

AIB SOCIAL BOND FRAMEWORK



7th July 2021

Contents

1. AIB Group plc.....	3
2. Rationale for AIB Social Bond Framework	9
3. Use of Proceeds	10
4. Process for Project Evaluation and Selection.....	16
5. Management of Proceeds	17
6. Reporting.....	17
7. External review.....	20
Appendix 1 - Methodology to select “pure-play” companies in Healthcare and Education.....	21
Appendix 2 – Methodology to select Eligible SME lending	22
DISCLAIMER	23

1. AIB Group plc

AIB is a financial services group (and AIB Group plc is the parent of the AIB group) operating predominantly in Ireland, providing a comprehensive range of services to retail, business and corporate customers, and holds market leading positions in key segments in Ireland using the AIB, EBS and Haven brands. AIB also operates in Great Britain, as AIB Group UK plc, and in Northern Ireland, under the trading name of AIB NI. Our purpose, as a financial institution, is to back our customers to achieve their dreams and ambitions.

AIB offers a full suite of products for retail customers, including mortgages, personal loans, credit cards, current accounts, insurance, pensions, financial planning, investments, savings and deposits. Its products for business and corporate customers include finance and loans, business current accounts, deposits, foreign exchange and interest rate risk management products, trade finance products, invoice discounting, leasing, credit cards, merchant services, payments and corporate finance.

As a bank, AIB has a meaningful contribution to make in addressing many of the pressing current and emerging societal issues, including:

- Facilitating access to the digital economy for all via the provision of basic bank accounts – with financial literacy/education being linked to inclusion.
- Backing SMEs along the wealth- and job-creators within the economy.
- Funding the providers and purchasers of housing and homes, including social and affordable housing.
- Advancing the transition to a low-carbon environment.

In addressing these issues we must adhere to sustainable business practices. Ultimately our social licence to operate, to contribute and to lead will be determined by the trust our stakeholders place in us.

Our success is also inextricably linked to the health of the Irish economy and the financial well-being of our customers. We want our business to make a positive impact, creating long-term shared value in our business as well as the economies and communities in which we live and work. We are committed to delivering on our role and embedding a sustainable culture at every level of our business.

Our Sustainability Strategy and ambitions

Under AIB's Sustainability Strategy 'We pledge to DO MORE' - Leading Ireland's transition to become a low-carbon economy and challenging ourselves to deliver meaningful social and economic value to our customers and other stakeholders.

Strong governance frameworks are key to delivering on our strategy. AIB Group plc's Board of Directors (the "Board") established a number of Board Committees and Board Advisory Committees to oversee specific areas of the Group's operations while the Board retains ultimate responsibility, ensuring a robust approach. This included the establishment of the Sustainable Business Advisory Committee (SBAC), which includes a number of AIB's Board and Executive Committee members.

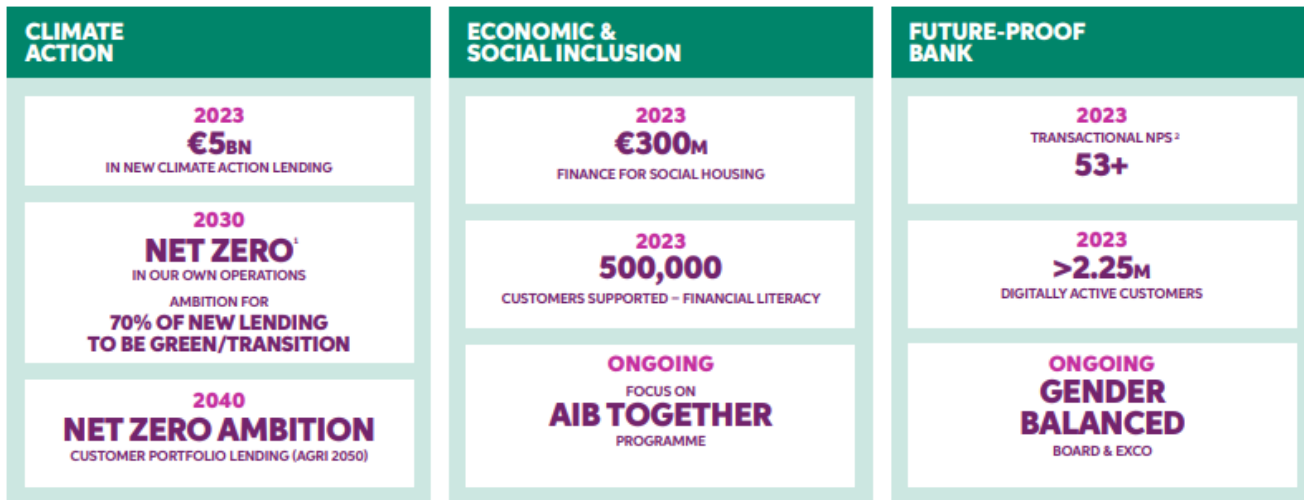
Our Sustainability Strategy is based on the following pillars:

1. ***Climate Action:*** We are actively reducing our own carbon footprint and we are committed in supporting customers and communities in their transition to a low-carbon economy.
2. ***Economic and Social Inclusion:*** We aspire to a fairer society that is socially and economically inclusive. We do this by investing and raising awareness in access, education and innovation for our customers, our colleagues and our communities.



3. Future-Proof Bank: We want to give our customers the best possible banking experience. In an increasingly digitalised world, we are focused on keeping our systems resilient and our data secure.

AIB has defined the following medium and long-term targets related to each of the pillars:



¹Includes Scope 1 & 2 emissions.
²Transactional Net Promoter Score (NPS) is an aggregation of 20 Home, Personal, SME, Digital, Retail, Direct and Day-to-Day Banking journeys.

Focus on Economic and Social Inclusion

Next to Climate Action and Future-Proof Bank, we have established a strong Economic and Social Inclusion Strategy. We recognise the pivotal role that access to finance plays as an enabler in everyday life for all our customers.

Usability of services and accessibility of products

We have a customer first approach, based on engaging, listening and responding to our customers, and working with them to ensure they get the best products and services. The first step in ensuring a positive customer experience is for our products and services to be useable and accessible. It is therefore critical in the design of our products/services that product owners clearly identify the customers’ needs, take into consideration the needs of customers who are deemed to be vulnerable, and incorporate their feedback and input into the design. Our approach for managing and mitigating risks relating to the development of new products, propositions and substantial changes to existing ones, as well the solutions we use to help customers in difficulty, is set out in our Product and Propositions Risk Policy.

We strive to make our products & services accessible to all our customers. Everyone can access our banking services through the Irish post office network and through a community bank for rural locations in Ireland. During COVID-19, we have maintained branch support to ensure accessibility. We have also offered 66,000 Covid related payment breaks to support our customers in homes, SMEs and personal lending.

AIB also aims to improve accessibility via digital platforms, with 1.72m active digital customers and 1.39m active mobile customers. Via our digital offering there are end to end loan and mortgage processes in place with direct messaging to a mortgage advisor available.

AIB has been a funding partner of the Social Finance Foundation (SFF) since its inception. Through the Banking & Payments Federation of Ireland, we collaborated with other funding partners to agree to provide a substantial



new tranche of low-cost funding to SFF, to support social and micro enterprises for the period 2021-2025.

Financial Inclusion and Literacy

Financial inclusion is important as it can help to support improvement in the financial health of all in society. By supporting people from all socio-economic backgrounds with access to tools, products and services, as well as building their financial knowledge and literacy, we can help everyone in wider society to manage and plan their finances effectively. In 2020, as part of an EU-wide initiative, we opened c. 17k Basic Bank Accounts for unbanked customers, providing a bank account that is lower cost as it is exempt from account maintenance and transaction fees. Alongside the Basic Bank Account service, we strive to develop customers' financial knowledge and skills to enable them to manage their finances effectively. Our Credit Risk team develop and maintain policies designed to establish responsible lending practices. Core principles are 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. We have established a Vulnerable Customer Programme to develop support for customers in vulnerable circumstances.

The programme is built on the experience of staff who support customers every day and is focused on key areas including Financial Abuse, Addiction, Dementia, Mental Health, Accessibility and Economic Resilience. The objective of the programme is to take exceptional care of our customers when they need us most and to foster a culture of inclusion and support in everything that we do. Over 14,300 hours of e-learning has been delivered to staff with 770 employees receiving bespoke classroom training. Using this training along with improved systems and procedures our front-line employees were able to provide additional support to over 2,800 customers when they needed it most. In addition, our Vulnerable Customer Support team assisted with over 1,400 of the most complex customer cases.

Our goal for 2023 is to provide financial literacy services to at least 500,000 customers. In 2020, over 80 businesses took part in the Chambers Ireland Sustainability Academy, which we supported. The programme focused on improving participants' knowledge and understanding of sustainability matters.

Access to essential services

AIB supports borrowers in the healthcare, educational and vocational training sectors. We are a leading finance partner to the acute hospital sector. We offer financial solutions to fund new operating theatres, beds, equipment, capital expenditure projects, hospital extensions and development and acquisitions. In addition, we finance residential care, including elderly, learning and physically disabled and mental health-care, which plays a key role in the overall healthcare offering. We also have financing options for healthcare service providers, primary care, and life science services.

In the context of education, we finance schools in Ireland, Universities and other 3rd level education facilities in Europe and in the US. In addition, we offer a Student Loan Product for students who can borrow between €600 and €50,000 via the Student Plus account. Via the Student Contribution Charge loan, students can borrow between €600 and €3,000 for each year of their course (up to four academic years). Borrowers can make interest-only repayments during their studies and begin to make full repayments once they complete their courses.

Youth and education is one of our core sustainable communities focus areas, and we enjoy partnerships with a variety of third-level institutions, including Dublin City University (DCU), University College Dublin (UCD) and Technological University Dublin (TUD). In Northern Ireland, we support Graduate and Student of the Year awards in both the Ulster University and Queen's University Belfast. We have partnered with Junior Achievement Ireland since its inception in 1996, and over 1,000 of our colleagues have been involved during the past 24 years, benefitting more than 28,000 students in Ireland. Junior Achievement helps children of all ages understand the benefits of staying in education and has worked with more than 3,000 volunteers to facilitate educational opportunities for more than 63,000 students. Despite the premature end to the school year due to the public health situation in 2020, 47,000 students in 549 schools benefited from Junior Achievement

Ireland (JAI) programmes in 2020.

Housing

Housing is a key strategic priority for us as a pillar bank in Ireland, and we understand that we have a key role to play in supporting and increasing the housing supply in Ireland. AIB is involved across the housing value chain, from the financing of development land, through to supplying funding for housing construction and financing mortgages. We are a leading provider of finance to the real estate sector and the market leader in the Irish mortgage market. In the UK, we launched one of the first Green Mortgages in the UK market, and the first in Northern Ireland. For mortgage customers in difficulty, we offer support and a comprehensive range of solutions. In addition, we offer financing solutions to housing organisations which offer affordable and social housing solutions in Ireland and the UK. AIB has provided iCare with committed funds of c. €30m over the past two years, with an expectation to increase overall committed funding limits in 2021. This funding has supported the acquisition of over 250 properties and has allowed over 700 individuals who may have otherwise lost their family residence due to mortgage arrears, remain in their family home under the rent to potentially buy conditions.

In addition, in October 2020, AIB launched a new €300 million social housing fund¹ which will help assist the development and long term hold of over 2,000 new sustainable A rated social housing units across the country.

AIB Housing Value Chain:



SME Solutions

AIB aims to support SMEs and start-ups. At AIB, we have two loan types available to meet our business customers' finance needs. We offer up to €60,000 via our SME Fixed Rate Loan. For loan amounts greater than €60,000 we offer competitive variable interest rates. Also new or early stage small businesses can apply for a business loan to invest in their business. In the course of 2020, AIB supported SMEs with €1.6bn lending. In order to provide short term relief to customers who experienced short term cash flow pressure as a result of COVID-19 impact to their business we introduced SME COVID-19 solutions.

This streamlined COVID-19 Working Capital process for Customers who are experiencing or potentially going to experience a shortfall in working capital due to COVID-19 was introduced in March 2020 and covered

¹ <https://group.aib.ie/content/dam/aib/group/Docs/Press%20Releases/2020/29-09-20-social-housing-fund.pdf>.

Overdrafts, Business Credit Lines and Farmer Credit Lines. To improve the experience for customers we implemented a shorter application process. In addition to the streamlining of COVID-19 working capital requests we also made significant enhancements to the SBCI² COVID-19 working capital loan scheme. This scheme is a critical Government support measure for SMEs, and we remained committed to introducing workable and robust solutions that achieve the objective of providing the necessary credit, to SMEs that have been severely impacted by the COVID-19 crisis. There are loans available from €25,000 up to €1.25m to fund working capital and innovation, change or adaptation of the business to mitigate the impact of Brexit or COVID-19. In the course of 2020, AIB supported customers through 66,000 COVID-19 payment breaks.

Community support

Through our community partnerships, we strive to deliver innovation and co-creation. In 2020, we saw the second anniversary of AIB Together, a Group-wide community programme of core partnerships, volunteering, corporate giving, and fundraising. Next to a €2.4m financial investment into core partners FoodCloud³ and SOAR, this programme offers two days per year for each employee to volunteer for local charities or community organisations. Since the programme launched, our employees have donated over 9,000 hours to a wide range of charities and causes. In April 2020, we launched an additional AIB Together €1m COVID-19 fund. With our deep community roots, our response to the COVID-19 crisis was swift. Over €700,000 has already gone to the most vulnerable groups adversely affected by the pandemic, including €416,000 raised through employee fundraising and matched by AIB to charity partners Age NI, Age UK, ALONE, FoodCloud, Pieta, and SOAR. €200,000 was provided immediately, distributed to over 600 local charities via our branch network across Ireland and the UK. We have also supported over 1,000 families in need through SVP (Irish charitable organization) and provided hundreds of students with laptops through the Trinity Access Programme Tech2Students initiative. In 2020, we launched €5m COVID-19 community support programme and supported five local innovation hubs.

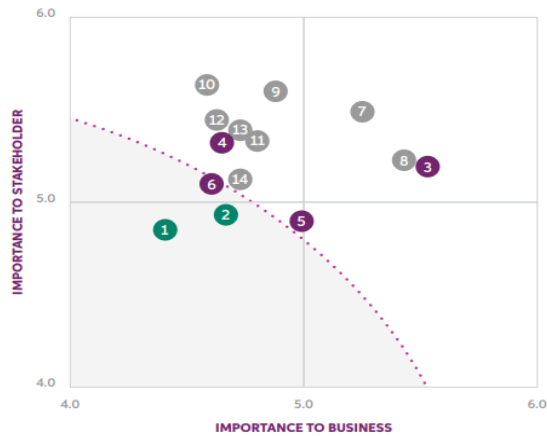
Sustainability @ AIB – Progress

AIB has had a focus on Corporate Sustainability for over twenty years, and intensified the focus on the broader Sustainability strategy in 2016, with the establishment of the Group Sustainability team, and Sustainability becoming a fifth pillar of the Group Strategy in 2019 and have consistently demonstrated progress in many ways across AIB. In 2021, we published our fifth Sustainability Report (over the year 2020), outlining the progress AIB is making in response to the key social, environmental and economic issues which have been identified by our stakeholders. This is the first time we have been reporting on our progress on commitments made against the Task Force on Climate-related Financial Disclosures (TCFD)⁴ and the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking. The report was prepared in accordance with the Global Reporting Initiative (GRI) Core option and independently assured by Deloitte.

² Strategic Bank of Commerce Ireland.

³ €0.5m per annum over a 3 year contract.

⁴ TCFD report is available within our Sustainability Report 2020.



CLIMATE ACTION

- 1 Ensure a climate resilient and responsive business model
- 2 Products and services to address environmental and social issues

ECONOMIC & SOCIAL INCLUSION

- 3 Usability of services and accessibility of products
- 4 Enable customers to make better informed financial decisions
- 5 Innovation and co-creation
- 6 Financial inclusion and literacy

FUTURE-PROOF BANK

- 7 Customer experience
- 8 Digitalisation and interconnectivity
- 9 Cyber security and business system resilience
- 10 Protect our customers data and privacy
- 11 Corporate governance and accountability
- 12 Ethics and integrity
- 13 Comply with laws, codes and regulations
- 14 Talent attraction and retention

We continue to strive to adhere to global best practice across the development of our sustainability strategy. As part of this process, we have a rolling materiality research exercise that seeks to identify both the risks and opportunities facing AIB, and which is refreshed and completed on a biennial basis.

As set out in our 2020 Sustainability Report (published in March 2021), this process prioritised 14 material topics where stakeholders believe AIB has an important role to play. These 14 material topics have been identified in the following three areas:

- Climate Action
- Economic and Social Inclusion
- Future-Proof Bank

Decisive action on climate change is needed in order to meet goals set by the Paris Agreement. AIB can support the transition to a low carbon economy in many significant ways in our own operations and the services we provide to our customers. A strategic priority for AIB is to lead Ireland’s Climate Action response. This is why we are working to integrate climate change impact considerations across our decision making:

- In 2017, AIB established the Energy, Climate Action and Infrastructure team in recognition that a centre of excellence was required in an essential growth sector. This team is now one of the largest in the Irish market and is supporting AIB’s goal of playing a leadership role in assisting Ireland in delivering its sustainability and decarbonisation goals. The team manages a diverse portfolio and provides solutions to energy companies across both the conventional power and renewable energy mix (e.g. wind, solar, and biomass).
- AIB has a dedicated Energy Team, focused on energy management of our own operations. The success of the work they are doing is reflected in our reduced carbon footprint and in our Climate Disclosure Project (CDP) rating. In 2020, for the fifth year running, CDP highlighted AIB as a global leader in corporate climate action, achieving a place on the Global A list in 2020.
- AIB has identified climate change as an Emerging Risk Driver for each of our Principal Risks. Qualitative statements relating to climate risk have been integrated into our Material Risk Assessment and Risk Appetite Statement.

In addition to the above, other key milestones that demonstrate our sustainability commitment to date include (for further information please see our Group Sustainability Report⁵):

In 2018:

- Low Carbon Pledge.
- AIB Energy Efficiency Outlook Report for SMEs⁶.
- Leading Irish lender in the Renewables field.

In 2019:

⁵ <https://aib.ie/content/dam/frontdoor/personal/sustainability/aib-sustainability-report-2020.pdf>
⁶ <https://business.aib.ie/help/sme-research>



- Sponsorship of Climate Finance Week Ireland 2019.
- Five year Climate Action fund - one billion euro per annum.
- Founding Signatories of the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking.
- Supporter of the Taskforce on Climate-related Financial Disclosures (TCFD).
- Green Bond Framework.
- Teagasc Grass 10 initiative - campaign to increase grass utilisation on Irish livestock farms.
- 5 Year Green Mortgage

In 2020:

- The AIB COVID-19 Research Hub, located within the Trinity College Biomedical Sciences Institute, will play a critical role in the delivery of the Trinity COVID-19 Immunology Project. AIB, as foundation partner, has committed €2.4 million to advance the project.
- Socially Responsible Investment (SRI) Bond portfolio.
- FTSE4Good Index Series.
- Commitment to achieve Carbon Neutrality across our operations by 2030, using a Net Zero approach.
- Sustainability-Linked Loan (SLL) product⁷.
- AIB published its ESG Exclusion List⁸.
- First Green Bond from an Irish bank.
- €2.66bn green lending was provided over the last two years.

In 2021:

- Green Personal loan⁹,
- United Nations Global Compact.
- Industry-led UN-convened UN Net Zero Banking Alliance which brings together over 45 banks to accelerate the transition to net zero emissions by 2050 at the latest.
- First Irish company to have committed to use World Economic Forum Stakeholder Capitalism metrics in our reporting, joining 78 other sustainability-focused companies globally.
- In May 2021, AIB has partnered with Coillte Nature and Forestry Partners to plant 90,000 native Irish trees over the next three years on behalf of new AIB second-level student account holders.

2. Rationale for AIB Social Bond Framework

As explained in the previous sections, it is a cornerstone of AIB's business to be a responsible member of society. AIB believes that Social Bond financing offers a way to create transparency around funds targeted to provide positive societal impact and/or mitigating social problems.

This AIB Social Bond Framework (the "Framework") is prepared with due care and attention and on a best effort basis by the ESG Working Group (the "Working Group"), a cross functional working group of relevant business areas within AIB. A detailed description of the process established for evaluating and selecting loans is presented in Section 4.

The AIB Social Bond Framework has been established in accordance with the International Capital Market Association ("ICMA") Social Bond Principles 2020¹⁰ ("SBPs"). The SBPs are a set of voluntary guidelines that recommend transparency and promote integrity in the development of the sustainable market by clarifying the approach for issuing a Social Bond.

In alignment with the SBPs, the Framework is presented through the following key pillars:

⁷ SLLs are currently available to customers of our Corporate, Institutional & Business Banking (CIB) segment.

⁸ <https://aib.ie/corporate/excluded-activities>

⁹ Specifics of the product to found at: <https://aib.ie/our-products/loans/green-personal-loan>

¹⁰ <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

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

For each Social Bond issued, AIB asserts that it will adopt (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds and (4) Reporting, as set out in this Framework. The Framework also follows the recommendations of the SBPs regarding (5) External Review.

The Framework may be further updated as the SBPs and market practices evolve and additional use of proceeds categories (“Eligible Categories”) may be included in the future, subject to an external third party evaluation. AIB is committed to support the growth and integrity of the market for Social Financing.


The Working Group will manage any future updates to the Framework, including the expansion of its Eligible Categories, and prospective future amendments to reflect developments in AIB’s Sustainability Strategy, market and regulatory developments. The Working Group and the Group Sustainability Committee (GSC), as defined in Section 4, provide oversight on the integrity of this activity, and ensures it is aligned with AIB’s Sustainability Strategy.

Under this Framework, Social Bonds will be predominantly issued by AIB Group plc but the Framework also allows for social bond issuances by any other entity of the Group.



3. Use of Proceeds

AIB, at its discretion but in accordance with the SBPs, will allocate an amount equal to the net proceeds of the Social Bonds to an eligible loan portfolio of new and existing social loans (the “Eligible Social Loans”, together forming the “Eligible Social Loan Portfolio”). Eligible Social Loans are to be funded in whole or in part by an allocation of an amount equal to the bond proceeds. Eligible Social Loans will be selected based on the use of proceeds criteria (“Social Eligibility Criteria”) defined below for each Eligible Category and according to the qualification process part of the lending due-diligence assessment normally conducted by AIB, which already includes a negative screening for Excluded Activities. On top of the bank wide policy for Excluded Activities, AIB has defined additional excluded sectors for this Framework (“Social Bond Exclusion List”).

- **Positive Screening: Compliance with Social Eligibility Criteria:** The proceeds of the Social Bond issuances in accordance with the Framework will be earmarked to the following Eligible Categories:
 1. Access to Healthcare
 2. Access to Education
 3. Social and Affordable Housing
 4. SMEs financing
 5. Support to charities and non-profit organisations

Eligible Category	Access to Healthcare	
SBPs macro-category	Access to Essential Services	

Social benefit(s)	<ul style="list-style-type: none"> • Increase access to quality, timely and accessible healthcare, including specialised medical treatment to target groups (e.g. people suffering from specific mental disorders and cognitive deficit pathologies) • Enhance quality and accessible care for aging population • Increase availability of quality medical equipment to healthcare facilities and individuals
Target groups	<ul style="list-style-type: none"> • General public • Individuals with specific physical and/or mental conditions, including cognitive deficit(s) • Elderly people • Individuals in need of rehabilitation services
Location	<ul style="list-style-type: none"> • Healthcare and residential care facilities in Ireland and the UK • “Pure-play” companies in healthcare located in Europe and the US
Alignment with National Policy Framework	<ul style="list-style-type: none"> • Irish National Treatment Purchase Fund (NTPF)¹¹ • Irish Nursing Homes Support Scheme (NHSS)¹² • Irish HSE Fair Deal¹³ • HSE¹⁴/TUSLA¹⁵ • UK National Healthcare System (NHS)¹⁶ • Department of Health and Social care Policies UK
Eligibility Criteria	Loans to eligible assets as defined in the following section:
<i>Healthcare facilities</i>	Loans dedicated to the financing of healthcare facilities such as hospitals and primary care facilities, affiliated to the relevant national healthcare system and schemes and/or broadly accessible by the general population, including facilities to treat specific physical and/or learning and cognitive deficit conditions, and rehabilitation services for drugs and alcohol related conditions
<i>Residential care facilities</i>	Loans dedicated to the financing of residential care facilities for elderly people and people with specific health conditions (such as learning or physically disabled people), assisted living facilities and nursing homes, respectively affiliated with national residential care and nursing home schemes
<i>“Pure-play” companies in healthcare</i>	Loans to “pure-play” companies in healthcare, defined in accordance with the 3-Step process described in Appendix 1
Contribution to UN SDGs	3.8: Achieve universal health coverage, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
Social impact	Social output and estimated impact indicators (Reporting Section)

Eligible Category	Access to Education  
-------------------	--

¹¹ The NTPF is a corporate body with functions and responsibilities as set out under Statutory Instrument 179 - National Treatment Purchase Fund (Establishment) Order, 2004 and the Nursing Homes Support Scheme Act (2009). Its key functions are: (i) Arranging for the provision of hospital treatment to classes of persons determined by the Minister; (ii) Collecting, collating and validating information on persons waiting for public hospital treatment; (iii) Agreeing pricing arrangements with private & voluntary nursing homes under the Nursing Homes Support Scheme, (iv) Furnishing advice to the Minister for Health on related issues; (v) Performing any other function assigned by the Minister for Health, since July 2012 this includes responsibility for the publication of outpatient waiting lists. In carrying out its functions, the NTPF works closely with the Department of Health, the HSE, acute public hospitals and private nursing homes across the health system. Source: <https://www.ntpf.ie/home/index.htm>

¹² The NTPF has been designated by the Minister for Health pursuant to Section 40 of the Nursing Homes Support Scheme Act as a body authorised to negotiate with proprietors of registered nursing homes to reach agreement in relation to the maximum price(s) that will be charged for the provision of long-term residential care services to Nursing Homes Support Scheme residents. As part of this function, the NTPF will enter into “Approved Nursing Home Agreements” with registered private and voluntary nursing homes to record the maximum price(s) that have been negotiated. The NTPF will provide the HSE with the details of all Approved Nursing Home Agreements. Source: <https://www.ntpf.ie/home/nhss.htm>




¹³ Through the Irish HSE Fair Deal, citizens can apply for financial support to help pay for the cost of care in a nursing home. In order to receive funding for a nursing home, citizens need to be approved for Fair Deal. Source: <https://www2.hse.ie/services/fair-deal-scheme/about-the-fair-deal-scheme.html>

¹⁴ The HSE provides all of Ireland’s public health services in hospitals and communities across Ireland. Source: <https://www.hse.ie/eng/about/>

¹⁵ TUSLA is the Irish Child and Family Agency. The entity comprises of HSE Children and Family Services, the Family Support Agency and the National Educational Welfare Board as well as incorporates some psychological services and a range of services responding to domestic, sexual and gender-based violence. Source: <https://www.tusla.ie/about/>

¹⁶ The National Health Service (NHS) is the public health system of the United Kingdom. The NHS provides primary and secondary healthcare to every resident of the United Kingdom. Source: <https://www.nhs.uk/>

SBPs macro-category	Access to Essential Services
Social benefit(s)	<ul style="list-style-type: none"> • Increase access to quality and accessible education and vocational training • Increase access to quality, safe and affordable student accommodation
Target groups	<ul style="list-style-type: none"> • Students, including low-income students • Adults benefitting from vocational training
Location	<ul style="list-style-type: none"> • Schools in Ireland • Loans to Universities and other 3rd level education facilities • “Pure-play” companies in education and vocational training
Alignment with National Policy Framework	<ul style="list-style-type: none"> • Student Universal Support Ireland (SUSI)¹⁷ and Student Grant Scheme¹⁸ • Student Support Scheme for Asylum Seekers¹⁹
Eligibility Criteria	Loans to eligible assets as defined in the following section:
<i>Education facilities</i>	Loans dedicated to the financing of education facilities such as schools, universities and 3 rd level education facilities and vocational training centres
<i>Student housing</i>	Loans to student housing organisations and providers
<i>“Pure-play” companies in education</i>	Loans to “pure-play” companies in education, defined in accordance with the 3-Step process described in Appendix 1
Contribution to UN SDGs	<p>4.1: Ensure that all girls and boys complete free, equitable and quality primary and secondary education</p> <p>4.3: Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p> <p>4.4: Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p>
Social impact	Social output and estimated impact indicators (Reporting Section)

Eligible Category	Social and Affordable Housing²⁰   
SBPs macro-category	Affordable Housing
Social benefit(s)	<ul style="list-style-type: none"> • Allow for universal access to decent housing • Promote the social inclusion of all, including low-income people
Target groups	<ul style="list-style-type: none"> • Low-income individuals and families meeting the social and/or affordable housing requirements defined by local authorities in Ireland and the UK
Location	<ul style="list-style-type: none"> • Social and Affordable housing in Ireland and the UK
Alignment with National Policy Framework	<ul style="list-style-type: none"> • Accredited and/or registered housing organisations in Ireland and the UK based on national Social and Affordable Housing Schemes

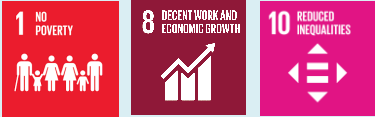
¹⁷ Student Universal Support Ireland (SUSI) is Ireland’s national awarding authority for all further and higher education grants. SUSI offers funding to eligible students, from school leavers to mature students returning to education, in approved full time third level courses. SUSI administers funding in line with the legislation as set out in the Student Support Act 2011, the Student Grant Scheme 2021 and Student Support Regulations 2021. Source: <https://susi.ie/>

¹⁸ The Student Grant Scheme is the main financial support scheme for students studying in Ireland and abroad. It is awarded by SUSI.

¹⁹ The Student Support Scheme for Asylum Seekers is for students who are in the protection system or at the leave to remain (but not deportation order) stage and who are pursuing an approved Post Leaving Certificate course or an approved undergraduate course for the academic year 2020/21. <https://www.education.ie/en/Learners/Services/Pilot-Support-Scheme/student-grant-scheme-for-asylum-seekers.html>

²⁰ There is a difference between Social and Affordable housing in the Irish context. Local authorities (or housing authorities) are the main providers of social housing for people who cannot afford their own accommodation. Local authority housing is allocated according to eligibility and need. Rents are based on the household’s ability to pay. Housing organizations (associations and co-operatives) also provide social housing for people who cannot afford to buy their own homes. Social Housing Assessment Regulations set out how housing authorities should handle social housing applications. Affordable housing schemes are aimed to help lower-income households to buy their own homes. The schemes eligible first-time purchasers the chance to buy newly constructed homes and apartments at prices significantly less than their market value. In the Irish context, a new Affordable Housing Bill was published in January 2021.

	<ul style="list-style-type: none"> Local authorities' definition of eligible residents and prioritisation mechanism based on Social Housing Assessment Regulations Irish Affordable Housing Bill²¹ Mortgage to rent scheme
Eligibility Criteria	Loans to eligible assets as defined in the following section:
<i>Housing organisations</i>	Loans to housing bodies, organisations and entities that enable the provision of affordable housing and provide greater access to social and affordable housing in accordance with accredited or registered social and affordable housing definitions, and/or contributes to enhanced access for low income residents or marginalised communities. ²² Housing organisations are often not-for-profit charities. In general, they provide affordable rented housing for people who cannot afford to pay private sector rents or buy their own homes, or for particular groups, such as older people or homeless people
<i>Mortgage to rent</i>	Loans under the mortgage to rent scheme. The mortgage to rent scheme is only available for citizens whose mortgage is with a private lender. Under the scheme, people that cannot pay their mortgage have the opportunity to become social housing tenants with a right to have their housing needs met by the local authority indefinitely (including monthly affordable rent based on income)
Contribution to UN SDGs	<p>1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p>10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</p>
Social impact	Social output and estimated impact indicators (Reporting Section)

Eligible Category	SMEs financing 
SBPs macro-category	Employment generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance
Social benefit(s)	<ul style="list-style-type: none"> Employment generation and retention Reduction of social and economic inequalities Foster economic growth in deprived areas
Target groups	<ul style="list-style-type: none"> SMEs in socioeconomically disadvantaged areas in Ireland SMEs owned by at least a woman, independently from location (Ireland)
Location	<ul style="list-style-type: none"> Specific locations in Ireland

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

²² All loans must be related to the provision of social housing under government & local authority approved schemes.

Alignment with National Policy Framework	<ul style="list-style-type: none"> Irish Government's Supporting SMEs campaign²³ Our Rural Future: Government's blueprint to transform rural Ireland²⁴
Eligibility Criteria	Loans to eligible assets as defined in the following section:
<i>SMEs financing in socio-economically disadvantaged areas</i>	<p>Loans dedicated to the financing of SMEs, meeting the following cumulative three criteria:</p> <ol style="list-style-type: none"> SMEs as per EU Commission definition²⁵ SMEs are subject to negative screening as per Social Bond Exclusion List SMEs and must be located in the most socioeconomically disadvantaged areas in Ireland. Socioeconomically disadvantaged areas are defined as areas ranking in the bottom 30th percentile in terms of the Irish Deprivation Index, which takes into account factors such as GDP per capita and unemployment rate (as defined in Appendix 2)
<i>Female-owned business</i>	<p>Loans dedicated to the financing of SMEs, meeting the following cumulative three criteria:</p> <ol style="list-style-type: none"> SMEs as per EU Commission definition²⁶ SMEs are subject to negative screening as per Social Bond Exclusion List SMEs where at least one of the owners of the enterprise is a woman
Contribution to UN SDGs	<p>1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average</p>
Social impact	Social output and estimated impact indicators (Reporting Section)

Eligible Category	<p>Support to charities & non-profit organisations</p> 
SBPs macro-category	<p>Food Security and Sustainable Food Systems Social and Economic advancement</p>
Social benefit(s)	<ul style="list-style-type: none"> Granting social, and economic access to safe, nutritious, and sufficient food to low-income people Offering shelter to homeless people Supporting the local community Promote social inclusion of all
Target groups	<ul style="list-style-type: none"> Local communities in Ireland and the UK, including low-income and homeless people
Location	Social projects in Ireland and the UK

²³ The Supporting SMEs online guide is part of the Irish government's campaign, to increase awareness of the range of government supports for start-ups and small businesses. Link: <https://www.gov.ie/en/service/e14cd-supporting-businesses/>.

²⁴ In March 2021, the Irish Government has published *Our Rural Future*, the most ambitious and transformational policy for rural development in decades. Our Rural Future sets out a blueprint for the development of rural Ireland over the next five years. It is supported by 150 commitments across Government, which will address the challenges facing communities and deliver new opportunities for people living in rural areas. The policy will help rural Ireland to recover from the impacts of COVID-19, enable long-term development of rural areas, and create more resilient rural economies and communities for the future.

²⁵ https://ec.europa.eu/growth/smes/sme-definition_en

²⁶ https://ec.europa.eu/growth/smes/sme-definition_en

Alignment with National Policy Framework	<ul style="list-style-type: none"> Charities registered within the Irish Charities Regulator²⁷ or the Charity Commission for England and Wales²⁸ UK: Coronavirus Community Support Fund for charities Irish Stability Fund and Philanthropy Fund for charities and non-profits
Eligibility Criteria	Loans to eligible assets as defined in the following section:
<i>Charities, non-profit organizations, associations, foundations</i>	Loans to finance social projects and non-profit organisations, associations and foundations focused on: <ul style="list-style-type: none"> Redistribution from the food industry to the charity sector aimed at making safe, nutritious, and sufficient food available to low-income people and homeless people Offering safe shelter to people in need Philanthropic work and solidarity Sport activities for children
Contribution to UN SDGs	1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions 2.1: End hunger, achieve food security and improved nutrition and promote sustainable agriculture 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Social impact	Social output and estimated impact indicators (Reporting Section)

- Negative Screening:** Loans that follow under the Social Bond Exclusion list below are ineligible.

AIB (Bank wide) Excluded Activities List: AIB Corporate, Institutional and Business Banking (CIB) has elected to implement a Sustainability Exclusion List across all its wholesale businesses units²⁹. This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in a defined list of Excluded Business Activities, which we believe cause irreversible environmental and/or social harm to society and our communities. This rule applies to all Business Customers (i.e. non-mortgage and personal Customers) with a Gross Connected Exposure (“GCE”) of >£/€300k, and which are relationship managed.

Energy & Climate Action:

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

Animal Welfare:

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

Ecosystem Protection:

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

Healthcare/Genetic Engineering:

- The development of Genetic Engineering or Genetic Modification on humans

²⁷ [Search the Register of Charities \(charitiesregulator.ie\)](https://www.charitiesregulator.ie)

²⁸ [The Charity Commission - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

²⁹ CIB Wholesale consists of all CIB business units apart from Business Banking and Private Banking. However, within this Framework, loans provided via Business Banking units will be included within the Eligible Social Asset Portfolio (e.g. loans to finance SMEs) and will be subject to AIB Excluded Activities List as well as the additional exclusions specific to the Social Bond Framework.

- The development of Genetic Engineering or Genetic Modification on animals for non-medical purposes
- Adult Entertainment:**
- Online pornography
- Surveillance/Arms Related/Military:**
- Anti-personnel landmines³⁰/Cluster munitions³¹
 - Weapons of Mass Destruction including the production, maintenance or trade of nuclear, biological³², chemical³³ and toxin weapons
 - Any activity that adversely impacts Human Rights defined by the UN³⁴

4. Process for Project Evaluation and Selection

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 Group plc Board.

The Group Sustainability Committee (GSC) supports SBAC in the implementation of AIB's sustainability strategy. GSC's membership is drawn from senior officials across all areas of AIB, including Sustainability, Risk, , Retail, Energy Climate & Infrastructure, Retail and Corporate, Institutional & Business Banking and AIB Group UK.

This Framework is prepared by the Working Group - a cross functional working group of relevant business areas within AIB (Group Treasury, Legal, sustainability Team, and relevant business teams). The loans financed and/or refinanced through the Social Bond proceeds are evaluated and selected for inclusion in the eligible pool by AIB employees based on compliance with the Eligibility Criteria described in Use of Proceeds section. When assessing prospective Eligible Social Loans and their non-financial impacts, AIB may rely on analysis provided by external parties, in addition to our own assessment, based on the Eligibility Criteria defined in the Use of Proceeds section of this Framework.

In addition to the AIB Bank wide exclusions list from the previous section the Social Bond Framework excludes Coal, Oil, Petrol, Fossil fuel, Genetically Modified Organisms (GMO) in food & feed, Tobacco, Gambling, Alcohol in line with IFC Exclusion List requirements

The Eligible Social Loan Portfolio is required to align with AIB's related internal sustainability codes and policies, including the *Environmental Policy*³⁵ and the *Code of Conduct*³⁶. We recognise the need to align our frameworks, policies and practices to environmental, social and governance (ESG) principles, and this continues to be an ongoing focus for us. Eligible Social Loans are still subject to environmental standards, since AIB meets or exceeds all relevant environmental obligations under laws and regulations in each of the jurisdictions in which we operate. AIB's codes and policies can be found at <https://aib.ie/sustainability>.

Regarding minimum social safeguards, AIB respects human rights and is committed to being a good employer. AIB is committed to the protection and preservation of human rights. We respect human rights in accordance with internationally accepted standards. Our commitment has been shaped by the United Nations Guiding Principles on Business and Human Rights. The purpose of this commitment is fundamental in guiding the organisation in its strategic vision, operations and relationships with stakeholders. We do not partner with or buy from organisations which we know to be in breach of human rights or fair practices. We require our key

³⁰ 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

³¹ As defined in Article 2 of the *Convention on Cluster Munitions*

³² 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

³³ 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)

³⁴ As listed on the UN website: <https://www.un.org/en/universal-declaration-human-rights/>

³⁵ https://aib.ie/content/dam/aib/personal/docs/sustainability/Environmental_Policy.pdf

³⁶ <https://aib.ie/content/dam/aib/personal/docs/sustainability/code-of-conduct.pdf>

suppliers to attest to the supplier Code of Conduct, as well as other key policies, including our *Data Protection Policy*³⁷, and where relevant, to conform to the UK Modern Slavery Act.

We have a robust Financial Crime Framework (which includes the Financial Crime policy and standards on Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT), Fraud and Group Sanctions) in place, which is delivered through the Three Lines of Defence, and subject to oversight by the Board and externally by the Central Bank of Ireland. All of our customers are subject to the “Know your Customer” (KYC) process at the on-boarding stage and then subsequently, in line with the frequency set out in the policy, which is driven by the risk category of the customers. Risk culture at AIB is guided by policies, codes and procedures such as the *Code of Conduct*³⁸, *Anti-Bribery & Corruption Policy*³⁹ and *Conflicts of Interest policy*⁴⁰. These provide a strong foundation to encourage the right behaviours and to comply with regulatory requirements.

AIB is an equal opportunities recruiter and employer, adhering to all local laws and regulations on employment rights, pay, employment representation, diversity and gender balance, and adhere to established industrial relations mechanisms wherever it operates and in accordance to the *Recruitment Policy*⁴¹, *Remuneration Policy*⁴² and *Diversity and Inclusion Code*⁴³.

5. Management of Proceeds

AIB intends to allocate an amount equal to the net proceeds from the issue of Social Bonds to an Eligible Social Loan Portfolio, selected in accordance with the Eligibility Criteria set out in Use of Proceeds and Process for Project Evaluation and Selection above.

AIB will strive, over time, to achieve a level of allocation for the Eligible Social Loan Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches the balance of net proceeds from its outstanding Social Bonds. Additional Eligible Social Loans will be added to the Eligible Social Loans Portfolio to the extent required to ensure that an amount equal to the net proceeds from outstanding Social Bonds will be allocated to Eligible Social Loans. All redeeming loans 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 opportunity⁴⁴.

Pending allocation of an amount equal to the net proceeds of any tranche of Social Bonds to an Eligible Social Loan Portfolio, AIB will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Eligible Social Loan Portfolio. 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 the net proceeds from the issue of Social Bonds to ESG orientated assets.

6. Reporting

The SBPs require Social Bond issuers to provide information on the allocation of proceeds. In addition to the information on which assets net proceeds from the issue of Social Bonds have been allocated, the SBPs recommend communicating on the expected impact of the Eligible Social Loans, via Output and Impact

³⁷ <https://aib.ie/dataprotection>

³⁸ <https://aib.ie/content/dam/aib/personal/docs/sustainability/code-of-conduct.pdf>

³⁹ <https://aib.ie/content/dam/aib/personal/docs/sustainability/anti-bribery-and-corruption-policy.pdf>

⁴⁰ https://aib.ie/content/dam/aib/personal/docs/sustainability/Conflicts_of_Interest_Policy.pdf

⁴¹ <https://aib.ie/content/dam/aib/personal/docs/sustainability/Recruitment-Policy.pdf>

⁴² <https://aib.ie/content/dam/aib/personal/docs/sustainability/remuneration-policy.pdf>

⁴³ <https://aib.ie/content/dam/aib/personal/docs/sustainability/diversity-and-inclusion-code.pdf>

⁴⁴ Within one year at the latest. This topic is discussed during the Working Group meetings.

indicators.

AIB will make and keep readily available reporting on the allocation of an amount equal to the net proceeds to the Eligible Social Loan Portfolio and wherever feasible reporting on the impact of the Eligible Social Loan Portfolio, at least at the category level, after a year from the issuance of the applicable Social Bonds to be renewed annually until maturity of the instruments or until full allocation of the instruments' net proceeds. AIB intends to provide aggregated reporting for all of AIB's Social Bonds outstanding. Additional detail at instrument level, may be provided.

AIB will align, on a best effort basis, the impact reporting with the portfolio approach described in the ICMA Working Towards a Harmonized Framework for Impact Reporting for Social Bonds ⁴⁵. The Social Bond report(s) will be made available on the AIB website.

Allocation Reporting

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

- *the total amount of proceeds allocated to Eligible Social Loans.*
- *the number of Eligible Social Loans.*
- *the balance of unallocated proceeds.*
- *the amount or the percentage of new financing and refinancing⁴⁶.*
- *the geographical distribution of the assets (at country level).*

Impact Reporting

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

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

AIB may rely on the support of external consultant(s) to estimate Social Output and Impact Indicators.

⁴⁵ [Harmonized-Framework-for-Impact-Reporting-for-Social-BondsJune-2020-090620.pdf \(icmagroup.org\)](https://www.icmagroup.org/working-towards-a-harmonized-framework-for-impact-reporting-for-social-bonds)

⁴⁶ *New financing* refers to the loans that have been offered in the year of issuance.

Social Outputs and Impacts Table

Indicators to be provided per annum. Impact indicators are likely to be estimated rather than real figures. In case of estimated figures, a clear explanation of the methodology used to estimate indicators will be included in the Social Bond Report(s). AIB and/or the external party engaged by AIB to assess impact, may refer to research paper from acknowledged universities or research centres, and reports from Public bodies as well as Business and Labour Market statistics from official sources and research centres to estimate impact

Eligible Category	Potential Output Indicators	Potential Impact Indicators
Access to Healthcare (Access to Essential Services)	Healthcare facilities:	
	<ul style="list-style-type: none"> • Number of hospitals covered • Number of specialised healthcare facilities (e.g. specific type of disease, underlying conditions) covered • Number of rehabilitation centers covered • Number of beds • Location (country level) 	<ul style="list-style-type: none"> • Number of outpatient and inpatient in healthcare facilities (hospitals and rehabilitation centers) • Estimated number of patients benefitting from healthcare facilities services on annual basis
	Residential care facilities:	
Access to Education (Access to Essential Services)	<ul style="list-style-type: none"> • Number of residential care facilities covered • Number of beds • Location (country level) 	<ul style="list-style-type: none"> • Estimated number of people benefitting from residential care (elderly people and people with specific health conditions)
	“Pure-play” companies in healthcare:	
	<ul style="list-style-type: none"> • Number of pure-players in healthcare covered • Type and amount of medical products and/or services provided • Location (country level) 	<ul style="list-style-type: none"> • Estimated number of healthcare facilities and/or individuals benefitting from medical products and/or services provided by pure-players in healthcare
Access to Education (Access to Essential Services)	Education facilities:	
	<ul style="list-style-type: none"> • Number of schools, universities and 3rd level education facilities covered • Number of vocational training centers covered • Location (country level) 	<ul style="list-style-type: none"> • Estimated number of students benefitting from educational and vocational services
	Student Housing:	
Access to Education (Access to Essential Services)	<ul style="list-style-type: none"> • Number of student housing organizations covered • Location (country level) 	<ul style="list-style-type: none"> • Estimated number of student-resident benefitting
	“Pure-play” companies in education:	
	<ul style="list-style-type: none"> • Number of pure-players in education covered • Type and amount of educational services provided • Location (country level) 	<ul style="list-style-type: none"> • Estimated number of individuals benefitting from educational services provided by pure-players in education
Social and Affordable Housing	Housing organisations:	
	<ul style="list-style-type: none"> • Number of housing bodies, organisations and entities covered • Rent differential versus non-social/affordable housing with the same area • Average monthly or yearly rent • Percentage of social/affordable housing located in socio-economically disadvantaged areas⁴⁷ • Location (at country level) 	<ul style="list-style-type: none"> • Number of affordable/social dwellings covered • Estimated number of residents benefitting

⁴⁷ Areas with GDP lower than country's average GDP.

	Mortgage to rent:	
	<ul style="list-style-type: none"> • Number of mortgage to rent loans • Rent differential versus non-mortgage to rent housing with the same area • Average monthly or yearly rent • Percentage of mortgage to rent (social) housing located in socio-economically disadvantaged areas • Location (Ireland) 	<ul style="list-style-type: none"> • Number of dwellings covered • Estimated number of residents benefiting
SMEs financing	SMEs financing in socio-economically disadvantaged areas:	
	<ul style="list-style-type: none"> • Number of SMEs covered • Location of the SMEs and micro-enterprises financed in compliance with bottom 30% socio-economically disadvantaged areas in Ireland, defined via the Irish Deprivation Index 	<ul style="list-style-type: none"> • Number of people employed by financed SMEs • Estimated number of jobs created and/or retained via AIB financing
	Female-owned business:	
	<ul style="list-style-type: none"> • Number of female-owned SMEs covered 	<ul style="list-style-type: none"> • Number of people employed by financed SMEs • Estimated number of jobs created and/or retained via AIB financing
Support to charities and non-profit organisations	<ul style="list-style-type: none"> • Number and type of social projects • Type of borrower and borrower main activity (food redistribution, culture, sport, shelter) 	<ul style="list-style-type: none"> • Estimated number of people benefiting per charity activity

7. External review

Second Party Opinion (pre-issuance)

An expert ESG provider has evaluated this Social Bond Framework and its alignment with relevant industry standards and has provided views on the robustness and credibility of the Framework within the meaning of the SBPs in its Second Party Opinion.

The Second Party Opinion as well as the Social Bond Framework will be made available on <https://aib.ie/sustainability>.

Verification (post-issuance)

AIB may request on an annual basis, starting one year after issuance and until maturity, a limited assurance report of the allocation of the Social Bond proceeds to the Eligible Social Loan Portfolio, provided by its external auditor.

Appendix 1 - Methodology to select “pure-play” companies in Healthcare and Education

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

Pure-players in Healthcare and Education

“Pure-play” company definition based on 90% revenue-threshold	
Step 1	1.1. Healthcare Companies meeting the “pure-play” definition based on 90% of companies’ annual revenues being related to products and services in the healthcare field. Eligible products and services are defined as: products and services in the medical and healthcare field such as development of healthcare technology and medical specialty, diagnostic and emergency services, automation solutions to the healthcare sectors and specialised training centres and organisations for medical figures. This also includes production of medical equipment for hospitals and care-homes and well as for private customers (such as customised wheelchairs, adaptive seating systems, and other mobility solutions for individuals diagnosed with permanent or long-term loss of mobility)
	1.2. Education Companies meeting the “pure-player” definition based on 90% of companies’ annual revenues being related to services in the education and vocational training field, such as providers of educational courses including language courses and specific training, including non-profit organisations
Step 2	Social Bond Exclusion List The remaining 10% of “pure-play” companies’ annual revenues must not derive from products and services in the Social Bond Exclusion List
Step 3	Minimum ESG Rating requirement In case of companies with a Sustainalytics ESG Risk Rating, companies with ‘High-Risk’ ESG Risk Rating scores ⁴⁸ are excluded. SMEs are exonerated from the third Step

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

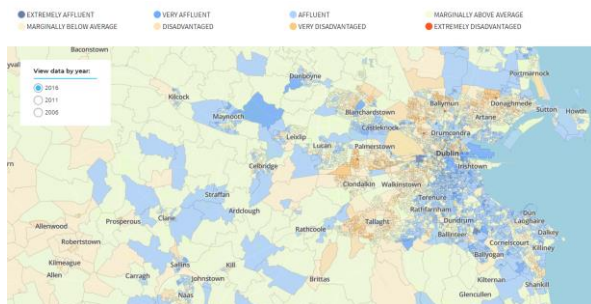
⁴⁸ Sustainalytics ESG Risk Ratings have been chosen because the ESG Risk Ratings ranges “High Risk”, “Medium Risk”, “Low Risk” for companies that are part of the Sustainalytics ESG Rating universe are accessible to the public via: <https://www.sustainalytics.com/esg-ratings>. In case a borrower is not rated, this last step cannot be performed.

Appendix 2 – Methodology to select Eligible SME lending

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

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

AIB has designed a method for identifying socio-economically underperforming areas in Ireland, by employing public macroeconomic data released by the Pobal HP Deprivation Index⁴⁹, which is a series of maps measuring the relative affluence or disadvantage of a particular geographical area in the Republic of Ireland, using data compiled from various censuses. The Pobal HP Deprivation index is Ireland's most widely used social gradient metric, which scores each Small Area (min. 50 – max. 200 households) in terms of affluence or disadvantage. The index uses information from Ireland's census, such as employment, age profile and educational attainment, to calculate this score. The index is color-coded with a spectrum from red, signifying deprivation, to bright blue, signifying affluence.



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

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

AIB loan selection methodology is based on a geocoding exercise to convert client postcodes to latitudes and longitudes. These geographical coordinates have then be used to each client to a Small Area or Electoral District (ED). Finally, AIB has linked each client to a Small Area or ED deprivation score and used the score as a proxy for the socio-economic position of the client. This is the standard procedure used by the largest insurance companies, health providers, Departments and agencies in Ireland for identifying risks and assessing the targeting of services. As the Small Areas include an average of 80-120 dwellings, and are internally quite homogeneous, this procedure is reliable and any inaccuracies cancel out in the aggregate. When used at the individual level, the deprivation score should be interpreted in a probabilistic way as an estimate of the client's status.

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

⁴⁹ <https://www.pobal.ie/research-analysis/>

DISCLAIMER

THIS DOCUMENT IS INTENDED TO PROVIDE NON-EXHAUSTIVE, GENERAL INFORMATION. THIS DOCUMENT MAY CONTAIN OR INCORPORATE BY REFERENCE PUBLIC INFORMATION NOT SEPARATELY REVIEWED, APPROVED OR ENDORSED BY AIB AND ACCORDINGLY, NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY AIB AS TO THE FAIRNESS, ACCURACY, REASONABLENESS OR COMPLETENESS 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 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, THE STATEMENTS CONTAINED HEREIN TO REFLECT ACTUAL CHANGES IN ASSUMPTIONS OR 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. 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 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 SOCIAL BONDS TO FULFIL SOCIAL AND SUSTAINABILITY CRITERIA REQUIRED BY PROSPECTIVE INVESTORS. EACH POTENTIAL PURCHASER OF AIB 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 SOCIAL BONDS REGARDING THE USE OF PROCEEDS AND ITS PURCHASE OF AIB 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 SOCIAL BONDS. HOWEVER, IT WILL NOT (I) GIVE RISE TO ANY CLAIM OF AN INVESTOR AGAINST AIB OR (II) BE AN EVENT OF DEFAULT OR (III) BREACH OF CONTRACTUAL OBLIGATIONS UNDER THE TERMS AND CONDITIONS OF ANY AIB SOCIAL BONDS OR (IV) WHERE APPLICABLE, JEOPARDIZE THE REGULATORY CLASSIFICATION OF SUCH BONDS, IF AIB FAILS TO ADHERE TO THIS FRAMEWORK, WHETHER BY FAILING TO FUND OR COMPLETE ELIGIBLE SOCIAL LOANS OR OTHERWISE.

IN ADDITION, IT SHOULD BE NOTED THAT ALL OF THE EXPECTED BENEFITS OF THE PROJECTS AS DESCRIBED IN THIS FRAMEWORK MAY NOT BE ACHIEVED. FACTORS INCLUDING (BUT NOT LIMITED TO) MARKET, POLITICAL, SOCIAL AND ECONOMIC CONDITIONS (INCLUDING (BUT NOT LIMITED TO THE COVID-19 PANDEMIC AND THE CONSEQUENCES THEREOF), CHANGES IN GOVERNMENT POLICY (WHETHER WITH A CONTINUITY OF THE GOVERNMENT OR ON A CHANGE IN THE COMPOSITION OF THE GOVERNMENT), CHANGES IN LAWS, RULES OR REGULATIONS, THE LACK OF AVAILABLE SUITABLE PROJECTS BEING INITIATED, FAILURE TO COMPLETE OR IMPLEMENT PROJECTS AND OTHER CHALLENGES, COULD LIMIT THE ABILITY TO ACHIEVE SOME OR ALL OF THE EXPECTED BENEFITS OF THESE INITIATIVES, INCLUDING THE FUNDING AND COMPLETION OF ELIGIBLE SOCIAL LOANS. IN ADDITION, EACH SOCIALLY OR RESPONSIBLY FOCUSED POTENTIAL PURCHASER OF AIB SOCIAL BONDS SHOULD BE AWARE THAT ELIGIBLE SOCIAL LOANS MAY NOT DELIVER THE 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 SOCIAL BONDS OR ANY OTHER PERSON MIGHT OTHERWISE HAVE IN RESPECT OF THIS FRAMEWORK OR ANY AIB 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.