



Green Bond Framework

December 2021



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1. AIB Group plc

About AIB

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 Allied Irish Bank (GB), and in Northern Ireland, under the trading name of First Trust Bank. 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:

- advancing the transition to a low-carbon environment;
- facilitating access to the digital economy for all via the provision of basic bank accounts;
- backing the wealth- and job-creators within the economy; and
- funding the providers and purchasers of housing and homes.

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.

Sustainability @ AIB

Under AIB's Sustainability ambition "We pledge to DO MORE" – we are 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.

In late 2019 Sustainable Communities was established as the fifth pillar of our Group Corporate Strategy, placing sustainability at the heart of our strategy. Sustainable Communities is focused on the full remit of the sustainability elements of Environment, Social and Governance (ESG) matters as follows:

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.

Decisive action on climate change is needed in order to meet goals set by the Paris Climate 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, and other neighbouring countries, in achieving their sustainability and de-carbonisation goals. The team manages a diverse but predominantly renewables portfolio and provides solutions to leading energy players across the power generation mix (e.g. wind, solar, biomass and waste to energy).
- AIB has a dedicated Energy Team, focused on energy management of our own operations.. AIB has achieved the Leadership rating in CDP since 2017 and is the only bank in Ireland or the UK to make the Global A list in 2020. To achieve this we've reduced our carbon footprint in our business and continue to increase our levels of disclosure on the impact of climate risks to our business.
- 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 2021 we also stepped up our ambition to clarify for our stakeholders how we will categorize our lending as sustainable moving forward. In this regard we released our Sustainable Lending Framework, which provides criteria on what types of activities we would consider Green, Transition or Social. The framework is being rolled out to the Corporate Institutional Banking business, with the aim of having all lending products and activities fall within the scope of the framework's categorization system.

In addition to the above, other key milestones that demonstrate our sustainability commitment to date include (for further information please see our most recent Sustainability Report¹):

- **In 2018:**
 - Low Carbon Pledge
 - Energy Efficiency Outlook Report for SMEs²
 - Leading Irish lender in the Renewables field
- **In 2019:**
 - Sponsorship of Climate Finance Week Ireland 2019
 - €5bn five year Climate Action fund (€1bn per annum). €1.2bn new Green Lending financed in first year of the fund
 - Founding Signatory of the United Nations Environmental Programme Finance Initiative (UNEP FI) Principles for Responsible Banking
 - Supporter of the Taskforce on Climate-related Financial Disclosures (TCFD)
 - Green Bond Framework published
 - Teagasc Grass 10 initiative, a multi-year campaign to increase grass utilisation on Irish livestock farms
 - 5 year fixed Green Mortgage (Ireland)
- **In 2020:**
 - AIB COVID-19 Research Hub. AIB, as foundation partner, has committed €2.4 million to advance the Trinity College Dublin project
 - Socially Responsible Investment (SRI) Bond portfolio
 - Member of the FTSE4Good Index Series
 - Commitment to achieve Carbon Neutrality across our operations by 2030, using a net zero approach
 - Ambition of 70% of our new lending to be green/transition lending by 2030
 - Ambition of Net Zero Customer Portfolio Lending by 2040 (Agriculture by 2050)
 - Sustainability-Linked Loan (SLL) product
 - Excluded Activities list
 - First Green Bond from an Irish Bank (€1bn)
 - €1.46bn new Green Lending financed, making a total of €2.66bn deployed in the first two years of the Climate Action fund
- **In 2021 YTD:**
 - Green Personal Loan
 - Participation in the UN Global Compact
 - Second Green Bond issue (€0.75bn)
 - Signatory of the industry-led UN-convened Net Zero Banking Alliance

¹ To be found [here](#).

² To be found [here](#).

- First Irish company to have committed to use the World Economic Forum (WEF) Stakeholder Capitalism metrics in our reporting
- Partners with Coillte Nature and Forestry Partners to plan 90,000 native Irish trees over the next three years on behalf of new AIB second-level student account holders
- ESG questionnaire for customers in sectors more exposed to climate risk
- Social Bond Framework

Aligned with our sustainability strategy, AIB is now considering to use an amount equal to the net proceeds of the issue of Green Bonds to finance and / or refinance loans that meet the requirements as described in the AIB Green Bond Framework.

The objective of AIB Green Bonds is to use an amount equal to the net proceeds to fund assets that mitigate climate change by reducing emissions, protect ecosystems or otherwise have a positive environmental impact in support of the 10 strategic outcomes of the “Project Ireland 2040” - the Government’s long-term overarching strategy to make Ireland a better country for all of its people³, and Ireland’s Climate Action Plan⁴.

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

³ For additional information please refer to [here](#).

⁴ For additional information please refer to [here](#).

2. Green Bond Framework

The ICMA Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. The AIB Green Bond Framework follows the ICMA Green Bond Principles (GBP) 2021 edition⁵, which have four key components:

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

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

Future changes to the Green Bond Principles may be implemented in future versions of the AIB Green Bond Framework. Any future version of this framework will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external consultant.

Under this Green Bond Framework, green bonds will be predominantly issued from AIB Group Plc but any other entity part of the Group may also issue green bonds under this Framework.

⁵ To be found [here](#).

3. Use of Proceeds

AIB, at its discretion but in accordance with the Green Bond Principles, will allocate an amount equal to the net proceeds of the Green Bonds to an eligible loan portfolio of new and existing green loans (“Eligible Green Loan Portfolio”). The eligible loans are to be funded in whole or in part by an allocation of an amount equal to the bond proceeds.

The Eligibility Criteria used to define the Eligible Green Loan Portfolio for AIB’s Green Bonds are strictly based on the ICMA Green Bond Principles (2021 edition) and on following best market practice.

The definition of the Eligibility Criteria below takes into account the EU Taxonomy Regulation⁶ and the EU Taxonomy Climate Delegated Act⁷ with the intention to implement them on a best effort basis. We also note and recognise that the Taxonomy applies to EU based assets and that there is provision in this Framework allowing non-EU based assets to be part of the Use of Proceeds.

As long as there are clear EU Taxonomy Technical Screening Criteria (TSC) and feasible practical applications in the geographies where the Bank’s assets are located, any Eligible Category to be included in future versions of this Green Bond framework will follow the recommendation of the EU Taxonomy, on a best effort basis.

Under this framework, General Corporate Purposes (GCP) loans qualify when they are provided to “pure-play companies” with over 90% of revenues coming from green activities outlined in the eligibility criteria below. Such loans would be considered 100% eligible.

Eligible Categories and Criteria (For the avoidance of doubt, any future changes to the Eligibility Criteria will not apply to Green Bonds issued before the date of the change):

Green Commercial Buildings

□ Ireland

- Green Commercial Buildings in Ireland **built up to and including 31st December 2020:**
 - Existing commercial buildings, belonging to the **top 15%** low carbon buildings in the local context⁸.
- Green Commercial Buildings in Ireland **built from 1st January 2021 onwards:**
 - New commercial buildings that have a primary energy demand at least 10% lower than what is required by the local **Nearly Zero-Energy Building (NZEB)** regulation.^{9,10}
- Refurbished Commercial Buildings in Ireland:
 - Buildings with at least a **30% improvement in energy efficiency**¹¹:
 - When such an improvement is derived from BER labels, a minimum floor of a “C3” BER label will be implemented.

⁶ See [here](#).

⁷ See [here](#).

⁸ At the time of writing, based on publicly issued governmental statistical data, Irish commercial buildings with BER rating of A, B1 and B2 are in scope (see methodology document [here](#)). Buildings purchased or leased in Ireland from 2015 by a public body are also considered part of the top 15%, as these are required by regulation to have BER label “B2” and better.

⁹ For the acquisition of buildings where the building is a large non-residential building with an effective rated output for heating systems, systems for combined air conditioning and ventilation of over 290 kW it is efficiently operated through energy performance monitoring assessment. And for the construction of new buildings larger than 5000m², upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in levels of performance set at the design stage or defects in the building envelop are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. Also for the construction of new buildings larger than 5000m², the life cycle Global Warming Potential of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors on demand.

¹⁰ In line with the [EU EPBD directive](#), Ireland carries out a cost optimal analysis to define NZEB requirements. AIB will calculate the NZEB-10% threshold as per the official cost optimal analysis, as published by the Department of Housing, Local Government and Heritage. At the time of writing, the cost optimal analysis for residential and non-residential buildings can be found [here](#) and [here](#), respectively.

¹¹ Or alternatively, renovation complying with applicable requirements for major renovations as set in the applicable national and regional building regulations for ‘major renovation’ implementing Directive 2010/31/EU.

□ UK

- New or existing commercial buildings in the UK, belonging to the **top 15%** low carbon buildings in the local context (i.e. England & Wales, Scotland and Northern Ireland)¹²¹³
- Refurbished Commercial Buildings in the UK
 - Buildings with at least a **30% improvement in energy efficiency**¹⁴:
 - When such an improvement is derived from EPC labels, a minimum floor will be implemented for the considered building. The floor will be one step below the lowest defined threshold to be part of the top 15% in the local context¹⁵.

□ Ireland and the UK

- **New or existing commercial buildings** which received at least one or **more of the following classifications**:
 - BREEAM 'Excellent' or higher
 - LEED 'Gold' or higher
 - DGNB 'Gold' or higher

Green Residential Buildings

□ Ireland

- Green Residential Buildings in Ireland **built up to and including 31st December 2020**:
 - Existing residential buildings, belonging to the **top 15%** low carbon buildings in the local context¹⁶.
- Green Residential Buildings in Ireland **built from 1st January 2021 onwards**:
 - New residential buildings that have a primary energy demand at least 10% lower than what is required by the local **Nearly Zero-Energy Building (NZEB)** regulation.¹⁷¹⁸
- Refurbished Residential Buildings in Ireland:
 - Buildings with at least a **30% improvement in energy efficiency**¹⁹:
 - When such an improvement is derived from BER labels, a minimum floor of a "C3" BER label will be implemented.

Renewable Energy

- Renewable Energy assets located in Ireland, the UK and across the EU:
 - Loans to finance or refinance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation. Eligible renewable energy sources include:
 - **Solar Energy**: Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities.
 - **Wind Energy**: Onshore and offshore wind energy generation facilities and other emerging technologies.

¹² At the time of writing, based on publicly issued governmental statistical data, English and Welsh commercial buildings with EPC rating of A+, A and B are in scope. Scottish commercial buildings with EPC rating of Climate Neutral ("CN"), A and B are in scope. See methodology document [here](#).

¹³ In accordance with the EU Climate Delegated Act, buildings built from the 1st January 2021 should meet the 'NZEB – 10%' criterion, meaning that the net primary energy demand of the buildings must be at least 10% lower than the primary energy demand resulting from the relevant NZEB requirements. In the UK, a definition for what constitutes a 'NZEB' is unclear currently; this is likely to remain the case in the future, given the UK has left the EU.

¹⁴ Or alternatively, renovation complying with applicable requirements for major renovations as set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU.

¹⁵ At the time of writing, based on publicly issued governmental statistical data, this would correspond to a "C" label in England & Wales and Scotland.

¹⁶ At the time of writing, based on publicly issued governmental statistical data, Irish residential buildings with BER rating of A, B1 and B2 are in scope, corresponding to buildings completed from 2015 (see methodology document [here](#)).

¹⁷ For the acquisition of buildings where the building is a large non-residential building with an effective rated output for heating systems, systems for combined air conditioning and ventilation of over 290 kW it is efficiently operated through energy performance monitoring assessment. And for the construction of new buildings larger than 5000m², upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. Also for the construction of new buildings larger than 5000m², the life cycle Global Warming Potential of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors on demand.

¹⁸ In line with the [EU EPBD directive](#), Ireland carries out a cost optimal analysis to define NZEB requirements. AIB will calculate the NZEB-10% threshold as per the official cost optimal analysis, as published by the Department of Housing, Local Government and Heritage. At the time of writing, the cost optimal analysis for residential and non-residential buildings can be found [here](#) and [here](#), respectively.

¹⁹ Or alternatively, renovation complying with applicable requirements for major renovations as set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU.








- **Anaerobic digestion of bio-waste²⁰**: treatment of bio-waste through anaerobic digestion (AD) with resulting production and energetic utilization of biogas (electricity/heat generation). Energy crops and non-waste feedstock are excluded.

Clean Transportation

- Zero emissions vehicles and supporting infrastructure:
 - **Fully electric, hydrogen or otherwise zero emissions vehicles** for the transportation of passengers.
 - **Infrastructure to support zero emissions vehicles** including but not limited to EV charging and hydrogen fuelling stations.

²⁰ Relevant EU Taxonomy criteria for AD projects will be respected.

Alignment of the Use of Proceeds with international and national initiatives

ICMA Eligible Category	Eligible Category Description	UN SDGs	Project Ireland 2040 Target	Climate Action Plan for Ireland	EU Environmental Objective
Green Buildings	Loans to finance or refinance new or existing commercial and residential buildings	  	<ul style="list-style-type: none"> ▪ Compact Growth ▪ Transition to a Low Carbon and Climate Resilient Society 	<ul style="list-style-type: none"> ▪ Reduce CO2 eq. emissions from the sector by 40–45% relative to 2030 pre-NDP projections ▪ Complete 500,000 building retrofits to achieve a B2 BER, and 400,000 to install heat pumps 	<ul style="list-style-type: none"> ▪ EU Environmental Objective (1): Climate Change Mitigation ▪ Substantial contribution to Climate Change Mitigation (1.b): Improving energy efficiency
Renewable Energy	Loans to finance or refinance generation, equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation	 	<ul style="list-style-type: none"> ▪ Compact Growth ▪ Transition to a Low Carbon and Climate Resilient Society 	<ul style="list-style-type: none"> ▪ Target: Achieving 70% renewable electricity by 2030, by harnessing renewable energy, supporting micro-generation and improving grid connections 	<ul style="list-style-type: none"> ▪ EU Environmental Objective (1): Climate Change Mitigation ▪ Substantial contribution to Climate Change Mitigation (1.a): Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid
Clean Transportation	Loans to finance or refinance, establishment, acquisition, expansion, upgrades, maintenance and operation of low carbon vehicles and related infrastructures	 	<ul style="list-style-type: none"> ▪ Compact Growth ▪ Transition to a Low Carbon and Climate Resilient Society 	<ul style="list-style-type: none"> ▪ Reduce CO2 eq. emissions from the sector by 45–50% relative to 2030 pre-NDP projections ▪ Increase the number of EVs to 936,000 ▪ Build the EV charging network to support the growth of EVs at the rate required, and develop our fast-charging infrastructure to stay ahead of demand 	<ul style="list-style-type: none"> ▪ EU Environmental Objective (1): Climate Change Mitigation ▪ Substantial contribution to Climate Change Mitigation (1.c): Increasing clean or climate-neutral mobility

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 Board.

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

This Framework is prepared by the ESG Bonds 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 Green Bond proceeds are evaluated and selected for inclusion in the eligible pool by AIB employee's based on compliance with the eligibility criteria described in Use of Proceeds section. When assessing prospective Eligible Green Loans and their non-financial impacts, AIB may rely on analysis provided by external parties, in addition to our own assessment.

The ESG Bonds Working Group will manage any future updates to the Framework, including the expansion of its eligible Use of Proceeds categories, and prospective future amendments to reflect developments in AIB strategy, market and regulatory developments (such as the introduction of the EU Green Bond Standards). GSC provides oversight on the integrity of this activity, and ensures it is aligned with our Sustainability Strategy.

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

AIB takes care that the Eligible Green Loan Portfolio complies with official international, national and local laws and regulations on a best effort basis. The terms and conditions that govern AIB's business lending require borrowers to comply with all applicable laws, regulations and practices and that they will comply with all authorisations, consents, approvals, waivers, resolutions, licences, permits, exemptions or registrations related to the project financed²¹.

Within credit assessment due diligence, assets likely to have significant effects on the environment by virtue of their size, nature or location must undergo an environmental impact assessment (EIA) which will have to be submitted to competent authorities when applying for project development. In addition, where an asset is likely to have a significant effect on a designated European conservation site, an appropriate assessment must be carried out under the Habitats Directive. AIB may rely on analysis provided by external parties, in addition to our own assessment. Furthermore, In July 2020, AIB published a defined list of 'Excluded Activities' and stated that new term lending and Corporate Finance advisory services would not be provided to any entities or their subsidiaries engaged in the excluded activities. Initially this list was implemented in our Capital Markets segment. It has since been incorporated into AIB's Group Credit Risk Policy, which supports the management of credit risk across the Group. The rules in it prohibit providing new money for any term lending facilities to businesses, or any of their subsidiaries, involved in the excluded activities. The policy was approved by AIB's Board in October 2020 and since 29 January 2021 this rule applies to all business customers with a Gross Connected Exposure of >£/€300k and who are relationship-managed.

The Excluded Activities are:

- **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

²¹ To be found [here](#).

- **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
 - The development of Genetic Engineering or Genetic Modification on animals for non-medical purposes
- **Adult Entertainment:**
 - Online pornography
- **Surveillance/Arms Related/Military:**
 - Anti-personnel landmines²²/Cluster munitions²³
 - Weapons of Mass Destruction including the production, maintenance or trade of nuclear, biological²⁴, chemical²⁵ and toxin weapons
 - Any activity that adversely impacts Human Rights defined by the UN

The Eligible Green Loan Portfolio is required to align with AIB's related internal sustainability codes and policies, including the Environmental Policy and the Code of Conduct. We recognise the need to align our frameworks, policies and practices to environmental, social and governance (ESG) principles, and this continues to be an ongoing focus for us. Set out below are some examples of relevant codes and policies:

- Environmental Policy²⁶
- Energy Policy²⁷
- Code of Conduct²⁸
- Excluded Activities List²⁹

AIB's codes and policies can be found [here](#).

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 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 Conduct³⁰, Anti-Bribery & Corruption Policy³¹ and Conflicts of Interest Policy³². These provide a strong foundation to encourage the right behaviours and to comply with regulatory requirements.

²² 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.

²³ As defined in Article 2 of the Convention on Cluster Munitions.

²⁴ 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.

²⁵ 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).

²⁶ To be found [here](#).

²⁷ To be found [here](#).

²⁸ To be found [here](#).

²⁹ To be found [here](#).

³⁰ To be found [here](#).

³¹ To be found [here](#).

³² To be found [here](#).

5. Management of Proceeds

AIB intends to allocate an amount equal to the net proceeds from the issue of Green Bonds to an Eligible Green 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 Green Loan Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Additional Eligible Green Loans will be added to the Eligible Green Loans Portfolio to the extent required to ensure that an amount equal to the net proceeds from outstanding Green Bonds will be allocated to Eligible Green 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 opportunity³³.

Pending allocation of an amount equal to the net proceeds of any tranche of Green Bonds to an Eligible Green 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 or to pay back a portion of its outstanding indebtedness, the balance of net proceeds not yet allocated to the Eligible Green 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 Green Bonds to ESG orientated assets.

³³ Within one year at the latest. This topic is discussed during the Working Group meetings.

6. Reporting

The Green Bond Principles require Green Bond issuers to provide information on the allocation of proceeds. In addition to the information on which assets an amount equal to the net proceeds from the issue of Green Bonds have been allocated, the Green Bond Principles recommend communicating on the expected impact of the Eligible Green Loans, via Impact indicators.

AIB will make and keep readily available reporting on the allocation of an amount equal to the net proceeds to the Eligible Green Loan Portfolio and wherever feasible reporting on the impact of the Eligible Green Loan Portfolio, at least at the category level, after a year from the issuance of the applicable Green Bonds to be renewed annually until maturity or full allocation of the instruments. AIB intends to provide aggregated reporting for all of AIB's Green Bonds and other potential green financings 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 "Handbook – Harmonized Framework for Impact Reporting (June 2021)".³⁴

The Green Bond report(s) will be made available on the AIB website.

Allocation Reporting

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

- the total amount of proceeds allocated to Eligible Green Loans
- the number of Eligible Green Loans
- the balance of unallocated proceeds
- the amount or the percentage of new financing³⁵ and refinancing
- the geographical distribution of the assets (at country level)
- The proportion of the portfolio that is EU Taxonomy aligned

Impact Reporting

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

- a description of relevant Eligible Green Loans
- the breakdown of the Eligible Green Loan Portfolio by nature of what is being financed (financial assets)
- metrics regarding Eligible Green Loans' environmental impacts as described below:

ICMA GBP Eligible Category	Potential Impact Indicators
Green Buildings	<ul style="list-style-type: none"> ▪ Estimated ex-ante annual energy consumption in KWh/m2 or energy savings in MWh ▪ Estimated annual reduced and/or avoided emissions in tons of CO2 equivalent
Renewable Energy	<ul style="list-style-type: none"> ▪ Total installed capacity in MWh ▪ Estimated annual avoided emissions in tons of CO2 equivalent
Clean Transportation	<ul style="list-style-type: none"> ▪ Estimated annual reduced and/or avoided emissions in tons of CO2 equivalent ▪ Number of vehicles financed

The impact report will be provided on a portfolio basis.

³⁴ See [here](#).

³⁵ New financing refers to loans issued over the previous reporting period.

7. External review

Second party Opinion (Pre-issuance)

Sustainalytics, a provider of environmental, social and governance (ESG) research and analysis, has evaluated AIB Group Plc's Green Bond Framework and its alignment with relevant industry standards and has provided views on the robustness and credibility of the Green Bond Framework within the meaning of the Green Bond Principles ("GBP"), version 2021, in its Second Party Opinion. In addition, Sustainalytics assessed the alignment of AIB's Green Bond Framework with the EU Taxonomy Climate Delegated Act.

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

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 bond proceeds to eligible assets, provided by its external auditor.

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