="http://www.aib.ie/suppliers">www.aib.ie/suppliers</a>
<b>Modern Slavery Statement</b>	Our Modern Slavery and Human Trafficking Statement is released annually. AIB recognises our responsibility to comply with all relevant legislation, including the UK Modern Slavery Act 2015. Our statement was approved by our Board It is available at <a href="https://aib.ie/group/modern-slavery-statement">https://aib.ie/group/modern-slavery-statement</a>
<b>KPIs</b>	We report on these performance indicators annually in our Sustainability Report: <ul style="list-style-type: none"> <li>• Breaches of data privacy: In 2023, we received 20 complaints from the data protection supervisory authorities in Ireland and the UK regarding breaches of data privacy.</li> <li>• Personal data breaches: In 2023, we reported 522 personal data breaches to the relevant data protection supervisory authorities in Ireland and the UK.</li> </ul>
<b>Principal Risks</b>	<a href="#">Conduct and Culture Risk (see pages 190 to 191).</a> <a href="#">Regulatory Compliance Risk (see pages 191 to 192).</a>

## Anti-bribery and corruption

<b>Financial Crime Policy</b>	<p>Our Financial Crime policy and standards encompass Anti-Money Laundering/Countering the Financing of Terrorism, Fraud, Anti-Bribery and Corruption and Sanctions. The policy and standards are embedded within business operating procedures, and subject to at least an annual content verification to ensure that they are kept up to date.</p> <p>All employees and Directors are made aware of our Financial Crime policy and standards. Employees must complete mandatory e-learning annually. Our Money Laundering Reporting Officer (MLRO) provides comprehensive annual training to the Board. Bespoke training tailored to consider the financial crime risks relevant to specific roles is also provided to key employees. To further enhance awareness, we issue financial crime bulletins periodically to our employees, outlining key trends and other topical items. Our policy was approved by our Board Risk Committee. While this policy is not publicly available, a synopsis of its key aspects is set out in our Financial Crime Statement at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a>.</p>
<b>Conflicts Of Interest Policy</b>	<p>Our Conflicts of Interest Policy provides a clear statement of the standards for recognising and preventing potential conflicts of interest and for managing conflicts of interests where they cannot be avoided. Conflicts of interest situations may arise between the interests of two or more parties (whether directly or indirectly involved) in any situation. Our policy was approved by our Group Chief Compliance Officer. While this policy is not publicly available, a synopsis of its key aspects is set out in our Conflicts of Interest Statement at <a href="http://www.aib.ie/sustainability">www.aib.ie/sustainability</a></p>
<b>KPIs</b>	<p>Our key performance indicators for these matters include:</p> <ul style="list-style-type: none"> <li>Conflicts of Interests training – 98% completion rate in 2023. We target a completion rate of 90% annually, to allow for those who are on leave during the training period. On returning from leave, they are expected to complete the training.</li> <li>Incidents of corruption* – In 2023, there were two incidents, both cases were internal fraud and were not material in value.</li> </ul>
<b>Principal Risks</b>	<p><a href="#">Regulatory Compliance Risk (see pages 191 to 192)</a>, <a href="#">Conduct and Culture Risk (see pages 190 to 191)</a>,</p>

\*Per GRI definition of Corruption <https://globalreporting.org/publications/documents/english/gri-standards-glossary-2022/>

# ESG Disclosures – EU Taxonomy

## EU Taxonomy

As part of our commitment to transparency and responsible banking, we are disclosing our Green Asset Ratio to demonstrate our alignment with the EU Taxonomy criteria.

The EU Taxonomy is a sustainability classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes.

The EU Taxonomy aims to redirect capital flows to support the transition and help generate sustainable and inclusive growth. The EU Taxonomy Regulation (Regulation (EU) 2020/852) specifies that financial undertakings shall disclose how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable. To qualify as EU Taxonomy aligned, an economic activity must substantially contribute to one or more of the six EU environmental objectives under the technical screening criteria, whilst doing no significant harm (DNSH) to the other five objectives and complying with minimum social safeguards.

For the last two years AIB have published its EU Taxonomy eligibility disclosures in line with requirements. This is the first year AIB is disclosing on the alignment of the portfolio to EU Taxonomy via the Green Asset Ratio (GAR), which quantifies EU Taxonomy-aligned assets as a percentage of total covered assets.

As part of AIB commitments to provide Green and Transition lending, the Bank has developed a Sustainable Lending Framework (SLF) to provide transparency on the types of activities to be considered as Green, Transition or social activities. EU Taxonomy aligned lending is a subset of the green lending categorisation as determined by the SLF. As at 31 December 2023, the green asset ratio is 5.94% which equates to total taxonomy aligned exposure of €5.49bn over total covered assets of €92.4bn as outlined in the Balance sheet summary below.

The criteria for EU Taxonomy are strict with many lending activities that contribute to the transition of a greener economy excluded as the activities do not meet the criteria. For AIB, EU Taxonomy aligned exposure identified materially comprises 1) lending to residential mortgages where the underlying assets meet the technical screening criteria for Climate Change Mitigation including an assessment of DNSH to Climate Change Adaptation and to a much less extent 2) lending to counterparties subject to the Non-Financial Reporting Directive (representing a small portion of total lending activity c.1%).

In determining alignment for residential mortgages we have utilised the BER or EPC of the property to identify assets contained in the Top 15% of national stock (constructed pre 2020) or aligned to the Nearly Zero Energy Building Standard – 10% (constructed post 2020). As in previous years, a screening exercise was performed to identify counterparties subject to the Non-Financial Reporting Directive and reporting for this cohort has been undertaken using 2023 published data by counterparties which relates to 2022 year end information. The EU Taxonomy regulation is subject to ongoing updates and refinements in taxonomy criteria may influence the calculation of the GAR over time.

AIB acknowledge the importance of ESG data to inform reporting, support decision-making and enhance product development and is committed to evolving data capture and storage infrastructure to improve accessibility, meet regulatory obligations and integrate ESG data into existing business processes. This evolution will also ensure that the additional data made available through the adoption of Corporate Sustainability Reporting Directive (CSRD) disclosures can be leveraged across strategy, systems and processes.

Balance Sheet Overview as at 31 December 2023	Total Gross Carrying Amount (€m)	Taxonomy Eligible Exposure (€m)	Taxonomy Aligned Exposure <sup>a</sup> (€m)	Green Asset Ratio <sup>a,b</sup>
<b>Loans and advances, debt securities and equity instruments eligible for GAR calculation</b>	<b>58,943</b>	<b>36,822</b>	<b>5,487</b>	<b>5.94 %</b>
Financial undertakings	17,990	—	—	
Non-financial undertakings (Subject to NFRD)	900	62	—	
Households	40,028	36,760	5,487	
Local governments financing	22	—	—	
Collateral obtained by taking possession	2	—	—	
<b>Assets excluded from the numerator for GAR calculation (covered in denominator)</b>	<b>33,466</b>			
Non-financial undertakings (not subject to NFRD)	25,811			
Derivatives	1,920			
On demand interbank loans	328			
Cash and cash-related assets	598			
Other categories of assets (e.g. Goodwill, commodities etc.)	4,809			
<b>Total GAR assets (for denominator)<sup>b</sup></b>	<b>92,409</b>			
<b>Assets not covered for GAR calculation</b>	<b>45,451</b>			
<b>Total Assets</b>	<b>137,860</b>			

#### Notes:

- Taxonomy eligible exposure is lending to an eligible economic activity that has been classified under an environmental objective within the EU Taxonomy Regulation
- Taxonomy aligned exposure is lending to an eligible economic activity that qualifies as environmentally sustainable in line with the technical criteria specified within the EU Taxonomy Regulation

# ESG Disclosures – EU Taxonomy

## Our 2023 disclosure

**Our total environmentally sustainable assets amounts to 5.487 bn resulting in a Green Asset Ratio of 5.94%**

The table below outlines a summary of our KPIs namely the Green Asset Ratio Stock and Flow. Please refer to pages 325 to 328 for the full disclosure templates required under EU Taxonomy.

		Total environmentally sustainable assets €m	KPI <sup>(2)</sup>	KPI <sup>(3)</sup>	% coverage (over total assets) <sup>(1)</sup>	% of assets excluded from the numerator of the GAR	% of assets excluded from the denominator of the GAR
Main KPI	Green asset ratio (GAR) stock	5,487	5.94	5.94	67.03	24.28	32.97
		Total environmentally sustainable assets €m	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR	% of assets excluded from the denominator of the GAR
Additional KPIs	GAR (flow)	398	1.68	1.68	100.00	N/A	N/A
	Financial guarantees	—	— %	— %			
	Assets under management	—	— %	— %			

### Notes:

- (1) % of assets covered by the KPI over banks' total assets
- (2) based on the Turnover KPI that the underlying counterparty has disclosed for each environmental objective in accordance with this Regulation
- (3) based on the CapEx KPI that the underlying counterparty has disclosed for each environmental objective in accordance with this Regulation
- Total environmentally sustainable assets refers to the amount of exposure deemed aligned to EU Taxonomy criteria
- GAR stock KPIs are the total environmentally sustainable assets (split by turnover and CapEx) as a proportion of total covered assets
- GAR flow KPIs are based on the gross carrying amount of exposures originated in 2023 (split by turnover and CapEx) as a proportion of total covered assets originated in 2023