

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Allied Irish Banks (AIB) is a financial services group operating predominantly in the Republic of Ireland . We provide a comprehensive range of services to retail, business and corporate customers, and hold market-leading positions in key segments in Republic of Ireland.

AIB also operates in Great Britain, as Allied Irish Bank (AIB GB), and in Northern Ireland, under the trading name of First Trust Bank (FTB).

AIB's business has been restructured in recent years with the aim of becoming a customer focused, profitable and lower risk institution, well positioned to support economic recovery in Ireland while seeking to generate sustainable shareholder returns.

2016 was a foundation year in the creation of a more sustainable approach to banking, through the establishment of both AIB's first Sustainable Business Advisory Committee (SBAC) and corresponding Office of Sustainable Business (OSB).

2017 was a pivotal year for AIB, with the successful completion of the largest IPO in Europe, resulting in the relisting of the company on the Dublin and London stock exchanges. We also published our first Sustainability Report, hosted a thought-provoking conversation at our first sustainability conference and launched our Purpose statement: to back our customers to achieve their dreams and ambitions.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2017	December 31 2017	Yes	3 years
Row 2	January 1 2016	December 31 2016	<Not Applicable>	<Not Applicable>
Row 3	January 1 2014	December 31 2014	<Not Applicable>	<Not Applicable>
Row 4	January 1 2011	December 31 2011	<Not Applicable>	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

- Ireland
- United Kingdom of Great Britain and Northern Ireland
- United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

- EUR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

- Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

- Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Director on board	A Director on Board advises AIB's CEO and AIB's Board on Sustainability and Climate Change matters. AIB's sustainability programme is aligned to our strategic and financial plan. The director's main role is to supervise the development and execution of our sustainable business strategy. Having a Director on Board oversight of sustainability within AIB ensures that there is clear accountability on the Board for climate change issue. The Director on Board also chairs the Sustainable Business Advisory Committee (SBAC) with members of AIB's leadership team. Her presence on the committee ensures that there is continuity and clear upstream communication (AIB's CEO) and downstream communication (AIB's Senior managers)
Other, please specify (Leadership Team and Senior Managers)	Since April 2017, the SBEC (Sustainable Business Executive Council) supports the Sustainable Business Advisory Committee (SBAC). This council comprises members of the Leadership Team and senior managers representing a cross-section of AIB's different functions. Its role is to support ongoing projects and to set strategic direction for Sustainability and Climate Change. The Leadership Team comprises the Senior Executive managers of the Group who manage the strategic business risks of the Group.
Other, please specify (Head of Sustainability)	AIB established an Office of Sustainable Business (OSB) in January 2016 to advise and support its CEO and Leadership Team on the development of AIB's sustainability programme. The OSB (Office of Sustainable Business) is responsible for guiding AIB's approach relating to sustainability and to develop key policies and activities relating to sustainability. Its role is to integrate a sustainable approach across all areas and at all levels of AIB. A key objective for the OSB is to work with the business to continue to integrate Environmental, Social and Governance (ESG) principles across all our activities. This includes understanding, measuring and disclosing the impact of our activities on all our stakeholders, society and the environment.
Other, please specify (Head of Energy, Climate Action)	The Head of AIB's Energy, Climate Action and Infrastructure oversees a strategically important team, with a particular focus providing financial solutions to support Ireland as it transitions to a low carbon economy.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies Reviewing and guiding business plans Setting performance objectives	The "SBAC" Sustainable Business Advisory Committee advised the Board of Directors on sustainability, environment and climate change issues, supervising the execution of AIB's sustainable business strategy in accordance with the approved Group Strategic and Financial Plan. Since its formation, the SBAC meets formally 4 times a year. In 2017 it has informed the board on AIB's Stakeholder materiality issues.

C1.2

(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Sustainability committee <i>The SBAC (Sustainable Business Advisory Committee) comprises the chairman, a Non-Executive AIB Director, two Non-Executive Directors and our Chief Marketing Officer, Chief People Officer and Director of Corporate Affairs. The SBAC advises the Board of Directors on our sustainability strategy, which is aligned to our strategic and financial plan</i>	Both assessing and managing climate-related risks and opportunities	Quarterly
Other committee, please specify (Sustainable Business Executive Council) <i>The Sustainable Business Executive Council (SBEC) comprises members of the Leadership Team and senior managers representing a crosssection of the bank's different functions</i>	Both assessing and managing climate-related risks and opportunities <i>Its role is to support a)the Sustainable Business Advisory Committee (SBAC), b) ongoing projects and, c) to set strategic direction for Sustainability & Climate Change.</i>	Quarterly
Environment/ Sustainability manager	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

i. Where in AIB's organisational structure these positions and committees lie;

Within Allied Irish Bank, the organisational structure is as follows:

Office of Sustainable Business (Environmental / Sustainable Manager) -> Sustainable Business Executive Council (Sustainable Committee) -> CEO and Leadership Team -> Sustainable Business Advisory Committee (members: C-Suite Officers and Non-Executive Directors) -> Board of Directors

Within Allied Irish Bank, the Environmental & Energy managers are based within the Property and Facilities department. The Energy and Environmental Manager liaises with the Office of Sustainable Business on all relevant matters pertaining to energy and climate change.

The Sustainability Manager is part of Corporate Affairs and heads up the Office of Sustainable Business (Environmental / Sustainable Manager).

The sustainability Manager chairs the Sustainable Business Executive Council (Sustainable Committee)

ii. Why responsibilities for climate-related issues have been assigned to these positions and committees:

a) AIB recognises the need to take precautionary measures to anticipate, prevent or minimise the causes of climate change and mitigate its adverse effects. AIB's business lines, in collaboration with the Office of Sustainable Business (OSB), the Sustainable Business Executive Committee (SBEC), and the Board's Sustainable Business Advisory Committee (SBAC), together provide focused governance on this issue on an ongoing basis.

b) The organisation is extremely cognisant of the potential impacts it may have on the environment. This is particularly important when dealing with the operational activities of over 300 branches. At AIB, the practical implementation of environmental sustainability activities are the responsibility of the AIB Energy & Environmental Team within the Property & Facilities department.

iii. Specific responsibilities of these positions and committees with regard to assessment and management of climate-related issues:

a) Sustainable Business Advisory Committee: The SBAC advises the Board of Directors on our sustainability strategy, which is aligned to our strategic and financial plan. The SBAC comprises 3 Non-Executive Directors, our Chief Marketing Officer, Chief People Officer and Director of Corporate Affairs. SBAC's main role is to supervise the development and execution of our sustainable and climate change business strategy.

Sustainable Business Executive Council: The SBAC is supported by the SBEC, which comprises members of the Leadership Team and senior managers representing a cross section of the bank's different functions. Its role is to support ongoing projects and to set strategic direction for Sustainability.

The Office of Sustainable Business: The OSB is responsible for guiding the Group's approach relating to sustainability and to develop key policies and activities relating to sustainability. With a small, designated team, its role is to integrate a sustainable approach across all areas and at all levels of AIB. A key objective for the OSB is to work with the business to continue to integrate Environmental, Social and Governance (ESG) principles across all our activities.

b) AIB has developed an Environmental and Energy Management Strategy. The group operates all its locations under an ISO 14001 and 50001 management system. As part of both management systems KPIs, objectives and targets on waste, water and energy use as well as carbon emissions are set up on an annual basis. Its progress is closely monitored and externally audited yearly. The team reports monthly to Property and Facilities management team, on a quarterly basis meetings are held with the Sustainable Office for updates and once a year there is a annual revision with the CEO and leadership team.

AIB's emissions reduction plan is based upon a) AIB reducing its Scope 1 and 2 emissions by 33% from its 2009 baseline, b) efforts made across the business each year to further refine our data and add new categories for Scope 3 emissions. In addition, the group has annual waste and water reduction targets. Reports on progress against each of these emission categories (Scope 1, 2 and 3) are cascaded upwards from the Energy, Environmental Manager and the Sustainability Manager to board level. This allows for board oversight on climate-related issues.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

Chief Operating Officer (COO)

Types of incentives

Monetary reward

Activity incentivized

Energy reduction target

Comment

The Property and Facilities department lies within the management area of the Chief Operating Officer, thus the achievement of objectives by the energy and environment team within property and facilities feeds into the achievement of objectives by the COO. a) All AIB locations in ROI and UK are operated under an ISO14001 Environmental Management System and ISO 50001 Energy Management System. A series of projects have been implemented to reduce the amount of Scope 3 emissions (waste and water related) onsite, as well as reducing the level of emissions from our Scope 1 and 2 sources. Shorter term targets are set based on these long term objectives. In 2017 an example of a short target can be observed with the purchasing of 100% renewable energy for all its UK requirements. b) Carbon and Energy reduction objectives are assigned to the Property and Facilities department and feed into the overall objectives for that business/department unit. An Energy and Environmental team is established within the department under the management of the Energy and Environmental Manager. Obtainment of objectives are assessed through a formal Performance Review and business review system for appraisal during the year and at year end. The achievement of objectives and performance in the role determines the level of pay increase achieved.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

a) All AIB locations in ROI and UK are operated under an ISO14001 Environmental Management System and ISO 50001 Energy Management System. A series of projects have been implemented to reduce the amount of Scope 3 emissions (waste and water related) onsite, as well as reducing the level of emissions from our Scope 1 and 2 sources. Shorter term targets are set based on these long term objectives. In 2017 an example of a short target can be observed with the purchasing of 100% renewable energy for all its UK requirements. b) Carbon and Energy reduction objectives are assigned to the Property and Facilities department and feed into the overall objectives for that business/department unit. An Energy and Environmental team is established within the department under the management of the Energy and Environmental Manager. Obtainment of objectives are assessed through a formal Performance Review and business review system for appraisal during the year and at year end. The achievement of objectives and performance in the role determines the level of pay increase achieved. Employees in the Office of Sustainable Business Team, led by AIB's Head of Sustainable Business are subject to the same monetary rewards for performance as described earlier.

Who is entitled to benefit from these incentives?

Energy manager

Types of incentives

Monetary reward

Activity incentivized

Energy reduction target

Comment

a) AIB are obliged to fulfill the obligations set out in the National Energy Efficiency Action Plan (NEEAP), and subsequent revisions, as originally published by the Irish Government in 2009. Accordingly AIB must work to meet the requirement of achieving 33% energy savings by 2020 (from 2009 baseline). Shorter term targets are set based on these long term objectives. In 2017, an example of such target can be observed in achievement of the scope extension of its ISO 50001 Energy Management System to include all AIB branches across Ireland and UK. b) Energy management objectives are assigned to the Property and Facilities department and feed into the overall objectives for that business/department unit. An Energy team is established within the department under the management of the Energy and Environmental Manager. Obtainment of objectives are assessed through a formal Performance Review and business review system for appraisal during the year and at year end. The achievement of objectives and performance in the role determines the level of pay increase achieved.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	5	
Medium-term	5	10	
Long-term	10	30	

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	<ul style="list-style-type: none">• AIB Group has an Enterprise Risk Management approach to identifying, assessing and managing risks, the core elements of which are set out in an Enterprise Management Framework. This is in turn supported by a number of frameworks and policies covering the management of specific risk categories (credit risk, operational risk, etc.) which are reviewed and approved by the Board on an on-going basis. The types of risks include: a) transition risks, such as regulatory risks or consumer behaviour patterns; b) acute physical risks, such as adverse weather conditions.• The Office of Sustainable Business provide advice and support AIB's Leadership Team on environmental sustainable issues.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

- How climate-related risks are identified and assessed at AIB;

AIB adopts an enterprise risk management approach to identifying, assessing and managing risks: *The first line of defence* (all business units and support areas) owns the risks and is responsible for identifying, recording, reporting and managing them, and ensuring that the right controls and assessments are in place to mitigate them. *The second line of defence* (The Risk Management function, headed by the Group Chief Risk Officer ("CRO")) sets the frameworks and policies for managing specific risk areas, provides advice and guidance in relation to the risk and provides independent reporting on AIB's risk profile. *The third line of defence* (Group Internal Audit (GIA), under the Head of Group Internal Audit) is the Internal Audit function, which provides independent and objective assurance of the adequacy of the design and operational effectiveness of the risk and control environment. *The Board* has ultimate responsibility for the governance of all risk-taking activity at AIB.

- How climate-related risks are identified by AIB and assessed at an asset level;

As stated above, the first line of defence is responsible and accountable for the identification, assessment, management, monitoring and reporting risks in their areas of responsibilities. This first line of defence are all AIB business lines and support areas. For example, our Engineering Services team will identify severe weather conditions (snow, ice and freezing conditions) as a physical risk to AIB. The Head of Property and Engineering is then responsible for ensuring that this climate change risk is noted within their operational risk register in Shield. Our risk management system (Shield) allows us to streamline our processes and gives us a clearer picture of all our Risks and Controls. All our lines of defence have access to information held in Shield. AIB received a global award for 'Excellence in Implementation' of the Shield system in 2017.

- The processes AIB have in place for assessing the potential size and scope of identified risks;

AIB uses a variety of approaches and methodologies to identify and assess its principal risks and uncertainties. a) A Material Risk Assessment ("MRA") is undertaken twice a year. The MRA identifies and assesses the most serious material risks facing the Group in terms of their likelihood and impact, considering the risks against a materiality matrix. The risk is given a Gross and a Net Value (values before and after controls to reduce the risk). Rating is based on worst estimate for any one of the following potential or actual impacts: Customers, Financials, Reputation or Operation and uses a green (low), blue (med/low), yellow (med), amber (med/high) and red (high) approach. b) Other assessments of risk are undertaken, as required, by business areas, focusing on the nature of the risk, the adequacy of the internal control environment, and whether additional management action is required. c) Periodic risk assessments are also undertaken in response to specific internal or external events. Reports on the Group's risk profile and emerging risks are presented at each Executive Risk Committee ("ERC") and Board Risk Committee ("BRC") meeting. The ERC meets on a monthly basis.

- The process by which AIB determines the relative significance of climate-related risks in relation to other risks;

- a) The bank's strategy is informed by the Material Risk Assessment - this identifies the risks to the Group, which are considered during the strategy setting process. The Risk Management Framework has been adjusted to ensure that environmental and climate risks are considered in the development of our risk policies.
- b) The Risk Appetite Statement (RAS) outlines the level and types of risks that AIB is willing to take in its pursuit of the Bank' strategic objectives.
- c) The RAS qualitative statements describe AIB's attitude to taking a managing risk. It also contains risk appetite metrics, in the form of watch triggers and limits. The watch triggers and limits monitor changes in the Bank's risk profile. Breaches of watch trigger or limits are escalated to the Executive Risk Committee and the Board Risk Committee. If limits are breached, they are escalated to the full Board and our Regulators.

- The definitions of risk terminologies used by AIB;

AIB has identified 11 material risk categories in Ireland and 8 in the UK. Our major categories of risk are:

Credit Risk: Risk of non-payment due to borrower default.

Liquidity Risk: lack of cash to meet liabilities when due.

Market Risk: Risk of adverse price changes.

Operational Risk: Human error, faulty systems or procedures.

Regulatory Compliance Risk: Financial or reputation damage as a result of failure to comply with regulation.

- How AIB defines substantive financial or strategic impact on our business:

A substantive financial impact is a financial impact >€1M.

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	AIB's objective is to conduct its business in accordance with both the letter and the spirit of the relevant laws, regulations and codes which apply to its regulated activities, as well as AIB's internal compliance policies and standards and to act with integrity, honesty and fairly in dealing with its customers. Compliance is a key component of the Bank's internal control framework. The Regulatory Compliance Risk Management Framework ('the Framework') sets out the internal control and governance structures in place in order to achieve the Group's regulatory compliance objectives. While the Board has ultimate responsibility for the governance of all risk taking activity in the Group, it has delegated a number of risk governance responsibilities to various committees and key officers. (eg: The Head of Property and Engineering is responsible for ensuring that climate change risks are noted within their operational risk register.) AIB shows its commitment to environmental protection by establishing an Environmental and Energy Policies to which the organisation pledges to commit (https://aib.ie/sustainability). Example: Risk: AIB non-compliant with ESOS legal requirement. AIB legal unit (first line of defence) identifies the risk and assesses its gross impact using materiality matrix. The Group implements controls to comply with ESOS requirements. a) Establishment of an Energy Team who will make sure AIB meets ESOS obligations b) implementation an Energy Management System in all our locations. b) After controls are in place the risk is given a Net Risk Value. All these processes are recorded using our Risk Management System (Shield). Any potential breach of compliance with ESOS is notified by the Energy Team (now the first line of defence) to the second line of defence.
Emerging regulation	Relevant, always included	Compliance is a key component of the Bank's internal control framework. The Regulatory Compliance Risk Management Framework sets out the internal control and governance structures in place in order to achieve the Group's regulatory compliance objectives. While the Board has ultimate responsibility for the governance of all risk taking activity in the Group, it has delegated a number of risk governance responsibilities to various committees and key officers. Example: Potential cost of not complying. All environmental legislation is continually under review by means of subscription to a web-based legal register by our Environmental Team (first line of defence) and at least on an annual basis an environmental compliance check is performed by the Environmental Manager. The team is provided with updates and notifications on emerging regulation. If changes are identified, risk implications are evaluated using the Risk Matrix and communicated to the relevant key officer who will introduce the information in Shield (our risk management system).
Technology	Relevant, always included	Our credit risk and business model risk frameworks have been adjusted to ensure that climate risks are considered in the development of our risk policies and business plans. We understand the benefits to the bottom line for businesses who introduce energy saving measures, and we factor those benefits into our credit decisions process. Regarding technical risk, AIB has a specialist team within its business banking division dedicated to provided products for financing business involved in the energy sector. AIB has a dedicated funds for investing in large energy efficiency projects and start-up companies in the sustainable technologies sector. To support Ireland's decarbonisation our Wholesale, Institutional and Corporate Division has a centre of excellence for Energy, Climate Action and Infrastructure since 2017.
Legal	Relevant, always included	AIB is required to comply with a wide range of laws and regulations. If the AIB fails to comply with these laws and regulations, it could become subject to regulatory actions, including monetary damages, fines or other penalties, regulatory restrictions, civil litigation, criminal prosecution and/or reputational damage. The legal and regulatory landscape in which AIB operates is constantly evolving, and the burden of compliance with laws and regulations is increasing. AIB defines legal risk as the potential for loss arising from the uncertainty of legal proceedings and potential legal proceedings, but excludes strategic and reputational risk. Regulatory compliance risk is defined by AIB as the risk of regulatory sanctions, material financial loss or loss to reputation which the AIB may suffer as a result of failure to comply with all applicable laws, regulations, rules, standards and codes of conduct applicable to its activities. The Regulatory Compliance function operates a risk framework approach that is used in collaboration with business units to identify, assess and manage key compliance risks at business unit level. These risks are incorporated into the RCAs (Risk and Control Assessments) for the relevant business unit. To identify and manage this type of risk, Regulatory Compliance work closely with management with specialist knowledge in climate change (AIB's Sustainable and Energy, Climate Action and Infrastructure teams) in assessing compliance risks and provide advice and guidance on addressing these risks. Risk-based monitoring of compliance by the business with regulatory obligations is undertaken. Regulatory Compliance report to the Chief Risk Officer and independently to the Board, through the Board Risk Committee, on the effectiveness of the processes established to ensure compliance with laws and regulations within its scope.
Market	Relevant, always included	Supply chain disruption events or adverse movements in wholesale market prices are likely to impact our business lines directly. AIB has identified 11 material risk categories, Market Risk is one of them. Our RAS (Risk Appetite Assessment) set out the parameters within which AIB can take and manage this risk. Business Plans are linked to the RAS and will have actions to mitigate this risk. Example: Risks could arise due to a trend in increasing wholesale energy commodity prices that could drive energy cost higher. We have taken actions to prevent this risk in our different business lines. a) At an operational level (AIB Property & Facilities), AIB purchases green electricity and is implementing energy reduction measures that would lower energy costs of its buildings. b) To mitigate adverse effects in Ireland we're working with industry experts and customers to support large green energy projects (AIB Wholesale, Institutional & Corporate Banking). c) we're also encouraging our customers to invest in home energy efficiency by offering personalised advice and free building energy rating certificates (AIB Lending division).
Reputation	Relevant, always included	AIB adopts an enterprise risk management approach to identifying, assessing and managing risks. Risk is defined as any event that could damage the core earnings capacity of AIB, increase cash flow volatility, reduce capital, threaten business reputation or viability and/or breach regulatory or legal obligations. The Group's relationships with its stakeholders, including its customers, staff and regulators, could be adversely affected by any circumstance that cause real or perceived damage to its brands or reputation. Any damage to the Group's brands and/or reputation could have a material adverse effect on the Group's business, results of operations, financial condition or prospects. The Group monitors the 'health' of its brand and reputation by regularly seeking feedback from its customers and other stakeholders, and by tracking metrics in relation to these, e.g. 1) the Net Promoter Score ("NPS") gauges the loyalty of customer relationships. 2) In late 2016, we developed an evaluation of the key sustainability issues that mattered to our stakeholders: The transition to a low carbon economy is of concern to our stakeholders. We can play a major role in addressing this issue, by how we run our bank and how we invest in our own business and in how we support our customers. Therefore, in 2017 we established a specialist team and developed our customer offering to further support investment in renewable energy, infrastructure and climate finance.

	Relevance & inclusion	Please explain
Acute physical	Relevant, always included	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Each business area is primarily responsible for managing its own risks. The Operational Risk Framework includes policies specific to key operational risks (such as extreme weather events, information security; continuity and resilience; operational risk event reporting policies) to ensure an effective and consistent approach to operational risk management across the Group. An important element of the Group's operational risk management framework is the on-going monitoring of risks, control deficiencies and weaknesses, including tracking of operational risk events. AIB also requires all business areas to undertake risk assessments and establish appropriate internal controls in order to ensure that all components, taken together, deliver the control objectives of key risk management processes. Risk and Control Assessment ("RCA") is a core process in the identification and assessment of operational risk across the Group. The process serves to ensure that key risks are proactively identified, evaluated, monitored and reported, and that appropriate action is taken. Self-assessment of risks is completed at business unit level and is recorded on Shield which is the Group's Governance, Risk and Compliance ("GRC") System. Shield was introduced during 2017 and it provides the customer facing business areas, Risk, Compliance and Internal Audit with one consistent view of the Risks, Controls, Actions and Events across the Group. AIB received a global award for 'Excellence in Implementation' of the Shield system in October 2017.
Chronic physical	Relevant, always included	We recognise the potential negative impacts and opportunities present by this type of risk. At an operational level, increases in the mean ambient temperature have resulted in increased running costs to our AIB branch network. This has a direct effect on the energy costs associated with cooling of buildings and computer equipment as well as increase of maintenance works budget to provide a comfortable working environment for our staff. Potential financial impact of extra maintenance and "fuel" operational cost has been estimated as €250,000. The Office of Sustainable Business is undertaking a preliminary assessment to determine the potential impact of chronic risks on our lending portfolio. Case Study: Dry and very warm temperatures in summer had a direct impact on our operations since 2017 onward. Based on data gathered by AIB Property and Facilities in 2017 and 2018, raising temperatures have required 55 A/C reactive maintenance services and 38 capital works each summer month. Learnings from 2017 summer extra operational costs were applied in 2018, a new set of operational controls was implemented to manage this risk and to reduce its net risk.
Upstream	Relevant, always included	As a bank, AIB recognises our role in the economy and society. We understand the potential negative impacts and opportunities present by climate change risks in our value chain. Our aim is to create long-term shared value with the economies and communities in which we operate. Using local suppliers is one of the ways where we can realise this shared value and regain our social licence to operate whilst providing responsible products and services. Responsible product and service delivery relies on an effective, efficient and compliant supply chain. Risks posed by our supplier chain in regards to energy, environment and climate change are identified by our Environmental and Energy Team (first line of defence), this information is communicated to AIB's Strategic Sourcing Team who will help to set up controls to manage this risk and reduce its Net Risk value. This second team will then proceed to escalate the risk if consider necessary using our management system (Shield). Supplier Management and corporate procurement is embedded in AIB's Business Strategy. AIB Strategic Team has adopted a series of measures to control this risk. 1) As part of AIB's supplier approval process, they must adhere to all legal obligations in each jurisdiction e.g. environmental, labour law etc. as well as any specific requirements of AIB's Environmental and Energy Policies. 2) AIB has a supply chain database containing more than 3,500 suppliers. In 2017, the team introduced a new Source-to-Pay system, which included an e-Sourcing solution to automate the tendering and award of sourcing events. This has yielded an ability to conduct some sourcing activities electronically, and has also resulted in a paperless invoice and payment environment for the majority of our supply base. 3) ISO 50001 standard requirements around design and procurement of energy and the establishment of criteria to examine the lifetime costs when procuring energy using services, products and equipment which are expected to have a significant impact on the organisation's energy performance are considered in tendering processes managed by the Strategic Sourcing Team. Conformance to this international standard is audited internally and externally on an annual basis.
Downstream	Relevant, sometimes included	We put our customers at the heart of our organisation, continually adapting our product and service offerings to meet their needs. In late 2016, we developed an evaluation of the key sustainability issues that mattered to our stakeholders: The transition to a low carbon economy is of concern to our stakeholders. We can play a major role in addressing this issue by how we run our bank and how we invest in our own business and in how we support our customers. This is why: a) We are at the forefront of digitally-enabled banking in Ireland, with ongoing investment in technology and innovation. Our products and services are simple and easily accessible, supported by a resilient and agile technology platform (We were one of the first banks to offer Android Pay in late 2016. We then introduced Apple Pay for our customers in July 2017, allowing them to pay for goods and services by thumb print verification, from a choice of cards linked to their smartphone). b) In 2017, we established a specialist team and developed our customer offering to further support environmental friendly initiatives, and investment in renewable energy, infrastructure and climate finance. Example: As carbon taxes and energy costs rise, mortgage owners of inefficient houses may have difficulty servicing their home loans as their energy costs increase. As the largest provider of mortgages in Ireland this stock on inefficient houses presents a risk for AIB. This risk was identified by our Finance and Mortgage team (1st line of defence) and risk implications were evaluated using the Risk Matrix and communicated using our risk management system (Shield) to the 2nd and 3rd lines of defence. As a result, mortgage lending criteria now considers this risk and our service offerings in Environmental Improvement Loans were adapted to include improvements of house energy ratings.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

1. How AIB makes decisions to mitigate, transfer, accept or control climate-related risks and to capitalize on opportunities.

a) The Bank's strategy and Risk Appetite Statement (RAS) are interdependent. Risk and Capital represents one of the pillars of the Bank Strategy. The Risk Appetite Statement is determined by the Board. It's a contract between the Board and the Bank's senior management that clearly sets out: the types of risks we take, the amount of those risks we take and the manner in which we take that risk. Our risk management approach has been adjusted to ensure that environmental and climate risks are considered in the development of our risk policies. The RAS itself is part of a wider framework that controls and guides decisions that are taken at every level of the organisation. There is a consistency from the RAS through frameworks, policies, and procedures. The bank business areas experience the RAS indirectly through the policies and procedures relevant to them. b) Capitalize on opportunities: One we identify an improvement opportunity, the bank analyzes current procedures and financial and resource implications. The opportunity is assessed based on project payback, expected life of the project and the value to any carbon savings after the end of pay back period. Management commitment is then obtained and budget is allocated to the opportunity.

2. AIB process for prioritizing climate-related risks and opportunities; a) Risks: A standard set of criteria, captured in the 'Materiality Matrix' is employed for assessing the significance of risk exposures and incidents to determine whether and how they should be reported and escalated. Worst estimate for any one of the following potential or actual impacts affecting Customers, Financials, Reputation or Operations will determine risk priorities. b) Opportunities: These should align to our strategy pillars (customer first, simple and efficient, risk and capital, talent and culture) and our values. Market research, legal and stakeholder requirements and financial implications will be taken into account to prioritize the opportunity.

3. How AIB has applied the process to physical and transition risks: Risk and Control Assessment ("RCA") is a core process in the identification and assessment of any risk in AIB. Self-assessment of risks is completed at business unit level (1st line of defence) and is recorded on SHIELD which is the Group's Governance, Risk and Compliance ("GRC") System. Risk are assessed as per AIB Risk Matrix and will be categorised, and then evaluated as per Gross Impact and Gross Likelihood. Once the operational controls are implemented the Risk is evaluated again and is defined a Net impact and Net Likelihood of that Risk. The second line of defence (Chief Risk Officer (CRO)) and the 3rd line of defence (Group Internal Audit) with access to Shield will 1) provide independent oversight of the Banks risk management activities, 2) identify areas of improvement, 3) report to the Board risks that will then be integrated in our business strategy. **CASE STUDIES: Physical Risk** -"Extreme weather events": Not only one area would have categorised this risk. a) Property: as a Continuity Risk (Natural event that could cause damage to property), b) IT Security team = natural event that could cause a local power failure, c) local market team = continuity risk (natural event that could cause financial loss for our branches). All teams would have entered this information in Shield. Operational controls of these teams, as maintenance of an ISO 22301 or preventive maintenance measures (flood barriers), will then reduce the likelihood and impact of the risk. **Transition Risk** : Enhanced emission reported obligations (NDC requirement to reduce by 33% our emissions). This risk would have been categorised by our legal department under Environmental Obligations and assessed as per Risk Matrix on Shield. Following our risk management process, the Board promptly actioned a Group Energy Management Strategy. The milestones planned by this Strategy have since then reduced the impact and likelihood of this risk. This risk is now monitored and evaluated on Shield by our Energy Team within the Property team.

4. Case study of AIB's management processes related to opportunities: Identification of Energy Efficiency Opportunities are identified thanks to: a) AIB current and future compliance obligations, b) Energy reviews and energy audits in line with ISO 50002 in selected AIB locations (based on energy performance) c) employee feedback. d)AIB's context and business strategy. These will identify our opportunities to deliver energy savings, both long and short term. A register of opportunities is kept as part of our ISO 50001 EMS. Opportunities are assessed by our team of experts. Annually AIB allocates budget for investment in energy improvement projects.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact driver

Policy and legal: Increased costs and/or reduced demand for products and services resulting from fines and judgments

Company- specific description

Mandatory emission reporting is required in UK and Ireland: 1) For its UK operations AIB is required to comply with ESOS, (Energy Service Obligation Scheme) 2) Carbon reporting is a part of Irish legislation via the EAS (Energy Auditing Scheme), which transposes the EU Energy efficiency directive into Irish law - SI 426 of 2014. In addition, under SI 542 Energy Services Directive, AIB has been considered a Public Body (since 2012) as it is 71% State owned. As such the organisation is now required to achieve 33% energy savings by 2020.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Potential financial impact

1093052

Explanation of financial impact

1) Non-compliance with EAS is subject to a class A fine (€5,000) 2) Fines for non-compliance with the mandatory Energy Savings Opportunity Scheme (ESOS) range from €5,647.81 to €101,660.64. Designed to increase for each day of non-compliance, fines can reach: €50,830.32 for businesses that do not respond to enforcement notices; €50,830.32 for failure to notify the Environment Agency; €101,660.64 for failure to undertake an energy audit; €5,647.81 for failure to maintain records and €56,478.13 for false or misleading statements. 3) €800,000 has been estimated as a potential impact caused by reduced revenue due to loss in reputation associated with non-compliance

Management method

AIB Group has an Enterprise Risk Management approach to identifying, assessing and managing risks. AIB's governance arrangements include structures and processes to identify, manage, mitigate, monitor and report the risks to which AIB is exposed, including a three lines of defence risk management model. AIB's Energy Team, is the 1st line of defence in this particular case (obligations under ESOS and EAS). The team is responsible for identifying, recording, reporting and managing the risk and ensuring that the right controls and assessments are in place to mitigate it. Example: To control this risk, the Energy team developed an Energy Management Strategy with a phased approach. a) Phase 1 (1st compliance period, Dec 2015) that prepared our ROI largest head offices to achieve ISO 50001 certification and programmed the required energy audits in the UK (signed off by a qualified auditor). Both methods warranted compliance with our ESOS and EAS obligations. b) Phase 2 (second compliance deadline, Dec 2019) involved the roll out of its ISO 50001 across all ROI and UK locations. In December 2017, AIB achieved such certification, an accolade that will serve to reduce its energy targets and as a method of compliance for EAS/ESOS 2019 requirements.

Cost of management

35000

Comment

Note 1: €35,000 is the cost for resources required to comply with both reporting obligations and to carry out annual study of carbon emissions . Note 2: Other cost would be incurred across the bank and business lines and would include the operation of the Energy Team and its monitoring role; such costs are not separately identified in our reporting and would not be realised for reason of commercial sensitivity.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

AIB is exposed to this risk by: a) Its own operations: The bank stated in AIB's Environmental Policy "we will meet or exceed all relevant environmental obligations under laws and regulations in each of the jurisdictions in which we operate". Accordingly, any future environmental regulations introduced will be complied with. b) Client's requirements to fulfill the Environmental Regulations applicable to their industry sectors. A non-compliance with the law can have impacts on their cashflows and capacity of loans repayment.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium

Potential financial impact

15500000

Explanation of financial impact

a) Offences for not adhering to certain environmental obligations up to a maximum of : €500,000 (Environmental Liability SI 547:2008) , €15,000,000 (EPA, Water Services and WMA Acts). b) From a credit risk and indirect exposure aspect, AIB can leave itself open to an increased level of risk where its customers are required to comply with changes in environmental regulation. The potential financial impact of this risk is not disclosed due to commercial sensibility.

Management method

AIB Group has an Enterprise Risk Management approach to identifying, assessing and managing risks, the core elements of which are set out in an Enterprise Management Framework. Individual risk frameworks and policies support the Risk Management Framework and provide specific guidance for applying these high level principles to specific risk categories e.g. credit risk, operational risk A standard set of criteria, captured in the 'Materiality Matrix' is employed for assessing the significance of risk exposures and incidents to determine whether and how they should be reported and escalated. Shield, a Risk Management System was introduced in 2016 and gives each business area a much clearer organisational view of their Risks and Controls. A) The property & facilities unit of AIB has implement an ISO 14001 system in all AIB locations to manage potential breach of environmental legislation. Its environmental team assesses its level of compliance with current legislation and keeps track of additions/repeals. The team will assess the potential consequences of a risk and escalate the risk to Senior Management if deemed significant. B) The credit risk framework has been established to manage risk that the Group will incur losses as a result of a customer or counter party being unable or unwilling to meet a credit exposure commitment that it has entered into. The sensitivities of the credit portfolios to downside and stress economic scenarios are reviewed on a schedule.

Cost of management

50000

Comment

Note 1: €50,000 a year for ISO 14001 maintenance, surveillance audits and software requirements Note 2: Other cost would be incurred across the bank and business lines and would include the operation of the Energy Team and its monitoring role; such costs are not separately identified in our reporting and would not be realised for reason of commercial sensitivity.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact driver

Policy and legal: Increased costs and/or reduced demand for products and services resulting from fines and judgments

Company- specific description

AIB would face this type of political and legal risk depending on how the Irish Government decides to implement measures to meet Irish 2020 and 2030 reduction emission target agreed when Ireland ratified the Paris Agreement. As per information disclosed this year, Ireland is set to miss its climate and renewable energy targets. Whether the Government decides to revise its National Mitigation Plan (NMP) to set up new reduction measures and targets for key economic sectors (eg: agriculture, this sector accounts for 32% of national emissions) in order to achieve agreed reduced carbon emissions targets, this might have an impact in our clients. Currently (July 2018) individual economic sectors within Ireland do not have specific GHG emission reduction targets. However, a revision of the NMP with a new set of reduction measures might have an impact in our sectorial customers. The agricultural sector are a major customer of AIB and any legislative measures which have negative effect on that sector may be also a risk to AIB.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium-low

Potential financial impact

1000000

Explanation of financial impact

We selected "1,000,000" as potential impact as the initial estimate of the financial risk of such measures are at present unknown until the relevant legislation is implemented. To date (July 2018) no sectoral emissions reduction targets have been set for agriculture or any other sector in Ireland. So far, the Teagasc's (Agriculture and Food Development Authority) Greenhouse Gas research group has been working to develop solutions to address farming emissions. Much of the answer lies in farm efficiency: so if we can produce food with fewer inputs, then this reduces emissions to the atmosphere and costs to the farmer. AIB is been supporting TAMS Farm Investment for the past few years (Targeted Agricultural Modernisation Schemes administered by the Department of Agriculture, Food and the Marine) with a series of farm development loans that will achieve better efficiency and to lower emissions of our farmers.

Management method

Following AIB's Enterprise Risk Management approach, the Head of Local Market is responsible to note any sector threats on this regard within their risk register and to assess and manage the risk. The following actions have been taken by AIB: 1) AIB have dedicated teams in the agricultural, sustainability and energy sectors who will stay abreast of and influence any drafting of new legislation. 2) Our sector specialist team will develop relevant supporting products to assist their customer base. 3) Staff and Customer awareness training eg. quarterly AIB Agri internal bulletins or farm talks to generate awareness and bring about sustainable changes in farm practices (AIB are one of the lead sponsors of the Teagasc Grass10 initiative, launched in 2017 to promote sustainable grassland excellence for Irish livestock) 4) To support "positive aspects" of agriculture that reduce global greenhouse gas emissions (eg. with our AIB's Forestry Finance Package that is designed to match the grants and premiums payments to both farmers and non-farmers who are participating in Afforestation Grant and Premium Schemes) 5) AIB supports TAMS Farm Investment (a series of seven investment aid schemes open to farmers to support the sustainable development of Irish agriculture) with a series of farm development loans. Better efficiency will lead to lower emissions.

Cost of management

200000

Comment

Estimated internal cost for relevant sector teams are around the range of €200,000.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact driver

Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)

Company- specific description

Extreme weather events could affect AIB's business continuity, especially the activities at headquarters and the branch network.

The presence of heavy rain and winds, snow and ice could prohibit customer and staff access to AIB locations. This risk scenario materialised in Oct 2017 with Hurricane Ophelia (the worst storm to affect Ireland in 50 years) and in 2018 with storm Emma that hit Ireland and UK at the end of February 2018. Exceptional and extreme precipitation conditions are becoming more frequent in Ireland and UK. These events can have the following implication to our business: a) Business Continuity Risk: Services to customers could be impacted and its disruption would damage the daily business income in AIB. b) Also some sectors, could be adversely affected. Farming is one of the most sensitive businesses to climate change and AIB offers special services and financial packages to this sector. Disruption of their activity may lead to clients being unable to repay loans or investments. Therefore, AIB could face revenue loss due to the causes listed above.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium

Potential financial impact

1075000

Explanation of financial impact

This financial impact covers: a) €50,000 maintenance preventive costs to deploy all our resources to serve all our locations in case of extreme weather event (eg. deploy of de-icing materials, flooding barriers, etc.), b) €25,000 expenditure to repair physical damage caused by this event. c) In-case AIB faces revenue loss due to client difficulties, €1 million has been estimated as potential financial impact. Note that this figure could be higher or lower depending on the specific scenario circumstances and type of clients affected.

Management method

This risk is managed by: a) Continuity and Resilience Policy - Part of the Operational Risk Framework: This policy supports AIB in delivering a customer centric service across all our defined critical activities in order to maintain the highest level of availability of key customer service b) Implementation and continuous improvement of a Business Continuity Management System: AIB is an ISO 22301 certified business. This certification ensures AIB has suitable business continuity plans in place to cope with the risks associated with company outages which can occur due to unexpected disruptions or disasters. This management system will help us to continue with daily work even after unusual incidents such as fires, floods, etc. c) AIB Property and Facilities agreed procedures with its facilities service providers in extreme weather events. d) Ongoing tailored seminars are supported by AIB for farming and industry stakeholders to discuss and learn how best to position their farm businesses for the future, discussing topics as Brexit, Climate Change and globalisation. e) AIB update its practices periodically to incorporate relevant developments, such useful data gathered during extreme climate events that could be used in future loan conditions.

Cost of management

90

Comment

Note 1: €50,000 a year for ISO 22301 maintenance, surveillance audits and software requirements Note 2: €25,000 for marketing of awareness campaigns and seminars Note 3: €15,000 budget for maintenance equipment to restore the situation (eg. de-icing equipment) Note 4: Other cost would be incurred across the bank and business lines as part as its daily operations; such costs included as part of business lines budgets are not separately identified in our reporting and would not be realised for reason of commercial sensitivity.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact driver

Reputation: Reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention)

Company- specific description

Workplace staff alike are now more aware than ever of the need to make changes in terms of how we all impact in the environment.

AIB has a sustainable approach to organisational operations, encompassing everything from: waste reduction, increasing recycling materials, water conservation, reduction of our carbon footprint, staff awareness and energy conservation. AIB wants to lead the way in being a responsible corporate citizen. Our green initiatives have always the same goal to achieve cultural change that could then touch every community in Ireland. AIB actively encourage staff to get involved in energy saving and environmental management ideas can be submitted via the internal intranet or directly to the Energy and Environmental Team. On a regular basis we: a) host awareness days on energy and environmental topics, b) conduct toolbox talks to communicate key "green" messages, c) developed an in-house awareness course and a dedicated Footprint Blog where staff can keep track of sustainable information and topics, tips for a green office, green home and the latest updates on energy and environmental news at "Our Footprint Blog. In December 2016, the EPA (Environmental Protection Agency) completed a Waste Characterisation Study in our Head Quarters. It's conclusions were integrated in AIB's Waste Strategy, developed in 2017 by our Environmental Team, 89 opportunities of improvement were identified to reach our goals: reduce our waste volumes, eliminate single use plastics and contamination. A waste reduction pilot kicked off in April 2017, targeting staff awareness of the to-go cup problem, and to tackle the coffee cup waste volumes in an office building. In Oct 2017, we teamed up with our partners and some waste industry experts to provide a whole host of waste awareness activities, workshops and talks in our headquarters. Both projects had a great success and we achieved significant waste reduction savings and a new level of waste awareness. This last one has created a wave of change among staff who are taking the leading role in implementing new waste reduction initiatives as: #plasticfreefridays or #disposablecupsitsover both launched by staff teams in 2018.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium-high

Potential financial impact

1000000

Explanation of financial impact

€1 million has been estimated as mid range figure for reputation damage as a result of this risk. This impact could be higher or lower depending on the specific scenario in question.

Management method

The following has been implemented to manage these risks: 1) Implementation of an Energy and Environmental Management System. 2) Staff training and awareness programme. 3) Materiality assessments to understand stakeholder concerns (updating our assessment of these issues on at least a yearly basis). In 2017, to increase staff awareness the environmental team launched its "Our Footprint Blog" and held it's 1st Waste Awareness Day. AIB office of Sustainability hosted our first Sustainability Conference in Oct 2017 and refreshed our 2016 materiality exercise to understand the environmental, social and governmental issues of most concern to our stakeholders. (For more information see AIB's 2018 Sustainable Report)

Cost of management

50000

Comment

Management costs are business as usual a) €50,000 are the management cost the ISO 14001 and 50001 ISO systems, including: Surveillance audits and Pegasus Legal Register maintenance (Energy and Environment) b) Other Cost would be incurred across the bank and business lines and would include the operation of AIB Energy and Environment Team, the Office of Sustainable Business and its monitoring role; such costs are not separately identified in our reporting and would not be released for reasons of commercial sensitivity.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact driver

Reputation: Reduced revenue from decreased demand for goods/services

Company- specific description

Concern about climate change has increased in the last decade. Investment decisions are not only taken by financial factors, sustainability criteria is also considered. Customers are demanding new lowcarbon economy products and services and environmental disclosure is now a legal requirement in some markets. It's important for AIB's that our brand is perceived as a proactive "sustainable" brand among interested parties (customers, shareholders, Local Authorities, etc). As a public and large financial company sustainability commitments and annual carbon footprint reductions are key for our "green" brand credibility and associated business value. Poor and non transparent environmental disclosure of these initiatives could affect negatively AIB's reputation and potentially lead to loss of customers and investors.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium

Potential financial impact

1000000

Explanation of financial impact

The value of sustainability to our brand was calculated by the newly established AIB Office of Sustainable business. Due to commercial sensitivity reasons this information is not going to be displayed, an initial estimate of €1M has been shown . Financial losses due to loss of clients and investors are not easily quantifiable. Is well known that financial markets use more frequently sustainability indexes. As an example, in 2017 CDP had 650 institutional investors representing in excess of US\$ 87 trillion assets. A negative "climate change" image and a poor environmental disclosure could lead to financial losses due to loss of these investors that consider AIB's "sustainable image" when making an investment decision.

Management method

Measures taken to manage this risk are among others the following ones: 1) Achieving, maintaining and improving AIB's ISO 50001 and ISO 14001 Management Systems. 2) Calculating AIB's Carbon Footprint Calculation annually 3) CDP annual participation and reporting 4) Environmental information disclosed on Annual Reports, CSR and our website. 5) Environmental employee awareness 6) Materiality assessment of sustainability issues among AIB's stakeholders 7) Establishment of AIB's Office of Sustainable Business For example: In 2017 aiming to join other large organisations worldwide that report on their sustainability efforts and as part of our intention to operate fairly and transparently with the best interests of our customers at heart, AIB published it first sustainability report in 2017.

Cost of management

50000

Comment

a) €50,000 are the management cost the ISO 14001 and 50001 ISO systems, including: Surveillance audits and Pegasus Legal Register maintenance (Energy, H&S and Environment) b) Other Cost would be incurred across the bank and business lines and would include the operation of AIB Energy and Environment Team, the Office of Sustainable Business and its monitoring role; such costs are not separately identified in our reporting and would not be released for reasons of commercial sensitivity.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other

Type of financial impact driver

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company- specific description

AIB has voluntarily implemented an ISO 14001 Environmental Management System and an ISO 50001 Energy Management System across all its locations in ROI and UK. AIB's management of Climate Change and these standards are closely inter-related. AIB's environmental and energy strategies are key to reduce carbon emissions and energy consumption. This proactive strategy is an advantage to enhance AIB's "green" brand reputation, as well as a method of Climate Change awareness to our staff, shareholders, investors and customers.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium-low

Potential financial impact

1270692

Explanation of financial impact

Financial implication disclosed is the total savings achieved to date thanks to the implementation of energy efficiency measures and opportunities of improvement managed by our ISO 50001, approx. €317,833 per year. More information is published in this case study: http://www.cleanenergyministerial.org/sites/default/files/2018-05/CEM_EM_CaseStudy_AIB_Ireland.pdf

Strategy to realize opportunity

To manage this opportunity we have implemented the following initiatives. 1) Implementing Energy & Environmental Policies and internal/external processes required to fulfill the standards requirements. 2) Risk and Opportunities are identified along with environmental aspects, legal requirements and interested parties. 3) The information gathered above results in objectives and targets that are discussed annually at boardroom level. 4) Action Plans are agreed to incorporate risks & opportunities, meet legal requirements and achieve targets and objectives. 5) Both Management systems are reviewed externally by a 3rd party on an annual basis. Case Study: Our commitment to reduce our emissions and reduce operational costs started with the implementation of these standards at our HeadQuarters and HeadOffices. During 2017 we rolled out our energy and environmental management systems to all our locations in ROI and UK. The certification process to extend our certification scope started in December 2017 and was completed successfully in January 2018. In our head offices we've experienced improved data gathering for annual carbon footprint, reduction on GHG emission and a significant reduction in energy consumption, compliance with legislation applicable. With its roll out to all our locations we expect increased business competitiveness and extra savings thanks to better energy and environmental management of our estates.

Cost to realize opportunity

155082

Comment

In total, AIB has spent approx. €155,082 per annum to implement the energy efficient measures identified thanks to the ISO 50001 system. For more information: http://www.cleanenergyministerial.org/sites/default/files/2018-05/CEM_EM_CaseStudy_AIB_Ireland.pdf

Identifier

Opp2

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact driver

Increased revenue through demand for lower emissions products and services

Company- specific description

The introduction of support tariffs for Renewable energy and Energy White paper launched in ROI in 2015 represented opportunities for AIB to lend to businesses in this market. The bank understands the benefits to the bottom line for businesses who introduce energy saving measures and developed a new business line with dedicated funds for investing in large energy efficiency projects and start-up companies in the sustainable technologies sector. As part of our ongoing commitment to support environmentally friendly initiatives, customers can also apply for loan or asset finance if undertaking any project that is deemed to have a positive impact on the environment. AIB has a centre of excellence for Energy, Climate Action and Infrastructure within its Wholesale, Institutional and Corporate Division with one purpose: to support Ireland's decarbonisation. In 2017, we supported a) customers who were committed to producing products which are 100% environmentally-friendly (eg. In November 17, one of our customers, CupPrint announced the launch of its recyclable cup, a new environmentally-friendly and sustainable product. AIB funded the expansion of its manufacturing facility in Co. Clare); b) continued to support renewables (eg: In March 2017, we funded the purchase of two onshore wind farms by Greencoat Renewables. These farms are generating green energy and have a combined operating capacity of 137MW, These wind farms provide clean renewable electricity for over 60,000 homes. Greencoat Renewables announced that it was buying more windfarms in Ireland in December, and was putting in place a new €250m revolving credit facility (RCF) with a syndicate of five banks – AIB, BNP Paribas, Commerzbank, Royal Bank of Canada and Santander. Greencoat Renewables was advised by AIB Corporate Finance on the RCF, which was one of the largest debt advisory deals of 2017).

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium

Potential financial impact

15000000

Explanation of financial impact

As part of Greencoat's IPO, AIB's original investment in Greencoat Renewables DAC was returned to the bank. We received a €15M allocation of shares in the newly listed Greencoat vehicle.

Strategy to realize opportunity

The following actions reflect our management approach: 1) AIB will keep abreast of industry trends and will aim to mitigate any adverse regulations. 2) AIB's CC centre of excellence and our Energy Team work with various industry experts and customers to bring about a flexible and practical approach to support the delivery of large green energy projects. 3) In addition AIB is leading by example purchasing only green electricity 4) AIB Support for Environmental Improvements is now reflected in a new line of loans (<https://aib.ie/our-products/loans/environmental-improvements>). 2017 case studies are detailed in the Company-Specific description section.

Cost to realize opportunity

107000000

Comment

A per investment in Greencoat Renewables.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact driver

Increased revenue through demand for lower emissions products and services

Company- specific description

Increased awareness of climate change by business and individuals is creating a new demand of financial services. AIB leads the offer of green financial products for the Irish market. We provide loans and/or asset finance to personal customers who are undertaking the following Environmental Improvement Projects including: a) Purchasing any new car included in Motor Tax Band A or B for CO2 emissions. b) Purchasing any non petrol/non diesel car e.g. hybrid, flexi-fuel, bio engine, electric power, etc. c). Switching to renewable energy sources e.g. solar panels, woodchip burners, biomass fuel, etc. d) Any project undertaken that qualifies for SEAI grant schemes or incentives. e) Improving the energy rating of a house e.g. replacement heating system, windows and doors, attic/roof insulation, etc. The list is not exhaustive and we review it in line with environmental developments on an ongoing basis.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium

Potential financial impact

1000000

Explanation of financial impact

Due to commercial sensitivity reasons exact information is not going to be displayed. An estimate of €1M has been made as profits from environmentally products and services to customers.

Strategy to realize opportunity

The following actions reflect our management approach: 1) Our Finance Team work with our CC centre of excellence, the Energy Team and consult industry experts and customers to bring about a new line of green loans. 2) We understand the benefits to the bottom line for businesses who introduce energy saving measures, and we factor those benefits into our credit decision process.

Cost to realize opportunity

50000

Comment

Due to commercial sensitivity reasons this information is not going to be displayed. An estimate of €50,000 has been made for development costs.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted for some suppliers, facilities, or product lines	AIB is a market leader in the promotion of sustainable energy and energy efficiency. As part of AIB's Sustainable Strategy a series of opportunities where identified. Eg: Support of lower emissions products and services. This had an impact in some of AIB's business lines: a) AIB Property and Strategy developed and implemented a market leading energy management strategy in 2014 to show leadership in this area and to excell on how we manage our Head Office and Branch network estates.This strategy focused from 2014 to 2016 in our main locations saw AIB reduce our year-on-year our overall energy consumption. In 2017 as part of our strategy goals we implemented ISO 50001 in all our locations. The bank was awarded ISO 50001 accreditation in February 2018. b) AIB Wholesale and Corporatate Banking: To support the SME sector, this bussines line launched a €100m energy efficiency fund. We also have a €200m renewable energy fund and have funded a number of ESCO projects which provide light and heat as a service to Irish businesses. c) AIB Personal Banking: In relation to our personal customers, we now provide loans for Environment Improvement and we also have a free Building Energy Rating (BER) certificate and personalised advisory report for customers taking out new home improvement personal loans with AIB. To date we have provided over 2,000 BER assessment vouchers. d) AIB Energy: Education and awareness is also critical in progressing our sustainable energy agenda. To encourage staff behaviour change AIB developed in-house an online energy awareness course compulsory annually for all staff. The courses aim was not simply to encourage behaviour change at work but to emphasis the changes staff could make to reduce their own energy bills at home. The course has now been licenced to Skillnet and the ISI (Irish sustainability centre) with the aim of bringing it to a wider corporate audience. AIB also sponsors other sustainable projects on an annual basis, eg: the SEAI's One Good Idea, which enables secondary and primary schools to create community campaigns around energy efficiency and the environment. Financial magnitude impact - HIGH: AIB established >€100M funds for sustainable energy projects (as per funds established to support energy efficiency projects and renewable energy)
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	AIB Supplier Management has integrated AIB's Sustainable agenda on its relationships with suppliers. They maintain an emphasis on ensuring suppliers are aware and support our green goals. The following sustainable practices in our supplier chain have been integrated in our procedures. As well as to adhering to all legal obligations, all our suppliers must adhere to our Environmental and Energy Policies. Green Procurement: Our green strategy includes for example: a) 100% renewable energy targets (In 2017 all our locations in ROI and UK were powered by renewable energy), b) Our catering consumables are reusable or compostable to tackle plastic waste. Tendering Processes: a) Sustainable selection criteria is used when deciding on the most appropriate supplier for a project. b) Procurement contracts include clauses that ensure energy efficiency and environmental factors are taken into account and have green objectives for our suppliers (eg: quarterly reporting of energy reduction opportunities, collaboration with Community Reuse Network Ireland to reuse and recycle unwanted items). Financial Magnitude of impact: Medium - Annual cost for premium tariff on renewable energy supply is in the region of €150,000
Adaptation and mitigation activities	Impacted	Thanks to an enterprise risk management approach the bank identifies, assesses and manages risk. That's where it was identified the risks linked to regulatory carbon taxes and mandatory Energy Schemes. We have also achieved 0 market emissions thanks to the purchase of green electricity in Ireland and UK. The magnitude of the impact is measured as follows: thanks to the implementation of an Energy Management System to achieve the requirements of the Energy Scheme and to reduce our carbon tax burden, the bank has achieved energy savings of 167,963 GJ in a period of 3 years. Financial impact - High: Energy cost savings of €1.3M in 3 years The recognition that risks can provide opportunities for innovation leading to a new competitive advantage. Taking a sustainable approach in our operations has positioned AIB as a leader in sustainability in Ireland. The bank is operating a fund to support energy efficiency and energy saving measures, has environmental improvement loans, has a centre of excellence in Climate Change to support Ireland's decarbonisation goals and, since 2016 an Office of Sustainable Business for guiding the Group's approach relation to sustainability and climate change.
Investment in R&D	Impacted	From our materiality exercise we know that our stakeholders are concerned about digitalisation and climate change. The investment in digital tools is an opportunity to take action and show that we listen to their concerns. We will improve efficiency for AIB customers and employees in dealing with applications for new products and also reduce our carbon footprint. In today's digital world, paper documents are an obstable to doing business. Digitalizing critical business processes has major benefits as: 1) better customer experience; 2) regulatory compliance (trail of documentation); 3) carbon savings by reducing the use of paper and transport/storage needs. Our green goal is to digitise all paper processes in the branch, creating paperless branches. Case Study 2017: In AIB's Direct Financial Planning Team, as they continued to grow, they needed a new solution to write new business without unnecessary delays.We adopted a new digital technology "DocuSign", that enabled the capture of an electronic signature for almost any document, eliminating paper waste and increasing productivity. In this area alone, we sent 1,700 documents with DocuSign, with an 80% completion rate. In 2017 over 11,000 transactions were completed using DocuSign across multiple functions including HR, Financial planning, IT and SME credit dramatically reducing paperwork and speeding up processes for customers. Financial Magnitude of impact: High - In 2017, AIB completed a three-year, €870m digitalisation investment programme.
Operations	Impacted	A regulatory risk were identified as part of AIB's enterprise risk management approach: A 33% improvement in energy performance from a 2009 baseline by 2020 as set out in Irelands NEEAP. In 2017, an Energy Management Strategy was also developed with the objective of improving energy efficiency and performance improvement across the organisation. The Bank, 1) places a strong emphasis on operational control, training and improving the skillset of staff who are key influencers in terms of energy use, 2) has implemented of a structured EnMS accross all its locations (ISO 50001), 3) purchases green electricity in UK and ROI, 4) integrates energy and environmental clauses on its maintenance contracts. Financial Magnitude of the impact - Medium: €155,082 per annum to implement the energy efficient measures identified thanks to the ISO 50001 system.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Impacted for some suppliers, facilities, or product lines	Risk are identified as part of our Enterprise Risk Management Approach. Risk management is also a tool for long-term strategic thinking, turning them into opportunities. Opps 4: In 2017, Wholesale, Institutional and Corporate Banking (WIB) backed Greencoat to purchase an initial portfolio of operating Irish onshore wind farms in Munster. As part of Greencoat's IPO, AIB's original investment in Greencoat Renewables DAC will be returned to us. We received a €15m allocation of shares in the newly listed Greencoat vehicle, allowing us to demonstrate our ongoing commitment to the customer and sector whilst generating a continuing stream of non-interest income for the bank. Risk 5: AIB customers could be adversely affected by extreme weather events. Eg: the farming sector is one of the most sensitive businesses to climate change and AIB offers special services and financial packages to this sector. Disruption of their activity may lead to clients being unable to repay loans or investments. Our revenue might be affected by this. Our Financial Solutions Group (FSG) is a dedicated department to support businesses and personal customers who find themselves in financial difficulties. They work with our customers to deliver bespoke long-term solutions, in 2017 agreeing on average 1,000 customer solutions each month. We have a dedicated team of Agri Advisors who support our employees in delivering a service to our farming customers. Our Agri Advisors provide strong, objective financial and technical analysis of individual farm cases. Environmental and Climate Risk are factored into our credit decision process and when we devise and implemented restructuring solutions on a case-by-case basis for personal and business customers in difficulty. Magnitude of the impact on AIB's financial planning process has been estimated as High. Further information on this matter cannot be disclosed due to commercial sensitivity.
Operating costs	Impacted	As part of our enterprise risk management approach, the bank identified carbon taxes as a risk that could be reflected as higher expenses to maintain our business: energy consumption in our buildings, fleet fuel costs, etc. To reduce financial burden of carbon taxes the bank 1) has implemented an energy management system to measure and reduce its energy expenditure, 2) purchases green electricity in UK and ROI, 3) is exploring the possibility of moving to an electrical fleet. Planning for a pilot project with an electric vehicle and installation of charging points in key locations took place in Q4 2017. The project kicked off in March 2018. 4) places a strong emphasis on operational control, training and improving the skillset of staff who are key influencers in terms of energy use. 5) integrates energy and environmental clauses on its maintenance contracts. The magnitude of the impact on your financial planning process is considered Medium: The financial cost to implement EnMs and AIB's electric fleet pilot project is estimated in the region of €300,000
Capital expenditures / capital allocation	Impacted	AIB Property and Facilities Division allocates funds annually to upgrade the energy efficiency of our physical assets (boilers, lighting, HVAC systems, etc) and reduce our associated carbon emission. Our buildings are operated with an ISO 50001 energy management system that monitors energy expenditure. As part of this system we maintain a list of energy opportunities that will be assessed by the Energy Team and independent experts on a regular basis. A Capex is associated to energy optimisation projects. Magnitude of the impact on AIB's financial planning process has been estimated as Medium-High. Cost to implement EnMS is in the region of €180,000. Further information on capital expenditures cannot be disclosed due to commercial sensitivity.
Acquisitions and divestments	Not impacted	AIB is a financial services group operating predominantly in the Republic of Ireland and the UK. We provide a comprehensive range of services to personal, business and corporate customers in our target markets and have leading market shares in banking products in the Republic of Ireland. Since the financial crisis, AIB has not acquired another firm or business entity. Acquisitions and divestments are not part our AIB's core business.
Access to capital	Impacted for some suppliers, facilities, or product lines	AIB recognises the need to take precautionary measures to anticipate, prevent or minimize the causes of climate change and mitigate its adverse effect. Our business lines, in collaboration with the Office of Sustainable Business (OSB), the Sustainable Business Executive Committee (SBEC), and the Board's Sustainable Business Advisory Committee (SBAC), together provide focused governance on this issue on an ongoing basis. AIB is positioning capital through partnerships to increase climate change knowledge, skills. In 2017, a) we collaborated with Macra na Feirme, a young farmers' organisation, to host a series of seminars specifically for young farmers. Over 800 young farmers and industry stakeholders attended the events. Climate change and sustainability was among the topics discussed at the events. b) We joined forces with Sustainable Nation Ireland and EIT Climate-KIC to finance finance events and initiatives overseen by Sustainable Nation Ireland. AIB was also allocated capital for greener loans (https://aib.ie/our-products/loans/environmental-improvements) and green investments. Magnitude of the impact on AIB's financial planning process has been estimated as High. Further information on this matter cannot be disclosed due to commercial sensitivity.
Assets	Impacted	The Strategy Division within AIB Property and Facilities plans and designs our approach to current and new required properties. For the acquisition of new office buildings, a life cycle perspective of the property is considered and Sustainable buildings will be prioritized. This strategy has seen AIB moving two non-efficient head offices into two new LEED buildings (Molesworth Street and Central Park) with a total 2,000 employee capacity. The project started in 2017 and will be finalised by the end of 2018. Magnitude of the impact on AIB's financial planning process has been estimated as High. Further information on this matter cannot be disclosed due to commercial sensitivity.
Liabilities	Impacted for some suppliers, facilities, or product lines	Failure to repay loans or investments might cause a liability. As part of its enterprise risk management approach, the bank identified extreme weather conditions as a risk to be factored in . That's why: 1) Environmental and Climate Risk are factored a) into our credit decision process and, b) into restructuring solutions for personal and business customers in difficulty. 2) AIB is an ISO 22301 certified business. This certification ensures AIB has suitable business continuity plans in place to cope with the risks associated with company outages which can occur due to unexpected disruptions or disasters. Magnitude of the impact on AIB's financial planning process has been estimated as Medium-High. Further information on this matter cannot be disclosed due to commercial sensitivity.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

Yes, qualitative

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

AIB recognises that as the major financial institution in Ireland it plays a pivotal role in helping Irish society transition to a low carbon economy and to enabling Ireland to achieve its climate change targets. It is focused on meeting the needs of its customers and the societies it serves.

i) In order to make AIB a more sustainable business and better able to respond to climate change related issues and align these issues with the business, we developed a materiality evaluation of key sustainable issues in 2016 (in accordance the Global Reporting Initiative). We're also directly responding to what matters to our stakeholders, as evidenced by the refresh of our materiality

exercise in Q1 of 2018. As a result, we identified climate change, environmental impact of lending activities & environmental footprint as key "environmental" material issues.

AIB's sustainability strategy embeds climate change and environmental principles into the decision-making processes throughout the organisation. A Sustainable Business Executive Council supports the execution of the bank's sustainable business strategy in accordance with the approved group strategic and financial plan.

Climate Change is incorporated into AIB's risk assessments.

ii) AIB's business strategy is linked to achievement in the short term of our energy efficiency target of 33% reduction in primary energy consumption by 2020 and in the long term to achieving the target of 78% reduction by 2036. AIB's 2020 target is an obligation set out in the National Energy Efficiency Action Plan (NEEAP) to public sector entities. AIB is majorly State owned and is then classified as a Public Sector Organisation. AIB's 2036 target was approved by our leadership team and is an internal Science Based Target developed using the SDA Tool (covering Scope 1 and 2 emissions).

iii) In 2017, The most substantial business decisions to be influenced by the strategy have been the creation of a centre of excellence for Energy, Climate Action and Infrastructure with particular focus on supporting Ireland's decarbonisation forms part of our Wholesale, Institutional & Corporate Banking offering. AIB is the largest provider of finance for renewable energy development in Ireland. This sector has been identified as a key growth sector for the organisation with now a dedicated fund of €130 million for renewable energy projects and a new team in place to provide support and assist Ireland in meeting its 2020 and 2030 renewable energy targets.

iv) Regulatory changes (eg: mandatory emission reporting and our commitment to roll out our ISO 50001 Management Systems to all our branches by the end of 2017 as method of compliance) and opportunities to develop green business have influenced the strategy as outlined in (iii) above.

AIB has set targets for levels of finance provided to the renewable industry and has published sector insight reports and held seminars annually to highlight opportunities within the sector for its business customers.

v) Short Term Strategy has been influenced by:

- a) Publishing our 1st Sustainable Report in 2017
- b) Incorporating Climate Change aspects into the Group's internal operations with energy efficiency targets.
- c) Calculating Carbon Footprint according to ISO 16064 standard and communicating this information among our staff to increase behavioural changes.
- d) Training Staff on Climate Change and Energy Efficiency.
- d) Customer and Public awareness on Climate Change and Energy Efficiency via poster campaigns within branches and local seminars (in 2017 we held our 1st Sustainable Conference)

vi) Long term strategy has been influenced by:

- a) Establishment of Sustainable Business Advisory committee to provide oversight to AIB's social and environmental impact agenda.
- b) Dedicated focus on financing projects that promote renewable energy: large wind farms and biomass projects
- c) Research into establishing green investment bonds for launch onto Irish market.
- d) Setting of long term energy efficiency science based targets for the organisation: 78% reduction by 2036 (established with the forward looking scenario analysis, the 2°C scenario).
- e) Clients Environmental risk profile is screened and managed within delegated risk appetite limits and in compliance with policies, systems and controls defined or approved by the central risk function and set out in frameworks and policies.
- f) Commercialization of new services as the Forestry Finance Packages for our Agricultural customers.

vii) This is gaining advantage over our competitors through:

Reputation and Leadership: Developing a long term Climate Change mitigation strategy has provided the organisation with an increase attractiveness to different stakeholders, who perceive AIB as a green leader.

Business growth: New products and services are being developed to manage opportunities arising due to Climate Change: Forestry loans to Farmer Sector, Home Improvement Loans with a free BuildingEnergy Rating certificate, etc.

viii) The Paris Agreement has influenced the strategy in a number of ways:

- a) Setting of Science Based Targets: we used the forward looking scenario analysis, the 2°C scenario to determine and set targets for energy reduction and carbon emissions reduction in line with the Science Based Targets Initiative's (SBTi) proposed methodology (78% reduction by 2036 and 56% by 2025). AIB intends to validate these targets once the methodology for financial institutions has been determined. This ambitious target is closely linked to our business strategy of leading the low carbon transition in Ireland.
- b) Focus on providing finance to help Ireland meet its longer term (2030) carbon reduction targets via Renewable energy financing, the establishment of a €100 million energy efficiency loan fund for SME customers and a €130 million fund for energy projects.
- c) Establishment of a Sustainability Advisory executive committee of the board to guide its strategy over the long term.

C3.1d

(C3.1d) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenarios	Details
2DS	<p>- Selected scenario: AIB has used the Office of Sustainable Business (OSB) recommendations of how to use climate-related scenario analysis to inform our business strategy. The OSB, as recommended by the Task Force on Climate Change, has started exploring the potential range of climate change implications with one early entry method of scenario analysis focused on a qualitative approach. The qualitative scenario is: a) consistent with the degree of uncertainty of climate impacts on our business areas, b) can work in terms of growing a quantitative understanding over time. This analysis has provided AIB with a visual trigger for assessing potential business implications of climate change. The team has explored the transition models and the 2DS transition scenarios. The following scenario parameters were defined: market and technology shifts, physical risks, reputation risk and policy, legal and regulatory. - Time horizon considered: 2030 (Our long term horizon is defined as more than 10 years) - Business areas considered: Retail and Corporate Banking in ROI - Personal loans and mortgage services. 1) Opportunity and a Risk identified in Mortgages for buildings classified as BER C2 to G. Opportunity: Residential buildings account for 27 per cent of Ireland's total energy use and 12 per cent of carbon emissions. The EU wants to improve energy efficiency by 27 per cent by 2030. It is estimated It costs about €28,000 – which includes an A3 energy rating and a renewable-energy heating system to upgrade each house. An extensive opportunity exists in this area for AIB to develop a financing model to allow home owners to upgrade their homes to allow Ireland to meet its carbon reduction targets. There are in excess of two million houses in Ireland, therefore the opportunity here is in excess of €5 billion. Risk: As carbon taxes and energy costs rise, mortgage owners of these inefficient houses may have difficulty servicing their home loans as their energy costs increase. As the largest provider of mortgages in Ireland this stock on inefficient houses presents a risk for AIB. 2) Opportunities in this area are also present in the financing of loans to increase the supply of Hybrid and Electrical Vehicles on Ireland's roads. Ireland has an EU mandated target to decarbonise its transport system by 2020 and further by 2030. AIB can play a strategic role in providing finance for these initiatives. - How the results of the scenario analysis have informed your business objectives and strategy. The OSB is responsible for guiding Allied Irish Banks approach relating to sustainability and to develop key policies and activities relating to sustainability. Results for this preliminary analysis were communicated to the Sustainable Business Executive Council and the Sustainable Business Advisory Committee. This committee advises the Board of Directors on our sustainability strategy, which is aligned to our strategic and financial plan. The results will be used to inform business plans and to develop new lending opportunities for AIB in future years and to reduce risks across its loan portfolio, - Case study/example: As explained above the OSB carried what we consider a preliminary analysis that was informed to the Leadership Team. This exercise had already an effect on the business strategy of our Retail and Corporate banking unit that decided to widened the scope of our Support for Environmental Improvements" Loans to purchase any non-diesel or non-petrol car.</p>

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

76.27

% reduction from base year

33

Base year

2009

Start year

2011

Base year emissions covered by target (metric tons CO2e)

25008

Target year

2020

Is this a science-based target?

No, but we are reporting another target that is science-based

% achieved (emissions)

100

Target status

Retired

Please explain

In 2017, AIB achieved their target of reducing their emissions by 33% by 2020 based on our base year. In fact AIB have exceeded this target, achieving a 35.24% reduction from base year. This target was achieved in a large part of energy reduction activities as part of AIB's Energy Management Strategy, to continually accurately monitor, measure and reduce our emissions, in 2017 our Energy Management System (ISO 50001) was rolled out and implemented across all our ROI locations, . Our commitment to have all AIB branches operating with this management system proved to be an effective approach to achieve our target. Changing our electricity supply to renewable energy has also helped to achieve our target. As this target was achieved early, this target is no longer being pursued and has been retired. Note 1: Included data from all our locations in ROI (AIB locations) , excluded data from ROI (EBS), UK (FTB and AIB GB) and US. Note 2: Excluded from Scope 1: emissions of refrigerants and vehicle fleet.

Target reference number

Abs 2

Scope

Scope 1+2 (location-based)

% emissions in Scope

94.16

% reduction from base year

56

Base year

2011

Start year

2017

Base year emissions covered by target (metric tons CO2e)

27172.7

Target year

2025

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)

48.88

Target status

Underway

Please explain

We have used the SDA Tool V8 available on Science Targets website to develop our medium term (ABS2) and long term (ABS3) SBT. The lack of methodology for setting Scope 3 targets for financial institutions has prevented us from publishing these targets. We have been in constant contact with the SBT organisation to keep up to date with the latest developments regarding a methodology for financial institutions. It is our understanding that this is at an advanced stage and we will continue to participate with this process with the ultimate goal of publishing our targets. Note 1: Data from all our locations in ROI (AIB and EBS), UK (FTB and AIB GB), as well as our US have been considered. Note 2: Excluded from Scope 1 total, emissions of refrigerants and vehicle fleet. Note 3: After completion of a rebaseline emissions exercise in 2018, we re-ran the model (SDA Tool V8). This resulted in a slight variation of our original % SBT. The new calculated % emissions target was used when reporting ABS2 information.

Target reference number

Abs 3

Scope

Scope 1+2 (location-based)

% emissions in Scope

94.16

% reduction from base year

78

Base year

2011

Start year

2017

Base year emissions covered by target (metric tons CO2e)

27172.7

Target year

2036

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)

35.09

Target status

Underway

Please explain

We have used the SDA Tool V8 available on Science Targets website to develop our medium term (ABS2) and long term (ABS3) SBT. The lack of methodology for setting Scope 3 targets for financial institutions has prevented us from publishing these targets. We have been in constant contact with the SBT organisation to keep up to date with the latest developments regarding a methodology for financial institutions. It is our understanding that this is at an advanced stage and we will continue to participate with this process with the ultimate goal of publishing our targets. Note 1: Data from all our locations in ROI (AIB and EBS), UK (FTB and AIB GB), as well as our US have been considered Note 2: Excluded from Scope 1 total, emissions of refrigerants and vehicle fleet. Note 3: After completion of a rebaseline emissions exercise in 2018, we re-ran the model (SDA Tool V8). This resulted in a slight variation of our original % SBT. The new calculated % emissions target was used when reporting ABS3 information.

Target reference number

Abs 4

Scope

Scope 3: Purchased goods & services

% emissions in Scope

42.18

% reduction from base year

15

Base year

2014

Start year

2015

Base year emissions covered by target (metric tons CO2e)

180.27

Target year

2020

Is this a science-based target?

No, but we are reporting another target that is science-based

% achieved (emissions)

100

Target status

Retired

Please explain

Note 1: Only included emissions of purchased of "Water Supply". Our target was to reduce our water supply consumption by 15% by 2020. Note 2: Data from all our locations in ROI, UK and US is considered In 2018, a re-baseline exercise of our historic emissions was carried out. This exercise had provided more accurate emissions for our Scope 3 reported categories in the base year 2014. As part of our EMS, long and short-term objectives are established to reduce our water consumption. In 2017, we completed a series of maintenance works to prevent water leaks, which have since reduced our water usage significantly in key locations. Nevertheless, we believe that the re-baseline exercise has accelerated the achievement of this target. As this target was achieved early, this target is no longer being pursued and has been retired.

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	140	419
To be implemented*	110	154
Implementation commenced*	14	212
Implemented*	2	463
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Activity type

Energy efficiency: Building services

Description of activity

Building controls

Estimated annual CO2e savings (metric tonnes CO2e)

440

Scope

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

137000

Investment required (unit currency – as specified in CC0.4)

50000

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

In 2017 AIB extended ISO 50001 energy management system from 5 buildings to over 300 buildings, rolling it out across the group. This has meant that standardised control and operating procedures for building services plant is now in place for every location. Heating, cooling and ventilation now operates at set times and temperatures across all of our locations. In addition the discipline of monitoring and reporting on the energy consumption of each of these buildings along with the major energy users within them has enable us to reduce our energy consumption and associated carbon emissions by 440 tonnes from this initiative annually. For each building an energy audit was carried out and changes to controls and small projects recorded on the register of opportunities.

Activity type

Energy efficiency: Building services

Description of activity

HVAC

Estimated annual CO2e savings (metric tonnes CO2e)

23

Scope

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

10500

Investment required (unit currency – as specified in CC0.4)

45000

Payback period

4 - 10 years

Estimated lifetime of the initiative

11-15 years

Comment

In 2017 AIB replaced and upgraded the cooling system in our U33 head office building. This involved a redesign of the cooling system to optimise it for the size of the building and replace the air conditioning units with energy efficient consoles. The system is delivering annual carbon savings of 23 tonnes of CO2.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	AIB strives to be compliant with all relevant regulatory requirements and standards. To ensure full compliance is achieved and consistently repeated AIB has implemented both an Environmental (EMS), as well as an Energy Management System (EnMS). One of the primary cornerstones was an ability to actively measure/monitor its level of compliance, and have this compliance expressed as a percentage. The EMS greatly facilitated AIB achieving full compliance with regard to its Trade Effluent Licences. Other environmental aspects that had to be complied with were Greenhouse Gas regulations, Chemicals management and labelling, as well as ensuring the appropriate emergency response procedures were in place to deal with potential environmental incidents e.g. an oil leak entering storm drains etc.
Dedicated budget for other emissions reduction activities	AIB's electricity purchase is 100% from renewables in both the UK and Ireland. As well as supplying AIB with 100% Green Electricity, our utility companies provide an enhanced online reporting mechanism - providing accurate and up to date consumption data. This has allowed the organisation to more effectively track, monitor and manage energy consumption performance. Every year AIB allocates a capital investment budget to the Energy Manager for investment in energy, reduction projects. Budgets are planned for 3 years in advance with a pipeline of projects maintained under the ISO 50001 energy opportunities register. Payback and projected savings are used to build a business case for investment.
Employee engagement	Our Energy and Environmental Management Systems have detailed energy and environmental awareness plans. Our intranet page, as well as our dedicated blog has dedicated information aimed to increase behavioural change (carbon infographic, waste segregation tips, energy saving tips, etc.) our 'Energy awareness course' was designed to make staff more aware of their environmental / energy impacts.
Financial optimization calculations	All energy expenditure and energy processes are reviewed annually to identify if savings can be made and where these savings can be made. Necessary investments and budget for energy and fuel efficiency projects are made based on supporting financial optimisation calculations as well as meeting and supporting the objectives of the organisations' Energy Policy and Environment Policy.
Internal incentives/recognition programs	"Change One Thing Campaign", which launched in October 2017, has been created for UK staff to support the company's culture and be a platform to recognise and drive ideas of how we can improve our day-to-day work environment, and how we do business, making things simpler and more efficient. Among the first winners in 2017 was how to reduce the environmental impact of our paper packaging. Our waste goal is to eliminate plastic disposables and coffee cups, in 2017 we launched internal incentives to encourage our staff to switch to a reusable alternative (coffee discounts) that in 2018 added also winning competitions promoted by different business lines (#plasticfreefridays)
Internal finance mechanisms	Maximise efficiency of existing energy supplier arrangements/contracts. A business case is made for each initiative proposed based on financial optimisation calculations as well as supporting the objectives of the organisations' Environmental and Energy Policies.
Other	AIB Business banking sponsors Energy Efficiency Seminars for SME's around the country.
Dedicated budget for energy efficiency	On an annual basis, a capital budget is allocated to the energy manager for energy reduction projects. A full measurement and verification programme is put in place to ensure savings are fully achieved.
Dedicated budget for low-carbon product R&D	Annually AIB explores the market for financing opportunities for new low carbon finance products eg. of this is 2017 is dedicated electric vehicles loans or energy efficient home loans
Internal price on carbon	AIB's internal carbon price is used when evaluating funding of energy efficiency projects and as a driver to reach the bank emissions reduction target (33% reduction on primary energy by 2020). This evaluating criteria has a significant funding impact on projects with lower return on investment but with a potential to reduce AIB's carbon footprint significantly
Partnering with governments on technology development	Engaging students to imagine a 'smart city': In November 2017, we partnered with Sustainable Nation and Smart Dublin to run our Datathon and Hackathon challenges, with the theme of Smart Cities, which attracted 200 students. A smart city is easy to navigate, efficient, sustainable and clean; an urban development vision that integrates information and communication technology (ICT) with the Internet of Things (IoT), to best manage a city's assets. The hackathon required students to build an app or tool to solve a problem. This could be anything from air quality, to smart lighting, sensor usage, waste management, transport or homelessness. Alongside this, we also held a Datathon, where teams had to build a predictive model based around a dataset they were given on bicycle usage in a particular city. Note: a) Smart Dublin is an initiative of the four Dublin Local Authorities to engage with smart technology providers, researchers and citizens to solve challenges and improve city life. b) Sustainable Nation Ireland is the national platform for the promotion of Ireland as a world-leading hub for sustainable finance, business and innovation, accelerating Ireland's transition to a low carbon economy.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2009

Base year end

December 31 2009

Base year emissions (metric tons CO2e)

11514

Comment

Base year emissions have been restated. A full re-baselining exercise of AIB's carbon footprint from 2009 to 2016 was undertaken in 2018.

Scope 2 (location-based)

Base year start

January 1 2009

Base year end

December 31 2009

Base year emissions (metric tons CO2e)

21272

Comment

Base year emissions have been restated. A full re-baselining exercise of AIB's carbon footprint from 2009 to 2016 was undertaken in 2018.

Scope 2 (market-based)

Base year start

January 1 2009

Base year end

December 31 2009

Base year emissions (metric tons CO2e)

3912

Comment

Base year emissions have been restated. A full re-baselining exercise of AIB's carbon footprint from 2009 to 2016 was undertaken in 2018.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

Defra Voluntary 2017 Reporting Guidelines

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Row 1

Gross global Scope 1 emissions (metric tons CO2e)

5160

End-year of reporting period

<Not Applicable>

Comment

2017 reporting period 01/01/2017-31/12/2017

Row 2

Gross global Scope 1 emissions (metric tons CO2e)

5471

End-year of reporting period

2016

Comment

2016 reporting period 01/01/2016-31/12/2016

Row 3

Gross global Scope 1 emissions (metric tons CO2e)

6137

End-year of reporting period

2014

Comment

2014 reporting period 01/01/2014-31/12/2014

Row 4

Gross global Scope 1 emissions (metric tons CO2e)

10199

End-year of reporting period

2011

Comment

2011 reporting period 01/01/2011-31/12/2011

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Row 1

Scope 2, location-based

15663

Scope 2, market-based (if applicable)

49

End-year of reporting period

<Not Applicable>

Comment

2017 reporting period 01/01/2017-31/12/2017

Row 2

Scope 2, location-based

16557

Scope 2, market-based (if applicable)

5344

End-year of reporting period

2016

Comment

2016 reporting period 01/01/2016-31/12/2016

Row 3

Scope 2, location-based

18422

Scope 2, market-based (if applicable)

3320

End-year of reporting period

2014

Comment

2014 reporting period 01/01/2014-31/12/2014

Row 4

Scope 2, location-based

18657

Scope 2, market-based (if applicable)

7502

End-year of reporting period

2011

Comment

2011 reporting period 01/01/2011-31/12/2011

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

348

Emissions calculation methodology

Water: Data supplied shows only water supplied to AIB. Emissions factors used are based on DEFRA 2017 guidelines. Paper: Total spend by AIB for Paper consumption was apportioned across AIB based on FTE. Total emissions for paper were estimated using an economic input-output model which has used emission factors from the CEDA 5.0 Database (Comprehensive Environmental Data Archive 5.0). Note: CEDA emission factors only account for the indirect emissions, not the emissions associated to the use of the product or service that may have already been accounted for in a different category of the footprint.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

AIB use supplier water bills, and total spend on paper consumption to calculate these emissions. The bank is analysing and studying the reliability and availability of more data related to this category to determine the incorporation of its emissions in subsequent years. Among other sources the following are being considered.

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

74

Emissions calculation methodology

IT: Total spend by AIB for IT consumption was apportioned across AIB based on FTE. Total emissions for IT were estimated using an economic input-output model which has used emission factors from the CEDA 5.0 Database (Comprehensive Environmental Data Archive 5.0). Note: CEDA emission factors only account for the indirect emissions, not the emissions associated to the use of the product or service that may have already been accounted for in a different category of the footprint.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

This is the first year AIB are reporting emissions from Capital Goods, in the form of IT and office equipment.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

AIB estimates that the GHG emissions associated with this activity are not relevant. The reason why these emissions are not relevant, is because being part of the financial sector, emissions from fuel and energy-related activities will not be material to our overall carbon footprint.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

As a financial institution, we are not involved in manufacturing activities. Our financial and insurance services are not physical products. These services are only linked to monetary transactions. Emissions related to upstream transportation and distribution are considered not material for the distribution of our services.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

213

Emissions calculation methodology

Waste to landfill, waste recycled, waste recovered and waste composted were measured in tonnes on site. Relevant emissions factors sourced from DEFRA 2017 were used to calculate emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Waste data is provided by our service providers. Waste calculated categories include data gathered from the following waste streams: water treatment waste, electrical waste, waste oil, grease trap waste, septic waste and used cooking oil.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3204

Emissions calculation methodology

Business travel is divided into the following sections: air travel, bus travel, taxi, rail travel, ferry travel, car mileage and Go Car (car sharing scheme). Relevant emissions factors sourced from DEFRA 2017 were used to calculate emissions

Percentage of emissions calculated using data obtained from suppliers or value chain partners

90

Explanation

Business travel data is captured from suppliers and internal expenses management systems.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

4863

Emissions calculation methodology

AIB have developed an internal commuting model to estimate emissions from employee commuting. Benchmarks for the countries in which AIB offices are located (Ireland, United Kingdom) have been used based on FTE to identify journey times, journey distances and modes of transport. For Ireland, the "Census of Population 2016 - Profile 6 Commuting in Ireland - Means of Travel to Work" census, as made available by the Central Statistics Offices, was used to estimate proportion of transport mode taken by employees in Ireland. Time and distance data also provided by the Central Statistics Office was used to determine journey times and distances. For the United Kingdom, the UK Government's Department of Transport's 2015 statistics indicating proportions of travel mode and duration and distance of commute, were used. The relevant emission factor for each transport type provided by DEFRA (2017) were used to estimate emissions based on resultant data. For non-stated transport modes under this model, an average of car, bus, rail and motorbike emission factors have been used.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

This is the first year AIB have included employee commuting within their CDP disclosure. AIB actively works to minimise this type of commuting emissions. AIB facilitate staff who wish to work from flexible locations to enable a better work-life balance. Thanks to IT upgrades our staff is allowed to work remotely. AIB encourages the use of sustainable transport where possible; A bus service is operated 6 times per day servicing AIB Bankcentre and our head offices in Dublin. Bike racks, showers and drying areas are provided to encourage staff uptake. Electric car charging points are available at our main head offices. AIB staff in Dublin has access to a car sharing scheme and, Tax saver and bike to work schemes are available to all AIB staff.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Emissions associated from the operation of assets that are leased by AIB have been included in scope 1 and scope 2 disclosed in previous sections. We calculated the emissions from these renting properties as if it were AIB owned properties. A new disclosure in this section will lead to emissions being double-counted.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

The emissions associated from the operation of assets that are leased by AIB have been included in the scope 1 and scope 2 disclosed in previous sections of this questionnaire. Our approach regarding leased properties is to calculate their emissions as if they were AIB owned offices. Emission would be double-counted if we disclose this data here again.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

AIB is a financial services provider. This scope 3 section is not applicable to us as we don't have any manufacturing operations. Our financial and insurance services are not physical products. These "products" are only linked to monetary transactions.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

The reason to consider this category not material is that: AIB is a financial services provider. We don't have any manufacturing operations. AIB financial and insurance services are not physical products. These "sold products" are online services or intangible products therefore making this source of emissions not relevant.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

AIB is a financial services provider. We don't have any manufacturing operations. AIB financial and insurance services are not physical products. These are online services or intangible products that don't require and end of life treatment, therefore making this source of emissions not relevant.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

AIB does not lease assets to a third party, therefore these emissions are considered not relevant.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

These scope 3 emissions are not applicable as AIB does not have any franchises.

Investments

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

As investor and provider of financial services this category is relevant to AIB. Nevertheless, the lack of a clear methodology for setting scope 3 targets for financial institutions has prevented us to calculate these emissions. We're aware of the ongoing initiatives to developed a guidance for the financial sector to account for greenhouse gas (GHG) emissions associated with lending and investments and track emissions reductions over time (scope 3). We have been in constant communication with the Science Based Targets organisation to keep up to date with the latest developments regarding the development of a methodology for financial institutions. It is our understanding that this is at an advanced stage and we will continue to participate with this process with the ultimate goal to calculate the carbon emissions which arise from our investment portfolio and to incorporate these emissions to our carbon footprint in subsequent years.

Other (upstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Other (downstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000007018

Metric numerator (Gross global combined Scope 1 and 2 emissions)

20823

Metric denominator

unit total revenue

Metric denominator: Unit total

2967000000

Scope 2 figure used

Location-based

% change from previous year

16

Direction of change

Decreased

Reason for change

Our revenue increased from 2630 million to 2967 million between 2016 and 2017 (a 13% increase). Over the same time period, our Scope 1 and 2 emissions decreased from 22,028 tCO2e to 20823 tCO2e (a 5.47% decrease). This has resulted in a 16% decrease in intensity from 0.000008378 to 0.000007018. The following emissions reduction activities have allowed for this reduction: In 2017 AIB extended ISO 50001 energy management system from 5 buildings to over 300 buildings, rolling it out across the group. This has meant that standardised control and operating procedures for building services plant is now in place for every location. Heating, cooling and ventilation now operates at set times and temperatures across all of our locations. In addition the discipline of monitoring and reporting on the energy consumption of each of these buildings along with the major energy users within them has enable us to reduce our energy consumption and associated carbon emissions. For each building an energy audit was carried out and changes to controls and small projects recorded on the register of opportunities.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Ireland	4572
United Kingdom of Great Britain and Northern Ireland	563
United States of America	25

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
AIB Ireland	4235
AIB UK (GB)	122
AIB FTB	441
EBS	337
AIB US	25

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Ireland	14138	0	33727139	33727139
United Kingdom of Great Britain and Northern Ireland	1434	0	4078430	4078430
United States of America	91	49	198700	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
AIB Ireland	13019	0
AIB UK (GB)	527	0
AIB FTB	907	0
EBS	1119	0
AIB US	91	49

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	5295	Decreased	49	In 2016, our total scope 1 and 2 market-based emissions were 10,815 tCO2e. This included 5,344 tCO2e of market-based Scope 2 emissions. In 2017, AIB's market-based Scope 2 emissions decreased to 49 tCO2e, due to our purchase of 100% renewable energy at our UK and Ireland sites. There has therefore been a 5,295 tCO2e decrease in Scope 2 market-based emissions, representing a 49% decrease in market-based Scope 1 and 2 emissions overall. $(49 \text{ tCO}_2\text{e} (2017) - 5344 \text{ tCO}_2\text{e} (2016)) / (5344 \text{ tCO}_2\text{e} + 5471 \text{ tCO}_2\text{e}) \times 100 = -49\%$
Other emissions reduction activities	312	Decreased	6	In 2016, market-based Scope 1 and 2 emissions were 10,815 tCO2e. Scope 1 emissions decreased from 5,471 tCO2e to 5,160 tCO2e, a 312 tCO2e decrease. This represents a 6% decrease on 2016. This can be attributed to other emissions reduction activities implemented at AIB. $(5160 \text{ tCO}_2\text{e} (2017) - 5471 \text{ tCO}_2\text{e} (2016)) / (5471 \text{ tCO}_2\text{e}) \times 100 = -6\%$
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	23901	23901
Consumption of purchased or acquired electricity	<Not Applicable>	37805	199	38004
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	37805	24100	61905

C8.2b**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.****Fuels (excluding feedstocks)**

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

17499

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

13907

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

3592

Fuels (excluding feedstocks)

Kerosene

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

1717

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

1717

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

3783

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

3783

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Fuels (excluding feedstocks)

Gas Oil

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

902

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

902

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

0

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor

0.24523

Unit

metric tons CO2e per MWh

Emission factor source

DEFRA 2017 - Diesel (Average biofuel blend) - kWh (Gross CV)

Comment

Gas Oil

Emission factor

0.27588

Unit

metric tons CO2e per MWh

Emission factor source

DEFRA 2017 - Gas Oil - kWh (Gross CV)

Comment

Kerosene

Emission factor

0.24659

Unit

metric tons CO2e per MWh

Emission factor source

DEFRA 2017 - Burning oil - kWh (Gross CV)

Comment

Natural Gas

Emission factor

0.18416

Unit

metric tons CO2e per MWh

Emission factor source

DEFRA 2017 - Natural Gas - kWh (Gross CV)

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	3168	3168	0	0
Heat	698	698	0	0
Steam	0	0	0	0
Cooling	80	80	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

Low-carbon technology type

Wind

Other low-carbon technology, please specify (Ireland renewables grid mix)

MWh consumed associated with low-carbon electricity, heat, steam or cooling

37805

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Other, please specify (Scope 1 and 2 (location) tCO₂e per FTE)

Metric value

2.05

Metric numerator

20823 tCO₂e

Metric denominator (intensity metric only)

10137 FTE

% change from previous year

4.6

Direction of change

Decreased

Please explain

Our FTEs decreased from 10,226 to 10,137 from 2016 to 2017 (0.87% decrease). During the same time, our location-based Scope 1 and 2 emissions decreased from 22,028 tCO₂e to 20,823 tCO₂e (5.46% decrease). This resulted in a 4.6% decrease in emissions intensity, from 2.15 tCO₂e/FTE to 2.05 tCO₂e/FTE. The majority of this decrease can be attributed to emission reduction activities. In 2017 AIB extended ISO 50001 energy management system from 5 buildings to over 300 buildings, rolling it out across the group. This has meant that standardised control and operating procedures for building services plant is now in place for every location. Heating, cooling and ventilation now operates at set times and temperatures across all of our locations. In addition the discipline of monitoring and reporting on the energy consumption of each of these buildings along with the major energy users within them has enable us to reduce our energy consumption and associated carbon emissions. For each building an energy audit was carried out and changes to controls and small projects recorded on the register of opportunities.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Allied Irish Bank ISO14064-3 Assurance Statement 2018 ISSUED 150818.pdf

Page/ section reference

1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Allied Irish Bank ISO14064-3 Assurance Statement 2018 ISSUED 150818.pdf

Page/ section reference

1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Allied Irish Bank ISO14064-3 Assurance Statement 2018 ISSUED 150818.pdf

Page/ section reference

1

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- all relevant categories

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

Allied Irish Bank ISO14064-3 Assurance Statement 2018 ISSUED 150818.pdf

Page/section reference

1

Relevant standard

ISO14064-3

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Ireland carbon tax

UK carbon price floor

C11.1c

(C11.1c) Complete the following table for each of the tax systems in which you participate.

Ireland carbon tax

Period start date

January 1 2017

Period end date

December 31 2017

% of emissions covered by tax

20.3

Total cost of tax paid

84520

Comment

a) The current carbon tax rate in Ireland is €20 per tonne of carbon dioxide released into the atmosphere. This tax applies to certain fuels that we burn for heating (natural gas and heating oil) and for transport purposes (petrol and diesel). 20.30 % of our Scope 1 and 2 emissions are related to gas, heating and transport fuels in Ireland. b) PSO levy note: In Ireland, you also pay a levy depending on the volume of electricity you use. A Public Service Obligation levy is set by the Commission for Regulation of Utilities and is designed to support the national policy objectives of security of energy supply, the use of indigenous fuels (e.g. peat) and of the use renewable energy sources in electricity generation. AIB purchases electricity from renewable generators and as paying this premium our business is exempt from paying this levy.

UK carbon price floor

Period start date

January 1 2017

Period end date

December 31 2017

% of emissions covered by tax

6.89

Total cost of tax paid

28809

Comment

At Budget 2014 the Government announced that the CPS component of the floor price would be capped at a maximum of £18/tCO₂ from 2016 to 2020 to limit the competitive disadvantage faced by business and reduce energy bills for consumers. It is charged through a component of Climate Change Levy, in £/kWh, and applied to fuels used for electricity generation.

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

Strategy: Energy Program and Reduction Approach

AIB has an structured and systematic approach to energy management. A coordinated energy reduction plan was designed in 2013. Actions, milestones and goals to control the impacts of the tax systems where we participate are a part of this plan.

Energy Program - 2017 Example 1: From the outset, a plan was developed to implement a phased roll out of ISO 50001 across the group, commencing with the largest site (AIB Bank Centre, our headquarters), moving to our head offices and finally the remaining branches across UK and Republic of Ireland. In 2017 AIB extended ISO 50001 energy management system from 5 buildings to over 300 buildings, rolling it out across the group. This has meant that standardised control and operating procedures for building services plant is now in place for every location. Heating, cooling and ventilation now operates at set times and temperatures across all of our locations. In addition the discipline of monitoring and reporting on the energy consumption of each of these buildings along with the major energy users within them has enable us to reduce our energy consumption and associated carbon emissions by 440 tonnes from this initiative annually. For each building an energy audit was carried out and changes to controls and small projects recorded on the register of opportunities. As we implement identified opportunities as part of the EnMS, we reduce our energy usage as well as our carbon taxes.

Reduction Approach - 2017 Example (100% renewable energy targets - reduction of market based emissions). The Energy and Supplier teams have been working for the past few years in our utility procurement contracts. Finally, in 2017 all our locations in ROI and UK were powered only by renewable energy. The advent of carbon taxes in Ireland and the UK has prompted AIB to gradually convert all its electricity supplies to renewable energy supply, with 100% supply being achieved in Ireland and the UK in 2017. This has resulted in reducing AIB's carbon taxes for electricity to zero, a saving of circa €25,000.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Drive energy efficiency

GHG Scope

Scope 1

Scope 2

Application

The internal carbon pricing mechanism along with a life cycle cost analysis applies to all energy efficiency projects. These projects are evaluated by AIB Engineering Services. This unit within AIB Property and Facilities is responsible for the managing the maintenance of throughout the organisations estate. The team comprises of a wide range of skills and abilities from electricians and plumbers to facility managers, engineers and energy managers.

Actual price(s) used (Currency /metric ton)

20

Variance of price(s) used

Is an evolutionary pricing based on the Irish Carbon Tax the was introduced in Ireland in 2010. The tax rate is currently €20 per tonne.

Type of internal carbon price

Shadow price

Implicit price

Impact & implication

AIB's internal carbon price is used when evaluating funding of energy efficiency projects and as a driver to reach the bank emissions reduction target (33% by 2020). This evaluating criteria has a significant funding impact on projects with lower return on investment but with a potential to reduce AIB's carbon footprint significantly. Two examples on how this pricing affects our investment decisions are: a) Renewable Electricity Purchases. In 2017 all our locations in UK and Ireland were 100% green energy sourced b) An on-going efficiency project to improve the resilience of the existing transformers on Bankcentre that will reduce our Scope 2 emissions by 141 tCO₂e

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Other, please specify (Provide responsible products + services)

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

24.75

Rationale for the coverage of your engagement

In 2017 we introduced a new Source-to-Pay system. We require to all our suppliers to use this platform. This system has yielded an ability to conduct sourcing activities electronically, and has also resulted in a paperless invoice and payment environment for the majority of our supply base. This new online electronic collaboration system has enabled our suppliers to improve their paper carbon footprint, from receiving POs and sending invoices to uploading catalogues and sharing of compliance documents. As a bank, AIB recognises our role in the economy and society. Our aim is to create long-term shared value with the economies and communities in which we operate. Using local suppliers is one of the ways where we can realise this shared value and regain our social licence to operate whilst providing responsible products and services. AIB contracted with 2,871 suppliers in 2017, and maintains a supplier database of over 3,500 entities. Responsible product and service delivery relies on an effective, efficient and compliant supply chain. AIB's purchasing activity provides a cascade effect, supporting multiple suppliers and communities located in our operating jurisdictions.

Impact of engagement, including measures of success

Our new software has, 1) strengthen supplier relationships, 2) improved the accuracy of our AP system data, delivering a faster payment lifecycle and increased levels of productivity. 3) green benefits: As is a paperless invoicing system and a platform to share other documentation we have reduced the carbon footprint of our business as well as the one from our suppliers . We've realised though additional green benefits that are leading to associated reductions associated emissions, for our suppliers as well as AIB operations, in areas such as less storage boxes, lower levels of stationery, etc.

Comment

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

24.75

Rationale for the coverage of your engagement

All our suppliers must adhere to all legal obligations in each jurisdiction e.g. environmental, labour law etc. as well as any specific requirements of our Environmental and Energy Policies. AIB shows its commitment to environmental protection by establishing an Environmental Policy to which the organisation pledges to commit. The policy statement satisfies the requirements of ISO 14001:2015 Environmental Management System Standard and has been defined and agreed upon by top management. It reflects the commitment of the company to prepare its business to deal with the impacts of climate change by understanding the associated risks and opportunities, to protect the environment and prevent pollution and, to continually improve its environmental performance. The AIB energy policy states the organisation's commitment to achieving energy performance improvement. The policy statement satisfies the requirements of ISO 50001:2011 Energy Management System Standard and has been defined and agreed upon by top management. This policy is designed to help AIB operate its businesses as energy efficiently as possible, reduce its carbon footprint and to achieve continuous improvement in energy performance by committing to implement energy conservation opportunities, provide energy awareness, set up energy targets and, consider energy efficiency as part of the life cycle cost during investment appraisal.

Impact of engagement, including measures of success

As part of supplier evaluation and selection processes, AIB Supplier Management carries out specific diligence checks on a regular basis. Independently of this official controls, AIB teams with direct and daily communication with suppliers maintain an emphasis on ensuring that this stakeholders are aware and support AIB's green business agenda. 2017 Case Study: AIB Property and Facilities created a Green Team with stakeholders that had an influence on the outcome of AIB's waste targets. The team tested a series of waste pilot initiatives as defined by our EMP. These initiatives were targeting a) to reduce our plastic disposable waste (generated in catering operations), b) reduce the quantity of paper coffee cups (non recyclable) used by our staff, c) improve the quality of our segregated materials by implementing new waste signage and a new segregation system, d) design a waste awareness campaign, e) find ways to reuse some of our waste. As part AIB's commitment to improve its environmental performance (AIB is an ISO 14001 certified company. Waste targets are set up on an annual basis and Environmental Management Programme (EMP) is established to support achievement of that target. Our 2017 waste target was to achieve a 3% reduction of the kg of waste generated by our employees. AIB's partnership with catering and facilities suppliers resulted in a 50% reduction of waste volumes in the piloted buildings and also had a cascade effect: 1) collaboration between suppliers, with an agreement to reuse the " spent coffee", and

currently being disposed as food waste, in landscaping operations from a second supplier, 2) new green ideas being discussed and proposed by supplier team members (eg: ozone cleaning, switch to reusables, etc.), 3) feedback from suppliers and staff on new areas of waste improvement, 4) waste reduction being rolled out to our main head offices. In 2017 we exceed our 3% reduction target by 10%. AIB's pilot waste initiative and the results achieved were awarded with the Facilities Management CSR Initiative of the Year Award.

Comment

In Scope 3, 75.25 % of our reported emissions are linked to travel independently booked by our staff and employee commuting.

Type of engagement

Compliance & onboarding

Details of engagement

Code of conduct featuring climate change KPIs

% of suppliers by number

30

% total procurement spend (direct and indirect)

41.2

% Scope 3 emissions as reported in C6.5

6.58

Rationale for the coverage of your engagement

The ones which have an effect on AIB's energy consumption have had clauses relating to environment, energy and sustainability in their contracts, they must assist and work with AIB to reduce its carbon emissions from energy sources.

Impact of engagement, including measures of success

Supplier KPIs are measured by regular contract meetings and the receipt annually of agreed opportunities register from each relevant stakeholder 2017 Case Study: An overall maintenance service contract was signed in 2017 by a new supplier. Since then the supplier has identified 87 opportunities of improvement (OFI) in energy efficiency. These have been then reported to AIB's Energy Team that has included them in the official ISO 50001 OFI register. All these opportunities are discussed and evaluated on regular meetings with the supplier.

Comment

Our remaining Scope 3 emissions are linked to business travel and employee commuting

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce climate change impacts

Size of engagement

10

% Scope 3 emissions as reported in C6.5

0

Please explain the rationale for selecting this group of customers and scope of engagement

AIB has launched products aimed at both personal and business customers to create awareness and encourage investment in energy efficient technologies in their homes and businesses. Our brave investment in a renewable future has the knock-on that Ireland gets closer to meeting its energy efficiency targets of reducing energy consumption by 20% by 2020. There is 4.3GW of onshore wind expected to be in operation in Ireland by 2020. Since 2013, Allied Irish Banks is administering a €200 million fund to finance wind farms in Ireland. The money will be available for up to 15 years. AIB's corporate banking customers would have been engaged in regards to wind farming finance. Due to commercial sensitivity reasons the coverage of AIB's the actual engagement is not going to be displayed. We have disclosed an estimate of a 10% of our corporate customers to show the % of engagement in 2017.

Impact of engagement, including measures of success

2017 Case Study: In March 2017, we backed Greencoat Renewables to purchase an initial portfolio of operating Irish onshore wind farms in Munster (Ireland) with a combined operating capacity of 137MW. Success: a) These wind farms provide clean renewable electricity for over 60,000 Irish homes. b) On Tuesday, 25 July 2017 Greencoat Renewables became the first renewable energy company to list in Ireland, and the first Euro denominated renewable infrastructure company to list on the London Stock Exchange. This was a landmark and iconic transaction for AIB. As part of Greencoat's IPO, AIB's original investment in Greencoat Renewables DAC will be returned to us. We received a €15m allocation of shares in the newly listed Greencoat vehicle, allowing us to demonstrate our ongoing commitment to the customer and sector whilst generating a continuing stream of non-interest income for the bank. The listing provides AIB with the platform to build upon our initial portfolio of operational wind farms, with a substantial pipeline of future acquisition opportunities in the Irish market. c) In December 2017 Greencoat Renewables announced that it was buying more windfarms. We encourage investment and customer awareness by proudly supporting Irish Wind Energy Association events, promoting our green packages in industry events and other AIB communication channels with clients. Achievements to date are featured in press releases as well as our financial and sustainable reports.

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

To understand the environmental issues of most concern of our stakeholders, we have ongoing engagement exercises that combine direct feedback with a revised survey of our stakeholder group.

In this case "other partners" refers to staff, management, state agencies, shareholders, analyst, educational bodies, and non governmental bodies. To simplify we have grouped all our stakeholders in 5 groups: Government & Society, Customers, Investors, Regulators and Employees.

We continually engage with the above groups. Following are some of the ways we use to engage with them: Government & Society (direct partnership, community initiatives, surveys, materiality exercise, others), Customers (focus groups, AIB website, Ask AIB, net promoter score, others), Investors (industry conferences, AGM and shareholder services, financial reporting, others), Regulators (site visits, regulatory reporting, materiality exercise, others) and Employees (iConnect engagement survey, team meetings, intranet, Six employee resources groups, others).

We understand how important it is to listen to and to engage with our stakeholder groups. Their feedback and experiences inform and guide us, helping us to focus our actions so that we can improve our service. That's why in 2016 we carried our 1st materiality assessment where low carbon economy was identified as an important theme for our stakeholders. The exercise was refreshed in Q1 of 2018. During this process 1,376 stakeholders were engaged, including: • 6 Stakeholder groups, • 534 customers, • 805 employees, • 1 regulator, • 5 shareholders/analysts, • 26 community groups AND • 5 suppliers. Two workshops one with external and one with internal stakeholders were also held to validate the outcomes from this process.

We also run campaigns to promote environmental awareness (see Case Study 2 for an example) and provide training to our staff regarding energy efficiency and climate change impacts.

Case Study 1: After analysing our 1st materiality assessment in Dec 2016, we: a) published our first Sustainability Report in 2017, b) hosted a thought-provoking conversation at our first sustainability conference and, c) launched our Purpose statement: to back our customers to achieve their dreams and ambitions.

Over 350 people attended our first Sustainability Conference to discuss how business can become truly sustainable by creating long-term value. We were joined by local and global leaders in sustainability for an all-day conversation where we shared ideas, best practice and future thinking on environmental issues with colleagues, customers and many other stakeholders from across Ireland and beyond.

Case Study 2: Society engagement - The Annual AIB Sustainability Datahack is part of AIB's commitment to supporting and facilitating young people's innovation and entrepreneurial talent. It is an excellent opportunity to support high potential students. Participants tackle issues of sustainable energy, the environment, economic and energy efficiency. 2016's winning team developed an application that used gamification to incentivise sustainability and environmental awareness. In 2017 we partnered with Sustainable Nation Ireland and Smart Dublin to run a smart city event. The students were required to build an app or tool to solve a problem. This could be anything from air quality to smart lighting, sensor usage, waste management or transport.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

Funding research organizations

Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	The National Energy Efficiency Action Plan (NEEAP) was written into law in 2009 - Energy End-Use Efficiency and Energy Service Regulations 2009. • With AIB's classification as a Public Sector organisation in 2012 (the bank is 71% State owned), we are obliged to fulfill the obligations as set out in NEEAP under this law.	Implement AIB's obligations under the law including: a) Achievement of 33% energy savings by 2020 in the public sector (from 2007 - 2009 baseline). b) Report in the Annual Report of energy efficiency actions and progress towards 2020 target. c) Compliance with guidelines for Green Public Procurement in the Public Sector. Green procurement meaning that energy considerations and life cycle costs should be taken into account in procurement decisions. d) Develop & implement energy management programmes appropriate to make incremental progress year on year. e) Publish a 3 year energy efficiency strategy and identify longer term initiatives to achieve to achieve transformational change. f) Implementation of ISO 50001 Energy Management System. g) Publish formal targets and objectives and report against them in the annual report. h) Energy Certificates to be prominently displayed in all buildings with useful floor areas greater than 500m2.
Mandatory carbon reporting	Support	Development of an ongoing relationship with the Sustainable Energy Authority of Ireland (SEAI) in support of a number of strategic initiatives including the submission of the first report by AIB to the SEAI around Public Sector Energy Consumption, documenting progress on the requirement for AIB to meet a 33% energy reduction by 2020 as a Public Sector Body (based on 2007 - 2009 baseline).	Develop and implement energy management programmes appropriate to make incremental progress year on year. • Publication of a 3 year energy efficiency strategy and identification of longer term initiatives to achieve transformational change. • Implementation of ISO 50001 Energy Management System. • Publication of formal targets and objectives and report against them in the annual report.
Energy efficiency	Support	Investigation of the development of support for the SEAI Better Energy Communities Programme by AIB's Green Fund: • The "One Good Idea" campaign is a programme put in place in partnership with the SEAI that aims to encourage young people to spread the message about climate change and energy efficiency. • One Good Idea is an opportunity to inspire people to make small lifestyle changes that will use energy more efficiently and help tackle climate change. • School project groups submit their "One Good Idea" and get their message out there by designing and activating a creative, innovative and inspiring awareness campaign that shows people in the community how just one good idea can make a difference to ourselves.	A Proposal entitled 'National School Energy Retrofit Programme' was authorised in principle by the AIB Board in November 2012. This provided authorisation to progress the investigation and potential development of an annual partnership with the SEAI for a school related energy programme until 2017. • This Programme would be funded from AIB's Green Fund; a €1.2m Fund that has been generated over a number of years as a result of customer transitions to e-statements. • A key part of the energy programme was the "One Good Idea" campaign, discussed across page. • Due to the generous support of AIB, SEAI was able to expand this annual competition from post-primary schools to include all primary schools in the country. With AIB's support, SEAI launched a nationwide campaign which comprised of the four winning teams developing posters for display on bus shelters and in public transport around the country, as well as digital displays in all AIB branches.
Other, please specify (Environmental Sustainability)	Support	AIB is a Lead Member of Business in the Community Ireland (BITC), a not for profit group which supports CSR and sustainability. •BITC believes in one central premise - action to address climate change is urgently required and a strong corporate response must be part of the solution. AIB supports BITC's efforts in this area.	Continue to work with BITC in relation to supporting their efforts - on behalf of large businesses in Ireland, in relation to environmental sustainability issues.
Other, please specify (Water Efficiency Research)	Support	Forming part of the Irish Government's IFS 2020 strategy, Sustainable Nation is helping transition Ireland to a low-carbon future. With increasing pressure on the planet's diminishing natural resources, the need to foster and develop responsible and sustainable business practices is crucial. Their purpose is to stimulate greater investment into smart innovations, new enterprises and sustainable business practices, building on the success of Ireland's existing sustainable and responsible businesses. Activities cover skills development; enterprise support; investment funds, financial products and services; resource efficiency; climate finance; international collaboration; and promotion. In 2017 Sustainable Nation partnered with Irish Water to develop a Water Efficiency Benchmarking Tool for office buildings in Ireland. AIB participated in the research to establish this water efficiency benchmark. The benchmark is designed to support those who have responsibility for managing water usage in office buildings and help them to conserve water.	AIB has an obligation to support the decarbonisation of the Irish economy. Through partnering with a company such as Sustainable Nation which is focused on stimulating sustainable business practices, we are demonstrating our commitment and contribution to working towards achieving a zero-carbon economy. Continue to work with Sustainable Nation in relation to supporting their efforts in relation to environmental sustainability issues.
Energy efficiency	Support	AIB has a €100 million fund for lending to enable Irish Small & Medium Enterprises (SMEs) to radically lower their energy bills. Through this, the bank will take into account the projected saving from energy efficiency projects when calculating the borrower's repayment capacity. • This is in partnership with the Sustainable Energy Authority of Ireland (SEAI), as well as the Irish Green Building Council. • Research carried in conjunction with the above, found that energy expenditure accounts for approximately 9% of operating costs in most SMEs.	Continue to work with the Sustainable Energy Authority of Ireland (SEAI), as well as the Irish Green Building Council in relation to supporting their efforts of energy savings across Ireland.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Energy Cork

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

To help consolidate and raise awareness of Cork's position at the forefront of economic, commercial, research and educational activity in the energy sector in Ireland and to actively contribute to economic growth and job creation in Cork

How have you, or are you attempting to, influence the position?

AIB supports Energy Corks work in developing Cork as a hub of innovation in energy technology

Trade association

IBEC - Irish Business and Employers Confederation

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

IBEC is the leading voice of Irish business and employers, representing the interests of thousands of organisations in industry and commerce as well as academic and charitable institutions. Its Energy and Environment Policy ('EEP') Unit regularly discuss climate mitigation and low carbon technologies. Their primary concern is to ensure that national climate policy, and any associated Oireachtas legislation adheres to three key principles, namely: a) being based on scientific evidence and robust economic analysis; b) being consistent with the evolving EU energy/climate policy framework; and, c) creating opportunities for sustainable development and job creation.

How have you, or are you attempting to, influence the position?

AIB expressed support to IBEC position working with other stakeholders to further climate change goals in Ireland in a way that does not damage Irish Industries international competitiveness.

Trade association

IWEA – Irish Wind Energy Association

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

IWEA" is Ireland's leading renewable energy representative body and as such has an active interest in the potential for renewable energy, and in particular wind energy, in Ireland. IWEA warmly welcomes the development of a National Climate Change Adaptation Framework and is firmly of the view that Irish wind energy as our leading renewable energy asset can, alongside other Irish renewables, make a continued valuable contribution to this national transition agenda and deliver a cost effective renewable option for Ireland's homes, communities and businesses.

How have you, or are you attempting to, influence the position?

AIB supports IWEA strongly believes that education and awareness measures must make up a key role of explaining and building support for both climate mitigation and adaptation within an Irish context. AIB has sponsored the Irish Wind Farmers Association annual conference to ensure a broader societal awareness of the impacts of climate change across our society.

Trade association

ISEA – Irish Solar Energy Association

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

ISEA is committed to bringing attention to the value of solar energy's contribution to Ireland's economic and environmental future. ISEA is committed to contributing to the development of viable renewable energy policies that support the development of solar in Ireland via lobbying activities, conferences, and other forums that bring key stakeholders together to shape policy

How have you, or are you attempting to, influence the position?

AIB recognizes the potential for solar in Ireland as a means for meeting Ireland's renewable energy and electricity targets, and as a long-term sustainable and clean option with numerous benefits for Ireland economically, socially and environmentally. It is important for businesses to see the demonstration effect of investing in energy efficiency. That is we have solar PV at our branch in UCD Dublin and we planning permission is granted for our own rooftop Solar PV plant at our Dublin headquarters.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

1) As a large employer, we can make a difference by making our staff and customers more aware of their own environmental impact. For example:

a) As in previous years since 2009, AIB participated in Earth Hour 2017. The engagement with WWF, the promoter of the initiative, held formalized as "Participating Company". Participation of AIB's branches is promoted in our intranet to raise awareness and understanding on Climate Change and using our digital screens in our branch networks and twitter account to reach our customers.

b) All AIB staff undertakes a bespoke online interactive energy awareness course since 2015. AIB have licensed it to the ISI Centre and Skillnets for distribution to the wider corporate community.

c) AIB sponsors Energy Efficiency Seminars for SME's around the country.

d) Environmental Topics and Energy saving ideas are regularly featured on the company intranet site

e) Staff can keep track of sustainable information and topics, tips for a green office, green home and the latest updates on energy and environmental news at "Our Footprint Blog".

f) Awareness Days: In Oct 2017 AIB hold its 1st Waste Awareness Day, teaming up with our partners and some waste industry experts to provide a whole host of waste awareness activities, workshops and talks in our headquarters. This initiative will be replicated in our head offices in 2018.

2) We understand how important it is to listen to and to engage with our stakeholder groups. We want to understand the issues that matter most. Their feedback and experiences inform and guide us, helping us to focus our actions so that we can improve our service. To help identify these issues we completed two materiality exercises, one in 2016 and our most recent one in in Q1 2018.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

1) The Office of Sustainable Business (OSB) was established in January 2016 to advise and support AIB's Leadership Team and the Sustainable Business Advisory Committee (SBC) on sustainability issues including our climate change strategy. The SBAC meets formally quarterly. In 2016 the OSB developed our first materiality evaluation of key sustainability issues. Since then we have continued to make progress in aligning our sustainability programme with our four pillar business strategy, ensuring that we maintain a simple and focused approach to our work. (See "Our sustainability journey continued" - page 17 of our Sustainability Report 2017 at <https://aib.ie/sustainability> for more information)

2) Internal monitoring, i.e. contract reviews associated with energy suppliers and choosing products that consume less energy, is carried out by the Property & Engineering team who have been trained in all aspects of AIB's climate change strategy.

3) AIB's Environment & Energy Policies are communicated to all relevant parties and are available to the public in <https://aib.ie/sustainability>. Our executive leadership teams are in charge of implementing them.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

aib-annual-financial-report-2017.pdf

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Publication

In voluntary sustainability report

Our 2016 Sustainable Report was published in October 2017. AIB's 2017 Sustainable Report was published in July 2018

Status

Complete

Attach the document

sustainability-report-2016.pdf
AIB 29129 Sustainability Detailed Report 2017 AW6.pdf

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Publication

In voluntary communications

Annual Carbon Footprint Infographic

Status

Complete

Attach the document

1754 AIB Infographic - ISSUED 250917.pdf

Content elements

Emissions figures
Emission targets

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Operating Officer at Allied Irish Banks, p.l.c.	Chief Operating Officer (COO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms