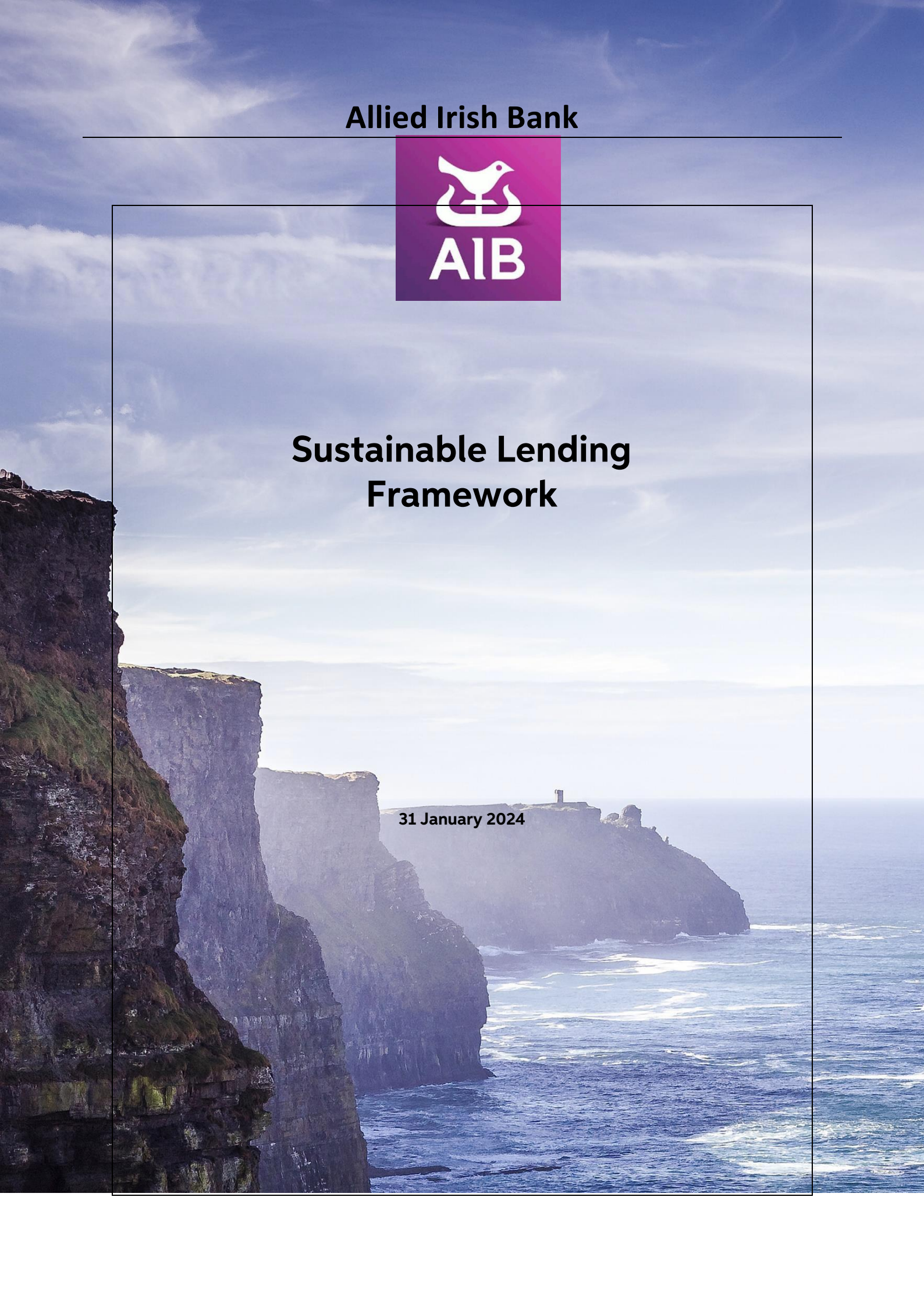


Allied Irish Bank



# Sustainable Lending Framework

31 January 2024



# Allied Irish Bank

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## Ownership & Review Cycle

Role	Assigned to	Annual (or Trigger) Activity
Highest Approval Authority	Group Sustainability Committee	Review and approve material changes
Governance Route to HAA	Chief Sustainability & Corporate Affairs Officer	Review and recommend annual review and material changes to HAA for approval.
Framework Owner	Head of Business Performance & Sustainment - SCA	Review and recommend annual review and material changes to HAA for approval.

## 1. INTRODUCTION

### 1.1. Overview of Allied Irish Banks

Allied Irish Banks plc (AIB, or “the Bank”) is a financial services group operating predominantly in Ireland, providing a comprehensive range of services to retail, business and corporate customers, and holding 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 “AIB (NI)”. Our purpose, as a financial institution, is to back our customers to achieve their dreams and ambitions.

### 1.2. Green and Transition Lending Ambition

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

- **Climate & Environment:** We are reducing our own carbon footprint and committing to being Net Zero by 2030. We are supporting our customers and communities in their transition to a low-carbon economy with an ambition that green and transition products will account for 70% of all our new lending by 2030.
- **Economic and Social Inclusion:** We aspire to contribute and advocate for 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.
- **Future-proof Business:** Our future sustainability depends on our ongoing investment in our business, people and processes. We want to give our customers the best possible banking experience.
- **Strong track record in making Green products available for AIB customers:** the Bank provide a range of Green products to retail, business and corporate customers, including, Green Mortgages, Green Personal loans, Green and Social Bonds to support the transition towards a low carbon economy, thereby helping the Government and the European Union to meet their carbon reduction targets.

In addressing these issues, the Bank must adhere to sustainable business practices. Ultimately its social licence to operate, will be determined by the trust AIB stakeholders place in it.

AIB’s success is also inextricably linked to the health of the Irish economy and the financial well-being of our customers. AIB wants its business to make a positive impact, creating long-term value in its business as well as the economies and communities in which it live and work. AIB is committed to delivering on its role and embedding a sustainable culture at every level of its business.

## 2. PURPOSE OF THE SUSTAINABLE LENDING FRAMEWORK

### 2.1. Purpose of the Sustainable Lending Framework

As part of AIB commitments to provide Green and Transition lending, the Bank has developed a set of criteria to provide transparency on the types of activities to be considered as Green, Transition or social activities.

The purpose of the Green and Transition Lending Framework document is:

- To provide clarity on what AIB consider a Green or Transition loan
- To outline how AIB identifies and monitors Green and Transition loans

AIB's Sustainable Lending Framework ("The Framework") defines what the Bank means by "Green", "Transition" and "social" loans.

At the same time, the Framework should not be seen as an exclusion policy, i.e. if a loan is neither classified as "Green" nor "Transition" nor "social", lending may still be permitted in line with AIBs policies and procedures.

### 2.2. Design principles

The Framework is built around key design principles, where the purpose is to:

- Allow AIB to support customers while meeting its targets and ambitions, and protect the Bank from the risk of greenwashing.
- Strike a balance between pragmatism and complexity, ensuring realistic data requirements and a customer friendly process.
- Meet regulatory requirements and alignment to market practices, as they evolve, while keeping AIB's context and ambitious front and centre.
- Ensure coherence with existing Frameworks. Eligibility criteria should be aligned (or at least not in conflict) with activities and criteria identified in existing relevant AIB sustainability-related frameworks (e.g. Green and Social Bond Framework's, Sustainability-Linked Loans, Green mortgages etc.)
- Is intuitive and easily applied by the business as part of day to day business.

## 3. SCOPE OF THE SUSTAINABLE LENDING FRAMEWORK

### 3.1. Overview of Green and Transition Lending

"Green" lending describes any form of financial product or service to fund activities which are low carbon at the time of borrowing. "Transition" lending describes any form of financial product or service to fund activities that contribute to the Transition to a net-zero carbon economy by 2050.

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The Framework also references Social lending. However, new Social lending does not contribute towards the 70% new Green & Transition Lending target unless it also qualifies as Green or Transition (see Appendix A below for the list of activities and criteria).

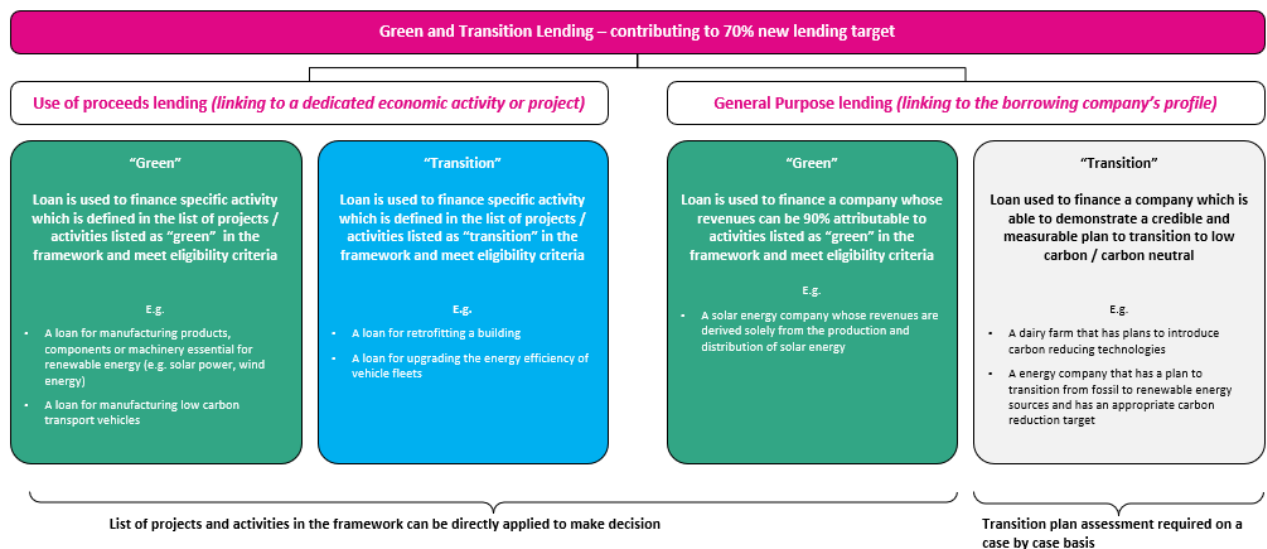
## 3.2. In Scope Lending

All applications for ‘New Money’ greater than or equal to € /£300k processed via ACA or AMU.

## 3.3. Distinction between Use of Proceeds and General Purpose

In order to classify lending as Green, Transition or Social, the Framework outlines two key parameters based on which a transaction can be classified – Use of Proceeds and General Purpose.

Figure 1: Scope of Sustainable Lending Framework



**Use of Proceeds lending** is linked to a dedicated economic activity or project qualifying as Green or Transition based on the eligibility criteria detailed in Appendix A.

Examples of Green Use of Proceeds lending include a loan for manufacturing product components essential for renewable energy (e.g. solar power, wind energy) or a loan for manufacturing low carbon vehicles.

Examples of Transition Use of Proceeds include a loan for retrofitting a building or a loan for upgrading the energy efficiency of vehicle fleets.

**General Purpose lending** corresponds to any lending linked to the borrowing company’s profile e.g. Revolving Credit facilities. Therefore, transactions are eligible for:

1. Green General-Purpose lending: if the company’s revenues can be 90% attributable to activities listed as “Green” in the eligibility criteria detailed in Appendix A of this document. Examples of this include a solar energy company whose revenues are derived solely from the production and distribution of solar energy or a property developer which derives 90% revenues from BER A or B-rated buildings.

2. Transition General Purpose lending: if the company is able to demonstrate a credible and measurable plan to transition to low carbon / carbon neutrality. Further work is required in order to determine if a company can demonstrate a credible and measurable transition plan.

## 4. GOVERNANCE, ROLES & RESPONSIBILITIES

### 4.1. Ownership, Applicability & Management

#### **Framework Sponsorship**

This Framework is sponsored by the Chief Sustainability and Corporate Affairs Officer.

#### **Framework Ownership**

This Framework is owned by the Head of Business Sustainment and Performance Team, SCA.

#### **Highest Approval Authority**

The Highest Approval Authority for this Framework is Group Sustainability Committee.

#### **Framework Applicability**

This Framework applies to all jurisdictions in which AIB operates.

#### **Framework Management: Review, Assurance and Updates**

This Framework will be reviewed and approved by the Framework Owner on an annual basis, taking into account any changes to the Group's Strategy and with regard to relevant upstream changes in the regulatory environment. A gap analysis exercise will be undertaken to ensure appropriate consideration and coverage of relevant ESG regulations and alignment with all relevant AIB frameworks and policies.

As part the Framework review, the Framework owner will engage with the relevant owners / areas to ensure ongoing alignment.

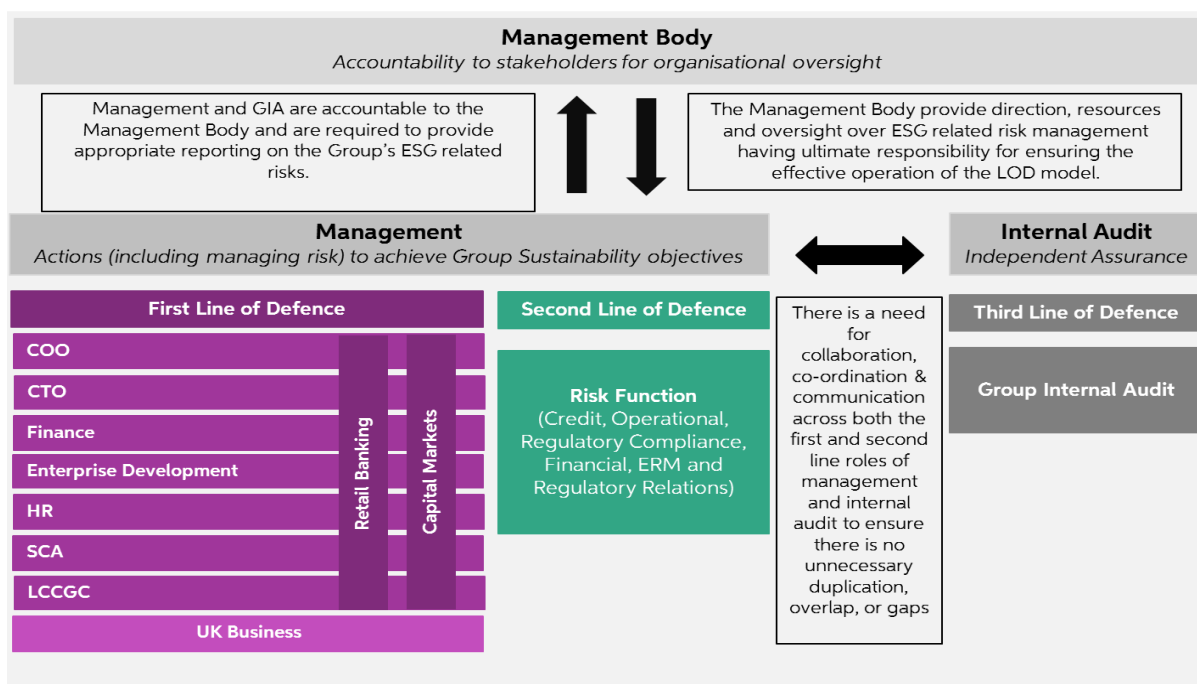
Material changes to the Framework require approval by the HAA. The Framework Owner determines whether or not a change is material. In the absence of material changes, the HAA shall review and approve this Framework at least once every year.



## 4.2. Three Lines of Defence Model in relation to the SLF

The Group operates a Three Lines of Defence (3LOD) Model as set out in figure 4, the principles of which are outlined in the Group Risk Management Framework. The First Line of Defence has the primary responsibility for the management of the SLF, business strategy, processes and the associated risks. The Second Line of Defence sets policy and oversees the risk management activities of the First Line while the Third Line provides independent assurance to the Board of Directors on the adequacy and effectiveness of the overall control environment.

Figure 2 – 3LOD model operating at AIB



This section outlines high level roles and responsibilities across the First, Second and Third Lines of Defence with regard to the management and oversight of the SLF.

## 4.3. Roles and Responsibilities related to the Sustainable Lending Framework

The Framework is owned by the Head of Business Performance and Sustainment, Sustainability & Corporate Affairs (SCA), with strong involvement from the Business and Risk. The roles and responsibilities supporting the effective application and management of the Sustainable Lending Framework across the 1st and 2nd LoD are outlined below.

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## First Line of Defence (1 LOD)

### All Business Units & Support Areas

All first line management and staff are responsible and accountable for adherence to the SLF Framework and supporting documents within their areas of responsibility including:

#### *Business Strategy & Processes*

- Acting as a point of contact for the Borrower, which includes addressing any queries regarding classifying the loan as Green / Transition/ Social.
- Manages engagements, gathering relevant information from the client required to validate the classification when applying the Sustainable Lending Framework and checking accuracy of information.
- classifying loans as “Green” or “Transition” or “Social” according to eligibility criteria (i.e., checking if the Borrower and loan purpose are in-scope of the Framework).
- Reviewing the classification of loans as “Green” or “Transition” or “Social” as part of ongoing monitoring - e.g. Annual review (i.e., monitoring Borrower’s activities, progress and achievement of main targets / milestones to ensure continued compliance with the applicable Framework sector criteria. This includes Borrower engagement, follow-up that information provided at origination still applies or whether any material changes have occurred).
- Monitors and reports on performance in line with relevant business targets, objectives and limits e.g. Green lending.
- Monitor and provide feedback on material market changes, customer and stakeholder feedback that impact the SLF and provide feedback to framework owners to support updates.

#### *Risk Management*

- The Business is responsible for the sample-based quality assurance of the loan categorization according to the Sustainable Lending framework, including that the classification of the loan is appropriate and the required data points have been collected to support the classification. This activity can be based on existing Quality Assurance activities built into existing processes within the Business areas.
- Resolve queries in conjunction with the Business Performance & Sustainment team as necessary (ultimate decision on “Green” vs “Transition” vs “Social” labelling), i.e. ensuring individual loans are reclassified in case of misclassification.
- Ensures relevant business processes and controls are in place to mitigate SLF risks and comply with relevant regulatory requirements.
- Reports potential non-compliance with the Framework to relevant stakeholders / management.

#### *Governance*

- Adheres to this Framework and relevant risk and non-risk frameworks, policies, codes etc. and reports in line with existing processes.
- Provides updates and reports to relevant governance committees as required and/or in line with the committee programmes of work.

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- Delivers/ inputs complete and accurate information as required for external disclosures relating to their business / areas of responsibility.

## First Line Assurance Teams

- First Line assurance activity is undertaken by First Line Business Assurance teams to test the effectiveness of the control environment operating in the 1LOD; through the examination of evidence and testing of processes, which have been implemented by 1LOD management, First Line Assurance will be undertaken in line with the First Line Assurance Framework and associated methodology. This work will be conducted at such intervals as deemed appropriate to the nature and rating of the underlying risk and scheduled as part of the First Line Assurance planning process.

## Sustainability and Corporate Affairs (SCA)- Business Performance & Sustainment Team (BPS)

### *Business Strategy & Processes*

- **Business Engagement:** Acting as a point of contact for internal referral as required after business has followed all procedures and engaged with business area approvals and relevant stakeholders (may include sustainability champions/leads and central enablement teams).
- **Independent Oversight:** BPS will be responsible for maintaining a central active log/library of cases to be used as a point of reference for the Business, in order to assist with the classification of the proposed facilities as “Green” or “Transition” or “Social”. In the first instance, the Business will (1) examine the eligibility criteria (2) engage with business area approvals and relevant stakeholders (may include sustainability champions/leads and central enablement teams) and (3) refer to central log of examples. (4) Internal Referral - where difficulty remains in determining the classification having undertaken steps 1-3, the BPS team will provide guidance on a case-by-case basis.
- **Escalation:** In instances where there remains ambiguity the BPS team will thereafter be responsible for enabling any escalation required. This arbitration/adjudication will be enabled via an internal Forum together with appropriate expertise, held in line with business requirements to assist in determining the most appropriate classification.
- The forum will consist of members from the SCA BPS / Transformation team together with representation from the Business areas.
- Further representation will be requested from Group Legal / 2LOD Regulatory Compliance and Climate and Environmental and Credit risk teams, as required.
- Monitors and reports on Group performance in line with relevant Business targets, objectives, and limits.
- Responsibility and accountability together with ESG Transformation & Reporting for monitoring and reporting purposes, i.e. the allocation of AIB lending to Green, Transition and Social lending, for new volume. For Green and Transition Lending, reporting will further differentiate between what is compliant / aligned with the EU Taxonomy and “Other” additional Green and Transition Lending (that is not fully aligned with the EU taxonomy, but has been defined as Green or Transition as part of the Framework)
- Responsibility and accountability for monitoring material market and regulatory

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developments, including: i) changes in market conditions or market expectations regarding what constitutes (the transition towards) a low carbon economy; and ii) when new technology becomes available; and/or iii) when the regulatory environment changes. In these instances, updates, amendments, or additional activities / criteria may be added to the Sustainable Lending Framework.

## *Risk Management*

- Understand the SLF regulatory requirements applicable across the jurisdictions and defines approach and implementation plan for meeting these.
- SCA BPS First Line Assurance team will link in with other First Line Assurance Teams to get oversight of issues in adhering to this framework to obtain consolidated view across the Group on an annual basis of ESG related issues.

## *Governance*

- Provides regular updates to the relevant Governance Committees on SLF matters.
- Accountability for any updates to the framework and responsibility for collaborating with Business to update the framework as part of the Annual review process or in case of any material change (e.g., updates in the EU taxonomy).

## **Second Line of Defence (2LOD)**

- The Second Line of Defence oversees the risk management activities of the First Line, with regards to the Sustainable Lending Framework.
- The Credit Review Team within Risk assumes responsibility and accountability in the second line for the independent oversight and assurance of the application of the Sustainable Lending Framework on transactions (at origination and as part of ongoing monitoring), i.e. checking that the Framework is correctly applied via a regular, risk-based sampling approach on an individual loan level.
- Group Risk Assurance provides independent review and objective assurance on the quality and effectiveness of the Group's internal control system in the First and Second Line of Defence, including the SLF via a risk-based assurance plan.
- Compliance is responsible for monitoring regulatory developments with regards to the Framework, i.e. to inform and guide in relation to regulatory developments related to the Sustainable Lending Framework.
- Finally, Risk is responsible and accountable for the review and challenge of the Framework annual update as part of the governance cycle.

## Third Line of Defence (3LOD)

### Group Internal Audit (GIA)

Group Internal Audit's (GIA) primary responsibility is to AIB Group's (the Group) Board of Directors through the BAC. GIA helps them to carry out their corporate governance responsibilities by providing an independent view on the key risks facing AIB Group, and the adequacy and effectiveness of governance, risk management and the internal control environment in managing these risks. All activities undertaken within, and on behalf of, the Group are within the scope of GIA. This includes the activities of subsidiaries and the risk and control functions (including Group Risk and Compliance functions) and 1st and 2nd Line of Defence assurance activities established by the Group.

## 5. ELIGIBILITY PARAMETERS AND CRITERIA

### 5.1. Overview

In order to classify any Use of Proceeds or General-Purpose lending as Green or Transition or Social, eligibility criteria are defined for the following sectors:

- Buildings
- Agriculture, Forestry & Fishing
- Energy
- Transport
- Manufacturing
- Waste and Water Management
- Information and Communications Technology (ICT)
- Social elements

If the transaction under consideration is in line with the criteria defined in the Sustainable Lending framework, it can be classified as "Green", "Transition" or "Social" Lending.

Non-listed sub-sectors or activities may also qualify as Green or Transition Lending subject to demonstrating an overlap with other sectors of the Framework (for Use of Proceeds) or reviewed on a case-by-case basis (for General Purpose).

## 5.1.1. EU Taxonomy, EBA LOAM and other standards and principles

The guidelines defined in the SLF to classify new lending as Green or Transition lending aim to be aligned to the extent possible with the technical criteria outlined in the EU Taxonomy regulation for relevant sectors.

As further work is completed to consider the full implications of reporting under the EU Taxonomy, and in particular the Green Asset Ratio and Banking Book Taxonomy Alignment Ratio (BTAR) we expect our approach to evolve and mature.

Over time as reporting develops and matures and more sectors are brought within scope of EU Taxonomy alignment reporting in 2024 and 2025, AIB will align the Sustainable Lending Framework with the EU Taxonomy regulation.

Additionally, the Framework has also been informed by the following principles and standards, among others.

- Green Loan Principles administered by the Loan Market Association (“LMA”)
- Green Bond Principles (2022) administered by the International Capital Markets Association (“ICMA”)
- Social Bond Principles (2023) administered by ICMA

The SLF was developed and implemented to comply with EBA LOAM Article 58 and was implemented in July 2021 as part of LOAM Programme.

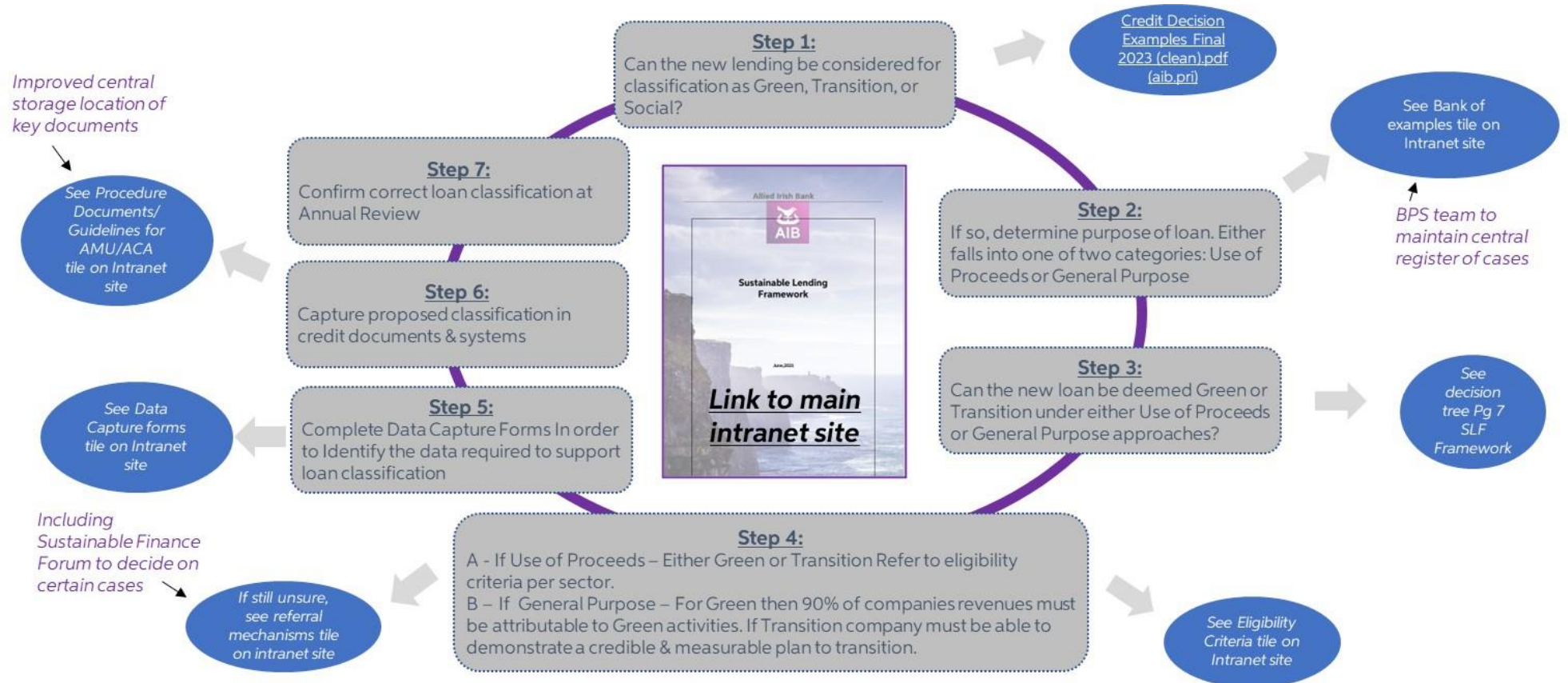
## 5.1.2. Credit Policies & Exclusion criteria

AIB will use the Sustainable Lending Framework to classify new Green and Transition lending that reference to specific Use of Proceeds or General-Purpose criteria defined in the Framework. All new lending requests shall be processed as part of the usual credit process, subject to AIBs credit policies and procedures.

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## 5.2. Application of the Framework

The Framework includes a Workflow Guide to support with the categorization of loans as “Green / Transition / Social / N/A” against the eligibility criteria: (Reference Tile 2 on intranet site for document)



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To exemplify the practical application of the Decision Tree (See Figure 1 on page 7), examples are outlined below based on illustrative AIB sample transactions:

**Borrower 1:** The customer owns an onshore windfarm and has requested a project finance loan to develop a renewable energy generation plant.

Applying the “decision tree” shown in Figure 1 below, the Front Office representative would conclude that the loan qualifies as a “Green Use of Proceeds” loan.

Figure 1: Worked example – Borrower 1

Question	Answer	Rationale
Is this a use of proceeds or general purpose loan?	Use of proceeds	Project finance loan for renewable energy (onshore wind)
Is the activity classified as “Green” per the list of activities in the SLF?	Yes	Renewable energy generation is a classified as a green activity in the Framework
Is the activity classified as “transition” per the list of activities in the SLF?		
Is the activity classified as “social” as per the list of activities in the Social Annex?		



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Borrower 2: The customer is a property developer of apartments and has requested a loan to fund the construction of BER-A rated apartments.

Figure 2: Worked example – Borrower 2

Question	Answer	Rationale
<b>Is this a use of proceeds or general purpose loan?</b>	Use of proceeds	Loan to fund construction of apartments
<b>Is the activity classified as “Green” per the list of activities in the SLF?</b>	Yes	Building BER A-rated buildings is a classified as a green activity
<b>Is the activity classified as “transition” per the list of activities in the SLF?</b>		
<b>Is the activity classified as “social” as per the list of activities in the Social Annex?</b>		

Please note that as part of the management and oversight of the SLF a set of Guidelines and case examples has been developed to provide additional support with the classification of loans within the SLF. See intranet site.

## 5.3. Application of the Framework – Practice

Overall, application of the Sustainable Lending Framework requires the following steps to be completed, supported by business procedures for the AMU and ACA systems:

- Step 1: Can the new lending be considered for classification as Green, Transition, or Social?
- Step 2: If so, determine purpose of loan. Either falls into one of two categories: Use of Proceeds or General Purpose
- Step 3: Can the new loan be deemed Green or Transition under either Use of Proceeds or General-Purpose approaches?
- Step 4:
  - A - If Use of Proceeds – Either Green or Transition Refer to eligibility criteria per sector.
  - B – If General Purpose – For Green then 90% of companies revenues must be attributable to Green activities. For Transition, company must be able to demonstrate a credible & measurable plan to transition.
- Step 5: Complete Data Capture Forms In order to Identify the data required to support loan classification.
- Step 6: Capture proposed classification in credit documents & systems.
- Step 7: Confirm correct loan classification at Annual Review.

## APPENDIX A. ELIGIBILITY CRITERIA

The Green and Transition Lending Framework defines eligibility criteria for Green and Transition lending per sector.

Note: SBCI schemes such as the GSLS will be reviewed and assessed to be considered as green / transition / social on a case by case basis. Please see supporting Guidelines and Case examples for more detail.

### A.1. Buildings

#### A.1.1. Eligibility criteria Use of Proceeds– Buildings<sup>1</sup>

	Green	Transition
<b>Green commercial &amp; residential buildings incl. construction</b>	<ul style="list-style-type: none"> <li>- BER A+/B rated – i.e. A1, A2, A3, B1, B2 or B3 (Ireland)</li> <li>EPC level A+, A, B (UK)</li> </ul>	
<b>Retrofitting/ Renovations</b>	<ul style="list-style-type: none"> <li>RoI &amp; UK</li> <li>• Upgrade in BER or EPC certification rating with renovation achieving at least:               <ul style="list-style-type: none"> <li>– Minimum floor of BER B3 rating/EPC B rating (conversion to adhere to requirements of a green building)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Renovation achieving at least 30% improvement in energy efficiency:               <ul style="list-style-type: none"> <li>– When such an improvement is derived from an upgrade in BER / EPC label, a minimum floor of a “C3” BER / “C” EPC label will be applied</li> <li>– This may be achieved through a succession of measures within a maximum of 3 years</li> </ul> </li> </ul>

<sup>1</sup> Note: Eligible schemes/ certifications / ratings / standards include local EU, UK or US equivalents.

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	Green	Transition
<b>Professional services</b>	<ul style="list-style-type: none"> <li>• Technical consultations (energy consultants, energy simulation, project management, production of EPC, dedicated training, etc.) linked to the individual measures mentioned above.</li> <li>• Accredited energy audits and building performance assessments.</li> <li>• Energy Management Services.</li> <li>• Energy Performance Contracts.</li> <li>• Energy Services provided by Energy Service Companies (ESCOs)</li> </ul>	
<b>Individual measures</b> <i>Measures must be aimed at improving energy performance and/or reducing carbon emissions, which can be demonstrated through an energy audit, EPC or any other method acceptable by Sustainable Finance Platform</i>	<p><b>Window &amp; door upgrades/replacement</b></p> <ul style="list-style-type: none"> <li>• Replacement of existing windows with new energy efficient windows.</li> <li>• Replacement of existing external doors with new energy efficient doors.</li> <li>• Double-glazed and triple glazed windows and doors</li> </ul> <p><b>Heating, ventilation and air conditioning</b></p> <ul style="list-style-type: none"> <li>• Replacement of inefficient boiler or stove with highly efficient condensing boiler.</li> <li>• Installation and upgrade of heat pumps contributing to the targets for renewable energy in heating and cooling in accordance with Directive 2018/2001/EU (and the ancillary technical equipment); e.g. air source (air to water, exhaust air to water, air to air systems), water source (water to water) and ground source (ground source to water, geothermal) heat pump systems</li> <li>• Replacement of old pumps with efficient circulating pumps (as defined in Art. 2 of EU Regulation 622/2012).</li> <li>• Installation of energy efficient heating controls incl. zoned thermostats, smart thermostat systems and sensing equipment (e.g. motion and day light control, hive, nest, 7-day timer systems).</li> <li>• Installation and replacement of HVAC<sup>1</sup>, domestic hot water systems, including equipment related to district heating service.</li> <li>• Installation of heat exchanger/recovery systems.</li> <li>• Mechanical ventilation systems – whole house recovery systems, single room heat recovery systems, positive input ventilation systems – and proprietary ventilation systems</li> <li>• Low carbon heating technology (e.g., solar panels including solar PV, solar thermal, solar water heating and solar electricity; battery energy storage systems; biogas and hydrogen heating systems).</li> <li>• Electric heat pumps</li> <li>• Central heating boilers</li> <li>• Biomass and anaerobic digestion heating systems</li> </ul>	<ul style="list-style-type: none"> <li>• Heating systems running on conventional energy sources today, that can be upgraded to renewable energy sources in future (e.g. boiler that can process gas but also hydrogen)</li> </ul>

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## Green

## Transition

### Insulation

- Addition of insulation to the existing envelope components, such as
  - External walls (including internal dry-lining, cavity or external wall insulation)
  - Roofs (including green roofs), attics, lofts, basements
  - Ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding)
- Products for the application of the insulation to the building envelope (mechanical fixings, adhesive, etc.).
- Pipe insulation to improve thermal efficiency

### Lighting

- Installation of efficient LED lighting appliances and systems.

### Water management

- Installation of low-flow kitchen and sanitary water fittings in the top two categories of the EU Water Label scheme.
- Sustainable water treatment, water conservation, rainwater harvesting systems and grey water recycling/waste management systems

### On-site energy – installed as building services

- Installation of solar photovoltaic systems (and the ancillary technical equipment).
- Installation of solar hot water panels (and the ancillary technical equipment).
- Installation of wind turbines (and the ancillary technical equipment).
- Installation of solar transpired collectors (and the ancillary technical equipment).
- Installation of thermal or electric energy storage units (and the ancillary technical equipment).
- Installation of High Efficiency Micro CHP (combined heat and power) plant
- Installation of Building Management Systems (BMS) and Energy Management Systems (EMS).
- Installation of charging stations for electric vehicles.
- Installation of smart meters for gas and electricity.
- Installation of façade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation.

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## A.2. Agriculture, Forestry and Fishing

### A.2.1. Eligibility criteria – Use of proceeds – Agriculture<sup>2</sup>

Use of proceeds lending: activities can be defined as transition if...			
<b>All</b>	<b>Prerequisite for all lending</b> <ul style="list-style-type: none"> <li>Part of a recognized certification/scheme (see next slide for eligible certifications/schemes)</li> <li>And: additional requirement to self-certify commitment to at least five recognized sustainable farming practices and where less than 10, plan to undertake at least an additional 2 over the term of loan offered (where greater than 12mths) (see next side for list of recognized practices) – Note: sustainable farming commitments do not have to be directly related to the investment being undertaken</li> </ul>		
<b>Stock</b>	<b>Dairy/Beef</b>	<b>Other livestock (e.g. pig and poultry, other)</b>	<b>Tillage/Horticulture</b>
	<b>Include dairy/cattle businesses subject to the following constraints:</b> <ul style="list-style-type: none"> <li>For breeding cattle: any livestock purchased must have EBI/EuroStar rating or similar above the existing herd average (or national average for new entrants)</li> <li>For non-breeding cattle: see general prerequisites</li> </ul>	<b>Include other livestock farming subject to the following constraints</b> <ul style="list-style-type: none"> <li>See general prerequisites</li> </ul>	
<b>Land purchase</b>	<ul style="list-style-type: none"> <li>See general prerequisites</li> </ul>		Land will be tillage/horticulture only (i.e. not for livestock)
<b>Buildings/ Infrastructure (New/ Existing)</b>	<ul style="list-style-type: none"> <li>Improving the living conditions of animals (e.g. more space to increase animal health) or improving animal production efficiency</li> <li>Zero carbon buildings (i.e. non-heated)</li> <li>Pollution control (e.g. fencing, roadways, covered collection yards/housing; waste/effluent storage facilities etc)</li> </ul>		

<sup>2</sup> Note: Eligible schemes/ certifications / ratings / standards include local EU, UK or US equivalents. Exclusion in the context of defining as ‘Green/Transition’ lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

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## Use of proceeds lending: activities can be defined as transition if...

### Machinery

- Zero direct emission vehicles
- Compliance with newest available Euro Emissions Standards for new vehicles; improvement of 1 notch in Euro Emissions standards for second-hand assets (where 1 notch is defined as a movement from e.g., 4A to 4B (rather than a movement from 4 to 5)
- Non-fuel-based machinery (e.g. plows, irrigation systems, hand tools)
- Machinery to improve the efficiency of fertilizer use – such as drones, ground-based sensors, nozzles or other sprayers with high flow rates; other machinery, e.g.: bio-digesters

Table 1: Internal Checklist – General Prerequisites<sup>3</sup>

Certifications/ schemes	Where relevant				
Must have evidence of one of these certificates/ schemes <sup>4</sup> ,	<ul style="list-style-type: none"> <li>• Member of Bord Bia Quality Assurance Scheme</li> <li>• Certified Organic Producer (registered with Organic Unit of the Department of Agriculture, Food and Marine; approved as organic operator by one of Organic Certification Bodies and hold licence of OFS application)</li> <li>• Member of Agricultural Sustainability Support &amp; Advisory Programme</li> <li>• Recipient of EU Direct / BISS / Eco schemes / ACRES / ANC / SCEP / NBWS payments</li> <li>• Holder of EPA license</li> <li>• Specialist<sup>1</sup> Tillage/ Forestry producer</li> <li>• Member of FCI Assoc. of Farm &amp; Forestry Contractors (specialist Agri<sup>1</sup> Contractors)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>And:</b> Additional requirement to self-certify commitment to <u>at least</u> five recognized sustainable farming practices and where less than 10, plan to undertake at least an additional 2 over the term of loan offered (where &gt; 12mths), see below:</li> </ul>			
			<b>Current</b>	<b>Planned</b>	<b>Current</b> <b>Planned</b>

<sup>3</sup> Note: Eligible schemes/ certifications / ratings / standards include local EU, UK or US equivalents. Exclusion in the context of defining as 'Green/Transition' lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

<sup>4</sup> 70% of revenues is derived from individual farm enterprise / activity;

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Certifications/ schemes	Where relevant
<p><b>Sustainable agriculture practices:</b> Clients must self-certify they are:</p> <ul style="list-style-type: none"> <li>• Currently engaged in <b>at least 5</b> of these practices, and where less than 10;</li> <li>• Plan to undertake at least an additional 2 over the term of loan offered (where greater than 12mths)</li> </ul> <p><i>Note: sustainable farming commitments do not have to be directly related to the investment being undertaken</i></p>	<p>EU Taxonomy</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Methane reducing feed additives</li> <li>• <input type="checkbox"/> Animal health / vaccination programme in place</li> <li>• <input type="checkbox"/> Planting carbon sequestering crops<sup>5</sup></li> <li>• <input type="checkbox"/> Optimising fertilization (protected urea instead of urea; adequate slurry storage in place; Precision farming use of GPS for chemicals, fertiliser etc.)</li> <li>• <input type="checkbox"/> Application of solid manure</li> <li>• <input type="checkbox"/> Pasture renovation</li> <li>• <input type="checkbox"/> Converting low productivity land into woodland</li> </ul> <p>Additional criteria from Irish CAP</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Improve animal production efficiency (e.g., by increasing EBI or Eurostar rating for cattle; improving herd genetics for other livestock)</li> <li>• <input type="checkbox"/> Use low emission slurry applications</li> <li>• <input type="checkbox"/> Increasing soil pH</li> <li>• <input type="checkbox"/> Low input pasture system</li> <li>• <input type="checkbox"/> Rewet organic grassland soils</li> <li>• <input type="checkbox"/> Increasing afforestation</li> <li>• <input type="checkbox"/> Nutrient mgmt. / liming / reseeding plan in place (e.g., regular soil testing)</li> </ul> <p>Additional criteria from Irish CAP (continued)</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Management, restoration and rehabilitation of peatlands<sup>6</sup></li> <li>• <input type="checkbox"/> Water-table-management techniques<sup>47</sup></li> <li>• <input type="checkbox"/> Extended grazing (e.g., grass measuring)</li> </ul> <p>EU Green Direct Criteria</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Crop diversification</li> <li>• <input type="checkbox"/> Maintain permanent grassland</li> <li>• <input type="checkbox"/> Dedicating arable land to areas beneficial for biodiversity</li> <li>• <input type="checkbox"/> Biodiversity / buffer zones on-farm</li> </ul> <p>GAEC</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Water management (establishment of buffer strips along water courses, compliance with irrigation authorisation, fenced watercourse, protecting ground water from pollution, undertake field drainage work)</li> <li>• <input type="checkbox"/> Soil management (defining minimum soil cover &amp; land management practices, maintaining soil organic matter and soil structure, minimum till, ploughs in straw)</li> </ul> <p><input type="checkbox"/> Landscape maintenance (retention of landscape features incl. hedges, ponds, ditches, trees)</p>

<sup>5</sup> E.g. cover crops; legumes; brassicas

<sup>6</sup> To sequester, store & reduce carbon emissions;

<sup>7</sup> To reduce carbon loss



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Certifications/ schemes	Where relevant
	<ul style="list-style-type: none"><li>• <input type="checkbox"/> Incorporation of clover swards</li><li>• Maintenance/ planting of hedgerows</li></ul>

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## A.2.2. Agreed eligibility criteria for Agriculture – General Purpose<sup>8</sup>

### General purpose lending: can be defined as transition if...

- Demonstration of **credible transition plan**, ultimately leading to GHG reduction/carbon stock increase
- Or (proxy): Compliance with one **key scheme**
  - Member of Bord Bia Quality Assured Scheme
  - Certified Organic Producer (registered with Organic Unit of the Department of Agriculture, Food and Marine; approved as organic operator by one of Organic Certification Bodies and hold licence of OFS application)
  - Member of Agricultural Sustainability Support & Advisory Programme
  - In receipt of EU Direct Payments/BPS/Greening/GLAS/ANC/BDGP/BEEP payments
  - EPA License
  - Specialist<sup>9</sup> Tillage/ Forestry producer
  - For Specialist Agri<sup>10</sup>: FCI Association of Farm & Forestry Contractors
- And:
  - Requirement to self-certify commitment to at least five recognized sustainable farming practices and where less than 10, plan to undertake at least an additional 2 over the term of loan offered (where > 12mths)
- **Exclusion** (Exclusion in the context of defining as 'Green/Transition' lending only)
  - Working Capital loans excluded if they are used to expand cattle herd or to buy conventional fertilizer – **if farms are not complying with sustainable agricultural practices**
  - Production undertaken on any land with following status in or after January 2008: Wetlands (land covered with or saturated by water permanently or for significant part of the year) – *not applicable for fishing due to nature of business*; Peatland (unless evidence is provided that cultivation and harvesting of that raw material does not involve drainage of previously undrained soil); De-forested land (unless loan purpose is replanting trees of similar species)
  - Note: Lending requests outside those defined 'Green/Transition' lending as per this framework may be processed as part of BAU activity, subject to adhering to normal lending policies and procedures

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<sup>8</sup> Note: Eligible schemes/ certifications / ratings / standards include local EU, UK or US equivalents. Exclusion in the context of defining as 'Green/Transition' lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

<sup>9</sup> 70% of revenues is derived from the individual farm enterprise / activity

<sup>10</sup> 70% of revenues is derived from the individual farm enterprise / activity

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## A.2.3. Agreed eligibility criteria- Use of proceeds & General Purpose – Forestry and Fishing<sup>11</sup>

	Green	Transition
<b>Forestry</b>	<ul style="list-style-type: none"> <li>• Compliance with sustainable forestry management (SFM) requirements</li> <li>• Forestry generally classified as “green” (given positive environmental impact)</li> </ul>	<ul style="list-style-type: none"> <li>• n/a</li> </ul>
<b>Fishing</b>	<ul style="list-style-type: none"> <li>• n/a</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstration of credible transition plan, ultimately leading to GHG reduction</li> <li>• Good management as a proxy for low emissions – based on certifications, e.g.               <ul style="list-style-type: none"> <li>– Marine Stewardship fisheries standard certification for Seafood products</li> <li>– Global Sustainable Seafood Initiative (GSSI)</li> <li>– Fisheries demonstrating sustainable aquaculture practices via certification by Aquaculture Stewardship Council</li> <li>– Fisheries Improvement Programme</li> </ul> </li> <li>• For non-members eligible where (based on self-certification):               <ul style="list-style-type: none"> <li>– Confirmation of customer adhering to their Total Allowable Catch allocation</li> <li>– Confirmation of appropriate net sizing as per Common Fisheries Policy</li> </ul> </li> </ul>

<sup>11</sup> Note: Eligible schemes/ certifications / ratings / standards include local EU, UK or US equivalents. Exclusion in the context of defining as ‘Green/Transition’ lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

## A.3. Manufacturing

### A.3.1. Eligibility criteria Use of Proceeds - Manufacturing<sup>12</sup>

Eligibility criteria	Green	Transition
<p><u>Use of Proceeds:</u> Eligibility Criteria &amp; Thresholds</p>	<ul style="list-style-type: none"> <li>Manufacturing of products, components and machinery essential for renewable energy technologies; low carbon technologies for transport; or energy efficient equipment for buildings</li> <li>Manufacturing of low carbon technologies and their components that result in substantial life-cycle GHG emission savings (if they can demonstrate substantially higher net GHG emission reductions compared to the best performing alternative technology / product / solution available on the market) Life-cycle GHG emission savings are calculated using Commission Recommendation 2013/179/EU(96) or, alternatively, ISO 14067:2018(97) or ISO 14064-1:2018(98). Quantified life-cycle GHG emission savings are verified by an independent third party.</li> <li>Manufacturing of circular economy adapted products (e.g. environmentally sustainable product with an eco-label, environmental certification, or resource efficient packaging) or processes, incl.:               <ul style="list-style-type: none"> <li>Reuse and use of secondary raw materials and re-used components in products manufactured;</li> <li>Design for high durability, recyclability, easy disassembly and adaptability of products manufactured;</li> <li>Waste mgmt. that prioritises recycling over disposal in manufacturing process;</li> <li>Information and traceability of substances of concern throughout the life-cycle of the manufactured products</li> </ul> </li> </ul>	<p>Manufacturing activity to comply with thresholds as per EU taxonomy (compliance with all thresholds not relevant for all asset classes – <i>thresholds not available for food processing or mechanical equipment</i>).</p> <p>Or for Chemicals: Compliance with defined alternatives technologies – as a proxy for EU taxonomy thresholds around emissions, electricity and carbon intensity, incl:</p> <ul style="list-style-type: none"> <li>Usage of bio feedstocks</li> <li>Recycling of plastic into system (as feedstock) – reducing GHG emissions by at least 27%</li> <li>Further details, see Appendix</li> </ul> <p>Additional specific activities</p> <ul style="list-style-type: none"> <li>Installing, upgrading or replacing equipment with low carbon/waste reducing emitting technologies</li> <li>Business expansion activities related to extending or reconfiguring operating premises (see buildings criteria):               <ul style="list-style-type: none"> <li>Upgrade in BER or EPC certification rating with renovation achieving: Minimum floor of BER C rating/EPC C rating where the starting point is E or below, which corresponds to a minimum improvement of 30% (in line with EU Taxonomy)</li> </ul> </li> <li>Energy-related decarbonization measures               <ul style="list-style-type: none"> <li>Improving production processes to reduce energy waste</li> <li>Energy efficiency</li> <li>On-site renewable generation and green energy purchases</li> </ul> </li> </ul>

<sup>12</sup> Note: Eligible schemes/ certifications / ratings / standards include local EU, UK or US equivalents.

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Eligibility criteria	Green	Transition
<p><u>Use of Proceeds:</u> Eligibility Criteria &amp; Thresholds</p>	<ul style="list-style-type: none"> <li>• 'For completeness: current manufacturing activities captured under EUT (CCM &amp; CCA) include:               <ul style="list-style-type: none"> <li>- Manufacture of renewable energy technologies</li> <li>- Manufacture of low carbon technologies for transport -emissions is the key metric but note there are other specific vehicle specific requirements i.e bodywork standards &amp; compliance with EURO VI standards</li> <li>- Manufacture of batteries*</li> <li>- Manufacture of other low carbon technologies</li> <li>- Manufacture of energy efficiency equipment for buildings</li> </ul> </li> <li>• Business expansion activities related to building (see buildings criteria):</li> <li>• Business expansion activities related to extending or reconfiguring operating premises (see buildings criteria):</li> </ul> <p>*Includes Manufacture of rechargeable batteries, battery packs and accumulators for transport, stationary and off-grid energy storage and other industrial applications Manufacture of respective components</p>	<ul style="list-style-type: none"> <li>• Food processing               <ul style="list-style-type: none"> <li>– Production of lower emission protein products (e.g. tofu, beans, peas, nuts)</li> </ul> </li> </ul> <p>Transition of energy sources for manufacturing: phasing out oil and replacing with biomass and electricity; meeting 70% of low-temperature heat with low-carbon sources by 2025, and 80% by 2030</p>

## A.4. Transport

### A.4.1. Eligibility criteria Use of Proceeds – Transport<sup>13</sup>

	Green	Transition
<b>Use of Proceeds: Eligibility Criteria &amp; Thresholds</b>	<ul style="list-style-type: none"> <li>• Transport or infrastructure for transport with zero direct emissions (e.g. including hydrogen, fuel cell, electric cars, home charger for EV)</li> <li>• Dedicated vehicles/vessels solely using advanced biofuels or renewable liquid and gaseous transport fuels of non-biological origin</li> <li>• Infrastructure and equipment (including fleets) for active mobility (walking, cycling, e-bikes and e-scooters) or supporting the renewable energy sector</li> </ul>	<ul style="list-style-type: none"> <li>• Transport or infrastructure for direct emissions below 50g CO<sub>2</sub>e emissions per passenger kilometer – Threshold will be reduced every 5 years in line with net-zero CO<sub>2</sub>e in 2050             <ul style="list-style-type: none"> <li>– Inland water transport: or 92.6g CO<sub>2</sub>e per passenger nautical mile</li> <li>– For freight: or zero direct emission heavy-duty vehicles (&lt;1g CO<sub>2</sub>/kWh)</li> </ul> </li> <li>• Or Transport that shows:             <ul style="list-style-type: none"> <li>– Improvement of 2 notches in Euro Emissions Standards – <i>where second-hand vehicle is bought</i></li> <li>– Improvement of 2 notches in Euro Emissions Standards; or compliance with newest available Euro Emissions Standards – <i>where new vehicle is bought</i></li> <li>– Improvement of 2-notches in Euro Emission Standards compared to highest rated asset currently owned, but no worse than 2 notches below current market standard; or no worse than 2 notches below current market standard (where second-hand vehicle is purchased and no asset is replaced)</li> <li>– Note: 1 notch is defined as a movement from e.g., 6A to 6B or 5C to 5D (rather than a movement from 5 to 6)</li> </ul> </li> <li>• Or: Transportation means powered by low GHG fuel (e.g., biofuel, synthetic fuels)</li> <li>• Additional sector-specific activities:             <ul style="list-style-type: none"> <li>– Road vehicles                 <ul style="list-style-type: none"> <li>- Energy efficient engines &amp; improved aerodynamics/tire design</li> </ul> </li> <li>– Shipping:                 <ul style="list-style-type: none"> <li>- Use of open or closed loop scrubbers for treatment of pollutants from vehicle exhaust; OR</li> <li>- Fleet management and voyage plan optimisation</li> </ul> </li> <li>– Infrastructure:                 <ul style="list-style-type: none"> <li>- Non-electrified infrastructure with a plan to transition to electrification</li> </ul> </li> </ul> </li> </ul>

<sup>13</sup> Note: Eligible schemes/ certifications / ratings / standards include local EU, UK or US equivalents. Exclusion in the context of defining as ‘Green/Transition’ lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

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## A.5. Energy

### A.5.1. Eligibility criteria Use of Proceeds – Energy:<sup>14</sup>

	Green	Transition
<b>Use of Proceeds: Eligibility Criteria &amp; Thresholds</b>	<ul style="list-style-type: none"> <li>• Generation, transmission, distribution or storage of Renewable Energy (Solar PV, Concentrated Solar Power, Solar Thermal Facilities, Wind Power, Ocean Energy)</li> <li>• Anaerobic Digestion – only under specific conditions that are aligned with EU Taxonomy requirements.</li> <li>• Anaerobic digestion of sewage sludge, if (cumulative):               <ul style="list-style-type: none"> <li>– Produced biogas is used directly for generation of electricity and/or heat, or upgrade to bio-methane for injection in natural gas grid, or used as vehicle fuel or feedstock in chemical industry</li> <li>– And: Methane leakage is controlled by a monitoring plan</li> </ul> </li> <li>• Anaerobic digestion of biowaste, if (cumulative):               <ul style="list-style-type: none"> <li>– In addition to the above</li> <li>– And: Any digestate produced is used as a fertilizer/ soil improver</li> <li>– And: Biowaste is source segregated and collected separately</li> <li>– And: In dedicated treatment plants, constitutes major share of input feedstock (90%, measured in weight, annual average; co-digestion only eligible with minor share (10%) of advanced bioenergy feedstock</li> </ul> </li> <li>• Equipment and infrastructure where the main objective is to increase the generation or use of renewable electricity generation (e.g., EV charging stations and supporting electric infrastructure for the electrification of transport)</li> </ul>	<ul style="list-style-type: none"> <li>• Generation, transmission, distribution or storage of low carbon energy generation below the threshold of 100g CO<sub>2</sub>e/kWh, declining to net-0g CO<sub>2</sub>e/kWh by 2050 – threshold will be reduced every 5 years in line with net-zero CO<sub>2</sub>e in 2050               <ul style="list-style-type: none"> <li>– Includes Geothermal Energy &amp; Hydropower</li> <li>– Would include gas (e.g. CCGT) if thresholds are met;</li> </ul> </li> <li>• Setting up carbon capture &amp; storage activities</li> <li>• District heating: System uses at least 50% renewable energy or 50% waste heat or 75% cogenerated heat or 50% of a combination of such</li> <li>• Retrofitting of systems and infrastructure to shift from fossil fuels to renewables, e.g.:               <ul style="list-style-type: none"> <li>– Gas transmission &amp; distribution networks whose main purpose is the integration of hydrogen and other low carbon gases</li> <li>– Energy storage facilities that reduces GHG emissions by enabling the connection of renewable energy, reducing the curtailment of renewable energy, or facilitating lower carbon sources of electricity generation during charging/storage compared to fossil fuel options</li> <li>– Other systems (e.g. boilers that currently process gas, but can also process hydrogen in the future)</li> </ul> </li> <li>• Generation, transmission, or distribution of biogas with bioenergy facilities operating above 80% of GHG emissions-reduction compared to fossil fuel baseline (equivalent to 100g CO<sub>2</sub>e/ kWh threshold, which will be reduced every 5 years in line with a trajectory to net zero)</li> </ul>

<sup>14</sup> Note: Eligible schemes/ certifications / ratings / standards include local EU, UK or US equivalents. Exclusion in the context of defining as ‘Green/Transition’ lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

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Green	Transition
	<ul style="list-style-type: none"><li>• Smart Grid (i.e., upgrades to the electricity distribution network in terms of e.g.: capacity to store electricity, regulating powerlines in more dynamic way)</li></ul>
	<ul style="list-style-type: none"><li>• <b>Landfill gas, if (cumulative)</b><ul style="list-style-type: none"><li>– Produced biogas is used directly for generation of electricity and/or heat, or upgrade to bio-methane for injection in natural gas grid, or used as vehicle fuel or feedstock in chemical industry</li><li>– Biogas is from a closed landfill facility or not accepting further waste</li><li>– Methane emissions from landfill &amp; leakages from the landfill gas collection &amp; utilization facilities are controlled by a monitoring plan</li></ul></li></ul>



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## A.6. Waste and Water Management

### A.6.1. Eligibility criteria Use of proceeds - Waste and Water Management<sup>15</sup>

	Green	Transition
Landfill gas capture & utilization		<ul style="list-style-type: none"> <li>• <b>Landfill gas, if (cumulative)</b> <ul style="list-style-type: none"> <li>– Produced biogas is used directly for generation of electricity and/or heat, or upgrade to bio-methane for injection in natural gas grid, or used as vehicle fuel or feedstock in chemical industry</li> <li>– Biogas is from a closed landfill facility or not accepting further waste</li> <li>– Methane emissions from landfill &amp; leakages from the landfill gas collection &amp; utilization facilities are controlled by a monitoring plan</li> </ul> </li> </ul>

<sup>15</sup> Note: Eligible schemes/ certifications / ratings / standards include local EU, UK or US equivalents. Exclusion in the context of defining as 'Green/Transition' lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

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	Green	Transition
<b>Biological treatment facilities</b> <i>(anaerobic digestion, composting)</i>	<ul style="list-style-type: none"> <li>• Anaerobic Digestion – only under specific conditions that are aligned with EU Taxonomy requirements.</li> <li>• Anaerobic digestion of sewage sludge plants, if (cumulative):               <ul style="list-style-type: none"> <li>– Produced biogas is used directly for generation of electricity and/or heat, or upgrade to bio-methane for injection in natural gas grid, or used as vehicle fuel or feedstock in chemical industry</li> <li>– And: Methane leakage is controlled by a monitoring plan</li> </ul> </li> <li>• Anaerobic digestion of biowaste plants, if (cumulative), in addition to the above               <ul style="list-style-type: none"> <li>– Any digestate produced is used as a fertilizer/ soil improver</li> <li>– And: Biowaste is source segregated and collected separately</li> <li>– And: In dedicated treatment plants, constitutes major share of input feedstock (90%, measured in weight, annual average; co-digestion only eligible with minor share (10%) of advanced bioenergy feedstock</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Composting if (cumulative)               <ul style="list-style-type: none"> <li>– Anaerobic digestion is not technically and economically viable alternative</li> <li>– And: Any compost created is used as fertilizer/ soil improver</li> <li>– And: Biowaste is source segregated and collected separately</li> </ul> </li> </ul>
<b>Material re-use and recycling</b> <i>(assets and facilities that collect, sort, refurbish, repair, recycle materials)</i>	<ul style="list-style-type: none"> <li>• Material recovery: it produces secondary raw materials suitable for substitution of virgin materials in production processes</li> <li>• Material re-use: The products are put back to their original use without any further pre-processing required</li> <li>• Material recycling: The secondary raw materials (such as steel, aluminium, glass, plastics) cease to be waste and are sold to be used as secondary raw materials</li> </ul>	<ul style="list-style-type: none"> <li>• Material recovery: At least 50%, in terms of weight, of the processed separately collected non-hazardous waste is converted into secondary raw materials</li> <li>• Material re-use: The product is covered by ecolabelling scheme and only those products meeting the three lowest energy use categories are eligible</li> </ul>

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	Green	Transition
<b>CO2 capture and transport</b>		<ul style="list-style-type: none"> <li>• CO2 capture: All direct capture of CO2 from the atmosphere to lower global atmospheric CO2 concentration levels activities</li> <li>• CO2 transport: Transport of CO2 to eligible permanent sequestration sites, only if the asset operates below the leakage/tonne of CO2 threshold (leakage/tonne of CO2 transported from head(s) of the transport network to injection point(s) is &lt;0.5%)</li> <li>• CO2 Storage: Facility complies with ISO 27914:2017 for geological storage of CO2 – permanent sequestration of captured CO2</li> </ul>
<b>Water collection, treatment &amp; supply (including centralised wastewater treatment)</b>	<ul style="list-style-type: none"> <li>• The front-to-end water collection, treatment and supply system, if: No net GHG emissions are expected, and the issuer discloses the justification for this decision with supporting documentation</li> </ul>	<ul style="list-style-type: none"> <li>• The front-to-end water collection, treatment and supply system if               <ul style="list-style-type: none"> <li>– an average energy consumption of the system of 0.5 kwh per cubic meter billed/unbilled authorized water supply or less; OR</li> <li>– by decreasing the average energy consumption of the system by at least 20% (measured in kwh per cubic meter billed/unbilled authorized water supply); OR</li> <li>– by closing the gap between the actual leakage of the water supply network and a given target value of low leakage by at least 20%</li> </ul> </li> <li>• Water desalination if : The average carbon intensity of energy used to power the plant must be at or below 100g CO2/kWh over the remaining lifetime of the asset</li> <li>• Construction or extension of centralized wastewater systems if:               <ul style="list-style-type: none"> <li>– the new wastewater treatment substitutes more GHG emission intensive wastewater treatment systems (such as pit latrines, septic tanks, anaerobic lagoons etc.); OR</li> </ul> </li> <li>• It shifts from an anaerobic to aerobic wastewater treatment system</li> </ul>

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	Green	Transition
<b>Water collection, treatment &amp; supply (including centralised wastewater treatment)</b>	<ul style="list-style-type: none"> <li>The front-to-end water collection, treatment and supply system, if: No net GHG emissions are expected, and the issuer discloses the justification for this decision with supporting documentation</li> </ul>	<ul style="list-style-type: none"> <li>The front-to-end water collection, treatment and supply system if               <ul style="list-style-type: none"> <li>an average energy consumption of the system of 0.5 kwh per cubic meter billed/unbilled authorized water supply or less; OR</li> <li>by decreasing the average energy consumption of the system by at least 20% (measured in kwh per cubic meter billed/unbilled authorized water supply); OR</li> <li>by closing the gap between the actual leakage of the water supply network and a given target value of low leakage by at least 20%</li> </ul> </li> <li>Water desalination if : The average carbon intensity of energy used to power the plant must be at or below 100g CO2/kWh over the remaining lifetime of the asset</li> <li>Construction or extension of centralized wastewater systems if:               <ul style="list-style-type: none"> <li>the new wastewater treatment substitutes more GHG emission intensive wastewater treatment systems (such as pit latrines, septic tanks, anaerobic lagoons etc.); OR</li> <li>It shifts from an anaerobic to aerobic wastewater treatment system</li> </ul> </li> </ul>

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## A.7. ICT

### A.7.1. Eligibility criteria – Use of Proceeds – ICT<sup>16</sup>

Sub-activity/ asset type	Green	Transition
Broadband network	<ul style="list-style-type: none"> <li>Development and/or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modelling and use when these activities are exclusively aimed at the provision of data and analytics for decision making enabling GHG emission reductions (e.g. exclusive use of data for climate change mitigation purposes). Quantified life-cycle GHG emission reductions are verified by an independent third party which transparently assesses how the standard criteria, including those for critical review, have been followed when the value was derived.</li> <li>Infrastructure, software and hardware for remote power mgmt. (e.g. appliance power management, load-balancing of renewables)</li> </ul>	<ul style="list-style-type: none"> <li>Broadband networks (fibre optic and cable networks) and supporting infrastructure (Such as internet exchange point)</li> <li>Data processing, hosting and related activities: Adherence to the European Code of Conduct for Data Centre Energy Efficiency</li> <li>Teleconferencing and telecommuting software and service</li> </ul>
Data processing, hosting and related activities		
Power Management		

<sup>16</sup> Note: Eligible schemes/ certifications / ratings / standards include local EU, UK or US equivalents. Exclusion in the context of defining as 'Green/Transition' lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

## APPENDIX B. SOCIAL LENDING FRAMEWORK

AIB is also focused on social outcomes beyond climate, where Social Lending is an important pillar to AIB's pledge to do more. However, Social lending will not contribute towards the 70% Green Lending target unless it also falls under Green or Transition Criteria as per eligibility criteria detailed in this appendix.

The Framework includes key social themes that are in line with AIB's Socially Responsible Investment Bond Framework and regulatory and market standards such as:

- Social Bond Principles (2020), administered by ICMA
- Sustainability Bond Guidelines (2018), administered by ICMA
- Platform on Sustainable Finance/Subgroup on Social Taxonomy
- EU SURE Social Bond Framework
- UN Sustainable Development Goals (SDGs)

### **The key themes included in social lending are:**

- Access to healthcare (public and private)
- Affordable/social housing
- Education (public and private)
- Access to essential services and affordable infrastructure
- Access to finance for disadvantaged groups

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## B.1. Eligibility Criteria Use of Proceeds - Social

Category	Eligible social criteria
Access to healthcare	<ul style="list-style-type: none"> <li>• <b>Public healthcare infrastructure</b> – construction, operation, maintenance and/or renovation of, e.g.:               <ul style="list-style-type: none"> <li>– Hospitals</li> <li>– Laboratories for medical research</li> <li>– Medical clinics and care facilities</li> <li>– GP practices</li> <li>– Pharmacies</li> <li>– Hospices, elderly care and nursing homes</li> <li>– Primary Care Centres (PCCs)</li> <li>– Specialised clinics, facilities &amp; residential care providing services for mental health, intellectually disabled, vulnerable children &amp; adults; rehabilitation services for drugs &amp; alcohol</li> </ul> </li> <li>• <b>Private healthcare infrastructure</b> – same as above, if one of the following criteria has been met:               <ul style="list-style-type: none"> <li>– It serves to increase overall capacity, access and affordability in public healthcare</li> <li>– It addresses a shortfall in public services/alternatives (e.g. nursing homes in Ireland)</li> <li>– Is subsidised to address shortfall or affordability in public healthcare services</li> </ul> </li> <li>• <b>Manufacturers / providers</b> supporting health-care related products and services – e.g., R&amp;D and manufacturing for equipment, medicines and vaccines</li> <li>• <b>Logistic providers and distributors</b> supporting health-care related products and services</li> <li>• <b>Increasing groups of people with access to public, free or subsidised essential health services</b> – e.g. by means of cost reduction, financial risk protection, etc.</li> <li>• <b>Recruitment, development and training of medical personnel</b> (excluding elective medicine)</li> <li>• Special focus on activities specifically related to the treatment of and supports relating to Long <b>COVID-19</b> or the subsidisation thereof</li> </ul>
Affordable/social housing	<ul style="list-style-type: none"> <li>• <b>Social Housing</b> – Construction, operation, maintenance, substantial renovation / improvement and/or usage of <b>social housing</b> from an approved housing body, local authorities or private investors/developers               <ul style="list-style-type: none"> <li>– Development and construction of social housing (with lower-than-average rental costs)</li> <li>– Exclusion: developers required to provide 10% of their units in a scheme for social housing as per Part V of the Planning and Development Act</li> </ul> </li> <li>• <b>Affordable Housing</b> – Construction, purchase or renting of affordable housing for underserved, disadvantaged or excluded communities:</li> </ul>

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Category	Eligible social criteria
	<ul style="list-style-type: none"> <li>- First time buyers who qualify for government “help to buy” scheme</li> <li>- Borrowers who are eligible for government cost rental scheme</li> <li>- Borrowers of an Affordable Purchase Shared Equity scheme</li> <li>- Properties sold at a lower rate than market price (e.g., not higher than 80% of local market rents)</li> <li>- Exclusion: developers required to provide 10% of their units in a scheme for affordable housing as per Part V of the Planning and Development Act</li> <li>• Affordable and purpose-built <b>student housing</b> (targeting students, offered at a lower rate than market price)</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>• <b>Construction, operation, maintenance and/or renovation of:</b> <ul style="list-style-type: none"> <li>- Public schools, colleges and university facilities</li> <li>- Private education facilities, if :               <ul style="list-style-type: none"> <li>- Addressing a shortfall in public education/alternatives (e.g., areas with not enough public schools in certain district; or specific programs not otherwise available in public facility (e.g. vocational training facilities for immigrants))</li> <li>- Increasing access to education through subsidised services that would not otherwise be accessible</li> </ul> </li> <li>- Equipment for provision of education (e.g., smart whiteboards, computers)</li> </ul> </li> <li>• <b>Training for educational professionals</b> <ul style="list-style-type: none"> <li>- Training for teachers or educational support staff who will work in public or private schools or colleges or universities</li> <li>- Training for roles doing wider social good (e.g., training doctors)</li> </ul> </li> <li>• <b>Financial support to access education</b> (e.g., student loans, especially for disadvantaged students, loans for adult learning and continuing education)</li> </ul>



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Category	Eligible social criteria
<b>Access to essential services and affordable infrastructure</b>	<ul style="list-style-type: none"> <li>• ICT – Development and provision of telecommunication and broadband networks (fibre optic and cable networks), related infrastructure (e.g., internet exchange points, where 2 of the 4 criteria below apply):               <ol style="list-style-type: none"> <li>1. Substantially increasing connectivity of rural areas</li> <li>2. Offered at no or low cost to end users</li> <li>3. Subsidized for people from lower socioeconomic backgrounds</li> <li>4. Developed for public usage (at least 80% of activities to be directed at public development, rather than private activities)</li> </ol> </li> <li>• ICT – Data processing, data hosting or related activities (storage, manipulation, management, movement, control, display, transmission etc. of data), if:               <ul style="list-style-type: none"> <li>– Same as above</li> <li>– In addition: Data centres subject to EU energy efficiency standards as per EU taxonomy</li> </ul> </li> <li>• Access to safe and affordable drinking water – Construction, maintenance and equipment for water supply infrastructure, i.e. pipework</li> <li>• Food security               <ul style="list-style-type: none"> <li>– Redistribution providers – substantial increase in access to safe, nutritious and sufficient food for disadvantaged people</li> <li>– Ensuring a secure food supply during phases of restricted contact (e.g. during Covid-19 to isolated elderly populations)</li> </ul> </li> </ul>
<b>Access to finance for disadvantaged groups</b>	<ul style="list-style-type: none"> <li>• <b>SME lending</b> <ul style="list-style-type: none"> <li>– Lending to an SME (as defined by the International Finance Corporation (IFC)) where:                   <ul style="list-style-type: none"> <li>- Unemployment rate is above the national average</li> <li>- SME located in 30% most-deprived areas of the country, Using National Deprivation Index1</li> <li>- SME impacted by the consequences of extreme events (e.g., natural disaster, extreme weather events, public health disaster)</li> </ul> </li> <li>– Projects that:                   <ul style="list-style-type: none"> <li>- Target economically excluded individuals (e.g., those with no access to credit, low-income groups of the population)</li> <li>- Create or conserve jobs in areas where there is above national average unemployment (unless these fall under activities excluded in Group Credit Risk Policy)</li> <li>- Revitalise economically depressed areas</li> <li>- Reduce poverty</li> </ul> </li> </ul> </li> <li>• Lending to female-led or owned businesses, minority-led or owned businesses               <ul style="list-style-type: none"> <li>– Funding a business at least 51% owned by a woman or by women // owned by a person from an ethnic minority</li> <li>– Funding a business with                   <ul style="list-style-type: none"> <li>- (i) at least 20% owned by a woman or by women // owned by a person from an ethnic minority; AND</li> <li>- (ii) with a woman // person from an ethnic minority as CEO, COO, President or Vice President, AND</li> <li>- (iii) if such enterprise has a board of directors, with at least 30% comprised of women // people from an ethnic minority or ethnic minorities</li> </ul> </li> </ul> </li> </ul>