



Green Bond Framework

September 2020

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1. AIB Group plc

AIB is a financial services group (and AIB Group plc is the parent of the AIB group) operating predominantly in Ireland, providing a comprehensive range of services to retail, business and corporate customers, and holds market leading positions in key segments in Ireland using the AIB, EBS and Haven brands. AIB also operates in Great Britain, as 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 Strategy "We pledge to DO MORE" - Leading Ireland's transition to become a low-carbon economy and challenging ourselves to deliver meaningful social and economic value to our customers and other stakeholders.

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

Since we started our sustainability journey in 2016, with the establishment of our Office of Sustainable Business, we have consistently demonstrated progress in many ways across AIB. In 2020, we published our fourth Sustainability Report, outlining the progress AIB is making in response to the key social, environmental and economic issues which have been identified by our stakeholders. The report was prepared in accordance with the Global Reporting Initiative (GRI) Core option and independently assured by Deloitte.

Through our materiality exercises, we identify the material issues that matter most to our stakeholders. As set out in our 2019 Sustainability Report (published in 2020), this process prioritised 14 material topics where stakeholders believe AIB has an important role to play. These are:

Climate action	1. Ensure a climate resilient and responsive business model 2. Products and services to address environmental and social issues
Better banking experiences	3. Usability of services and accessibility of products 4. Customer experience
Economic & social inclusion	5. Enable customers to make better informed financial decisions 6. Innovation and co-creation 7. Financial inclusion and literacy
Responsible & resilient technology	8. Digitisation and interconnectivity 9. Cyber security and business system resilience 10. Protect our customers data and privacy
Culture	11. Comply with laws, codes and regulations 12. Talent attraction and retention 13. Corporate governance and accountability 14. Ethics and integrity

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

- In 2017, AIB established the Energy, Climate Action and Infrastructure team in recognition that a centre of excellence was required in an essential growth sector. This team is now one of the largest in the Irish market and is supporting AIB's goal of playing a leadership role in assisting Ireland in delivering its sustainability and de-carbonisation goals. The team manages a diverse portfolio and provides solutions to energy companies across both the conventional power and renewable energy mix (e.g. wind, solar, and biomass).
- AIB has a dedicated Energy Team, focused on energy management of our own operations. The success of the work they are doing is reflected in our reduced carbon footprint¹ and in our Climate Disclosure Project (CDP) rating. In 2018, for the second year running, CDP highlighted AIB as a global leader in corporate climate action, achieving a place on the CDP Climate Change A List.
- AIB has identified climate change as a risk driver for Business Model, Credit Risk and Operational Risk. Within our material risk assessment process we consider its impact for us, our customers and society at large.

In addition to the above, other key milestones that demonstrate our sustainability commitment to date include:

- In 2018:
 - AIB signed up to the Low Carbon Pledge which will reduce our Scope 1 and 2 greenhouse gas emissions intensity by 50% by 2030.
 - AIB issued the AIB Energy Efficiency Outlook Report for SMEs, which focussed on providing information to support SMEs investing in energy and resource efficiency projects to improve their competitiveness.²
 - AIB was the leading Irish lender in the Renewables field.

¹ See Pg 33 of the AIB Group Plc – Detailed Sustainability Report 2018. Found at - <https://aib.ie/sustainability>

² <https://business.aib.ie/help/sme-research>

- In 2019:
 - In May, AIB announced its sponsorship of Climate Finance Week Ireland 2019, in a further effort to support Ireland's programme to address climate change.
 - In June, AIB launched our five year Climate Action fund - one billion euro per annum, to be made available for climate related and green products. In addition, AIB announced that a range of products to support our customers' transition to energy efficiency.
 - In September, AIB was one of the Founding Signatories of the United Nations Environmental Programme Finance Initiative (UNEP FI) Principles for Responsible Banking – a single framework that sets out the banking industry's role and responsibility in shaping a sustainable future and in aligning the banking sector with the objectives of the UN Sustainable Development Goals and the 2015 Paris Climate Agreement. The UNEP FI Principles for Responsible Banking were officially launched on 22nd September 2019.
 - In September 2019, AIB was the first Irish bank to become a Supporter of the Taskforce on Climate-related Financial Disclosures (TCFD)
- AIB is supporting the agriculture sector through the low carbon transition with initiatives like the support of the Teagasc Grass 10 initiative, a multi-year campaign to increase grass utilisation on Irish livestock farms.
- In 2020:
 - In April, Trinity College Dublin and AIB announced a collaboration to establish a research hub at the University to urgently accelerate the college's immunology project tackling the COVID-19 pandemic, caused by SARS-coronavirus-2. The AIB COVID-19 Research Hub, located within the Trinity Biomedical Sciences Institute, will play a critical role in the delivery of the Trinity COVID-19 Immunology Project. AIB, as foundation partner, has committed €2.4 million to advance the project.
 - AIB has established a Socially Responsible Investment (SRI) Bond portfolio 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). AIB has formalized its ESG investment strategy within its Socially Responsible Investment Bond Framework³ which we published in June. AIB is building towards a medium target of holding 10% of its Treasury Fixed Income portfolio in SRI/ Green Bonds.
 - In July, we were notified that AIB is now a constituent of the FTSE4Good Index Series.

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 people,⁴ and Ireland's Climate Action Plan.⁵

Given AIB's leading presence in the Irish economy, the intended AIB Green Bond issuances serve as testament to

³ <https://aib.ie/content/dam/aib/personal/docs/sustainability/aib-sri-framework.pdf>

⁴ For additional information please refer to: <https://www.gov.ie/en/campaigns/09022006-project-ireland-2040/?referrer=/en/project-ireland-2040>

⁵ For additional information please refer to: <https://www.dcae.gov.ie/en-ie/news-and-media/press-releases/Pages/Giving-Ireland-a-Sustainable-Future.aspx>

AIB's leadership and commitment to sustainability and society.

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) 2018 edition,⁶ 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 such Framework allows for green bond issuances by any other entity part of the Group.

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 (2018 edition) and on following best market practice.

When drafting the Framework and defining the Eligibility Criteria, AIB intends to take into account the recommendation of the Technical Expert Group (TEG) final report on the EU Taxonomy⁷ and the EU Green Bond Standards⁸, with the intention to implement them, on a best effort basis.

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

⁶ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

⁷ Link to the Technical Expert Group (TEG) Final Report on the EU Taxonomy and the Technical annex to the TEG final report on the EU Taxonomy, published in March 2020: https://ec.europa.eu/knowledge4policy/publication/sustainable-finance-teg-final-report-eu-taxonomy_en.

⁸ https://ec.europa.eu/info/publications/sustainable-finance-teg-green-bond-standard_en

this Green Bond framework will follow the recommendation of the EU Taxonomy, on a best effort basis.

Eligible Categories:

- **Green Commercial Buildings** (built up to and including 31st December 2020)⁹ – Loans to finance or refinance development, construction, operation, and maintenance of:

Green Commercial Buildings in Ireland¹⁰:

- a) New or existing commercial buildings, belonging to the top 15% low carbon buildings in the local context. This will be demonstrated by a Building Energy Rating (BER) label of “B3” and better.
- b) New or existing commercial buildings that have been built from 2020 and later as well as commercial buildings purchased or leased from 2015 by a public body.¹¹
- c) Refurbished commercial buildings with at least a 30% improvement in energy efficiency: When such an improvement is derived from BER labels, a minimum floor of a “C3” BER label will be implemented.

Green Commercial Buildings in the UK¹²:

- a) 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):
 - i. In England and Wales, this will be demonstrated by an Energy Performance Certificate (EPC) with label “A” and “B”
 - ii. In Scotland, this will be demonstrated by an EPC with label “A, B and C”
- d) Refurbished commercial buildings with at least a 30% improvement in energy efficiency: 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 context (i.e. a “C” label in England and Wales).

Green Commercial Buildings in Ireland and the UK:

- a) New, existing or refurbished commercial buildings which received at least one or more of the following classifications:
 - BREEAM ‘Very Good’ or higher
 - LEED ‘Gold’ or higher
 - DGNB ‘Gold’ or higher
 - Any other equivalent or higher level of certification

- **Green Residential Buildings** (built up to and including 31st December 2020)¹³ – Loans to finance or refinance development, construction, operation, and maintenance of:

Green Residential Buildings in Ireland¹²:

- a) New or existing residential buildings, belonging to the top 15% low carbon buildings in the local context. This will be demonstrated by a Building Energy Rating (BER) label of B3 and better.

⁹ Built in this context means construction has commenced by the listed date

¹⁰ AIB has retained the third party specialized consultant KSN to develop a methodology to select top 15% energy-efficient buildings in the Republic of Ireland.

¹¹ All buildings purchased or leased from 2015 by a public body will have a BER label A3 or better.

¹² AIB will derive any such top 15% thresholds from publicly issued governmental statistical data.

¹³ Built in this context means construction has commenced by the listed date

- b) New or existing residential buildings that have been built from 2015 and later.
- c) Refurbished residential buildings with at least a 30% improvement in energy efficiency.

The Eligibility Criteria for Green Commercial and Residential Buildings specified above apply to buildings built up to (and including) the 31st of December 2020. From the 1st of January 2021 onwards and subject to new potential developments in the Regulation, AIB intends to apply the Nearly Zero Emissions Building ' (NZEB) – 20%' EU Taxonomy Technical Screening Criterion for New Buildings, on a best effort basis. In accordance with the current EU Taxonomy document, to be eligible, the net primary energy demand of the new buildings ('NZEB) must be at least 20% lower than the primary energy demand resulting from the relevant NZEB requirements¹⁴. Until such time as the Taxonomy document is completely finalised, the original and current criteria for building qualification listed above will continue to be applied.

- **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 and storage (i.e. battery storage). Eligible renewable energy sources include:

- a) Solar Energy: Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities.
- b) Wind Energy: Onshore and offshore wind energy generation facilities and other emerging technologies, such as wind tunnels and cubes.

For both Solar and Wind energy, only facilities operating at life cycle emissions lower than 100gCO₂e/kWh, declining to 0gCO₂e/kWh by 2050, are eligible.





Anaerobic digestion of bio-waste¹⁵: 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.

¹⁴ The definition for Nearly Zero Energy Buildings in the Energy performance in Buildings Directive (EPBD) is "a very high energy performance, as determined in accordance with Annex 1, The nearly zero or very low amount of energy required should be covered to a very significant extent by energy from renewable sources, including energy from renewable sources produced on-site or nearby". In line with the EPBD directive, Ireland carry out a cost optimal analysis to define NZEB requirements for residential and commercial buildings. For all Non-Domestic (Commercial) new builds, an equivalent to a 60% improvement in energy performance on the 2008 Building Regulations is required. This means an improved energy performance for the fabric, services and lighting specification. It also introduces a mandatory requirement for renewable sources. The renewable sources must in general provide 20% of the primary energy use, however there is flexibility where the building is more energy efficient than the regulations. For all Domestic (Residential) new builds, NZEB is equivalent to a 25% improvement in energy performance on the 2011 Building Regulations. For both Commercial and Residential Buildings, NZEB in Ireland would corresponds to an A3 Building Energy Rating (BER) label. Source: <https://www.seai.ie/business-and-public-sector/standards/nearly-zero-energy-building-standard/>.

In Ireland, the threshold for A3 BER label for residential buildings is 48kwh/m². In order to comply with the "NZEB – 20%" approach, AIB intends to investigate what Building Energy Rating (BER) label complies with the threshold minus 20%: 38.4kwh/m² (= 48*0.8). This seems to be in compliance with an A1 Building Energy Rating (BER) label for all new builds after 31st December 2020. AIB intends to further investigate the meaning of 'NZEB – 20%' in the Irish and UK context within the next update of the Green Bond Framework.

¹⁵ In accordance with the EU Taxonomy (published in March 2020), no threshold on life cycle emissions applies for AD of bio-waste.

Alignment of the Use of Proceeds with international and national initiatives

ICMA GBP Eligible Category	Eligible Category Description	UN SDGs Target	Project Ireland 2040 Strategic Target	Climate Action Plan for Ireland	EU Environmental Objective ¹⁶
Green Buildings	Loans to finance or refinance new or existing commercial and residential buildings	<ul style="list-style-type: none"> • <u>Target 7.3</u>: By 2030, double the global rate of improvement in energy efficiency • <u>Target 9.4</u>: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities  	<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"> • <u>EU Environmental Objective (1)</u>: Climate Change Mitigation • <u>Substantial contribution to Climate Change Mitigation (1.b)</u>: 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"> • <u>Target 7.2</u>: By 2030, increase substantially the share of renewable energy in the global energy mix • <u>Target 13.1</u>: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries  	<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"> • <u>EU Environmental Objective (1)</u>: Climate Change Mitigation • <u>Substantial contribution to Climate Change Mitigation (1.a)</u>: Generating, storing or using renewable energy or climate-neutral energy (including carbon-neutral energy), including through using innovative technology with a potential for significant future savings or through necessary reinforcement of the grid

¹⁶ Proposal for a regulation of the European Parliament and of the council on the establishment of a framework to facilitate sustainable investment, COM/2018/353 final, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018PC0353>.

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

The AIB Green Bond Framework is prepared with due care and attention and on a best effort basis by the Green Bond Working Group - a cross functional working group of relevant business areas. 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. 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 Green Bond 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 Sustainable business strategy, market and regulatory developments (such as the introduction of the EU Green Bond Standards). SIG 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.

The Usability Guide to the EU Green Bond Standard¹⁷, published in March 2020 clarifies that when the EU Taxonomy refers to qualitative criteria, the assessment and verification of DNSH and minimum safeguards could conclude positively on compliance with local, EU Regulation and International standards and the existence of strong corporate due diligence and risk management system.

In accordance with the EU Taxonomy and EU GBS recommendation, 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 financed¹⁸.

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

¹⁷ https://ec.europa.eu/info/files/200309-sustainable-finance-teg-green-bond-standard-usability-guide_en

¹⁸ <https://business.aib.ie/content/dam/aib/business/docs/products/finance-and-loans/terms-and-conditions.pdf>

own assessment.

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 Policy¹⁹
- Energy Policy²⁰
- Code of Conduct²¹
- Exclusions List²²

AIB's codes and policies can be found at <https://aib.ie/sustainability>.

Regarding minimum safeguards, AIB respects human rights and is committed to being a good employer. We do not partner with or buy from organisations which we know to be in breach of human rights or fair practices. We require our key suppliers to attest to the supplier Code of conduct, as well as other key policies, including our Data Protection Policy²³, and where relevant, to conform to the UK Modern Slavery Act.

We have a robust Anti-Money Laundering Framework (which includes the AML/CTF policy and Group Sanctions policy) 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 Anti-Bribery & Corruption Policy²⁴ and Conflicts of Interest policy²⁵. These provide a strong foundation to encourage the right behaviours and to comply with regulatory requirements.

AIB is an equal opportunities recruiter and employer, adhering to all local laws and regulations on employment rights, pay, employment representation, diversity and gender balance, and adhere to established industrial relations mechanisms wherever it operates and in accordance to the Recruitment Policy²⁶, Remuneration Policy²⁷ and Diversity and Inclusion Code²⁸.

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

¹⁹ https://aib.ie/content/dam/aib/personal/docs/sustainability/Environmental_Policy.pdf

²⁰ https://aib.ie/content/dam/aib/personal/docs/sustainability/Energy_Policy_2017.pdf

²¹ <https://aib.ie/content/dam/aib/personal/docs/sustainability/code-of-conduct.pdf>

²² <https://aib.ie/corporate/sector-expertise/excluded-activities>

²³ <https://aib.ie/dataprotection>

²⁴ <https://aib.ie/content/dam/aib/personal/docs/sustainability/anti-bribery-and-corruption-policy.pdf>

²⁵ https://aib.ie/content/dam/aib/personal/docs/sustainability/Conflicts_of_Interest_Policy.pdf

²⁶ <https://aib.ie/content/dam/aib/personal/docs/sustainability/Recruitment-Policy.pdf>

²⁷ <https://aib.ie/content/dam/aib/personal/docs/sustainability/remuneration-policy.pdf>

²⁸ <https://aib.ie/content/dam/aib/personal/docs/sustainability/diversity-and-inclusion-code.pdf>

adjustments for intervening circumstances including, but not limited to, sales and repayments, matches 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.

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.

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.

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 of the instruments. AIB intends to provide aggregated reporting for all of AIB's Green Bonds and other potential green financings outstanding.

AIB will align, on a best effort basis, the impact reporting with the portfolio approach described in "Green Bonds - working towards a Harmonized Framework for Impact Reporting (June 2019)".²⁹

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 financing and refinancing³⁰
- the geographical distribution of the assets (at country level)

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

²⁹ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Handbook-Harmonized-Framework-for-Impact-Reporting-WEB-100619.pdf>

³⁰ New financing refers to the loans that have been offered in the year of issuance

- 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

AIB has appointed KSN, a specialized Irish green real estate consultant, to develop the methodology for the estimation and calculation of the impacts of the eligible Green Building portfolio and a specialized consultant Navigant to calculate the impact of the Eligible Renewable Energy portfolio. Navigant will use the 'Platform Carbon Accounting Financials' (PCAF) methodology to calculate the CO2 emission climate impact assessment of the Eligible Renewable Energy portfolio. The impact report will be provided on a portfolio basis.

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 2018, in its Second Party Opinion.

The Second Party Opinion as well as the Green Bond Framework will be made available on <https://aib.ie/sustainability> and <https://aib.ie/investorrelations/debt-investor/green-bonds>

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.

DISCLAIMER

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