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AIB launches Social Bond Framework to support communities across Ireland

- Euro issuance of bonds for Environmental, Social and Governance purposes is set to exceed €350 billion in 2021 with social bonds alone expected to exceed €100 billion
- Having been the first Irish bank to issue Green Bonds, AIB is now also the first Irish organisation to launch a Social Bond Framework.
- Further enables AIB to provide the finance for new social and affordable homes and support the delivery of health and educational infrastructure and services
- Funds raised through future Social Bonds will also help sustain and grow employment in socioeconomically disadvantaged areas and support community organisations

AIB has launched a Social Bond Framework paving the way for the bank to issue a Social Bond in the near future to further support communities across Ireland. The move comes at a time when Euro issuance of bonds for Environmental, Social and Governance (ESG) purposes looks set to exceed €350bn this year*.

The new framework will allow AIB to tap the rapidly expanding investor appetite for bonds issued by organisations with strong ESG credentials. Any funds raised by AIB under this new framework will enable the bank to further support a wide range of social and charitable projects including the provision of social and affordable housing, healthcare and education. For example, funds raised under this framework could be used to lend to a housing body to provide greater access to social and affordable housing.

Funds raised through the framework will also go towards providing loans for micro and small to medium enterprises (SMEs) operating within socioeconomically disadvantaged areas across Ireland, helping generate and retain employment as well as foster economic growth and reduce social and economic inequalities.

Colin Hunt, Chief Executive Officer of AIB, said: “Investors are increasingly considering Environmental, Social and Governance (ESG) factors when it comes to making investment decisions. Having launched our Green Bond Framework in 2019 and successfully issuing two Green Bonds, raising a total of €1.75 billion in funding for environmental and climate related projects, we are now launching a Social Bond Framework that will support communities across Ireland.

“Our Social Bond Framework lays the foundation for us to raise funds in the form of Social Bonds which will support positive societal change, helping provide new social and affordable housing, support access to education and healthcare, finance SMEs in disadvantaged areas, charities and non-profits. AIB already has a strong track record in raising funds to address issues around the environment and climate change. But we also want to ensure that we play our part in financing a fair, responsible and inclusive social infrastructure for the people, communities and businesses that we serve.”

The framework was arranged and structured with the support of leading international ESG advisor bank ING.

The Institutional Shareholders Service (ISS) has independently verified that the AIB Social Bond Framework significantly contributes to six Sustainable Development Goals defined by the United Nations (UN SDGs) to reduce poverty; provide access to healthcare; access to education; decent work and economic growth; reduce inequality and provide sustainable cities and communities.

AIB has put sustainability at the heart of its strategy and the bank's progress on Environmental, Social and Governance themes has been independently recognised by both rating agencies and industry bodies. Most recently in April this year Sustainalytics ranked AIB 53rd out of 1,047 banks globally with a low risk ESG score of 14.5. This benchmarks very favourably compared against its peer group and demonstrates AIB's significant progress in advancing the sustainability agenda.

ENDS

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Notes to editor:

* *Sustainable Bond Supply Exceeding Expectations*, ING, 6 July 2021

AIB has been leading Ireland's transition to becoming a low-carbon economy. Over the last 12 months AIB has also:

- Maintained its €5bn Climate Action Fund for lending into the Irish economy
- Offered customers the lowest green five year fixed-rate mortgage in the Irish market
- Introduced a Green Personal Loan for customers who want to live more sustainably by making green renovations on their home or buying an electric/plug-in hybrid vehicle
- Become the first Irish company to have committed to use World Economic Forum Stakeholder Capitalism metrics in our reporting
- Become the first Irish bank to join the UN Net Zero Banking Alliance.