



AIB Group Plc

January 2023

Social Bond Framework

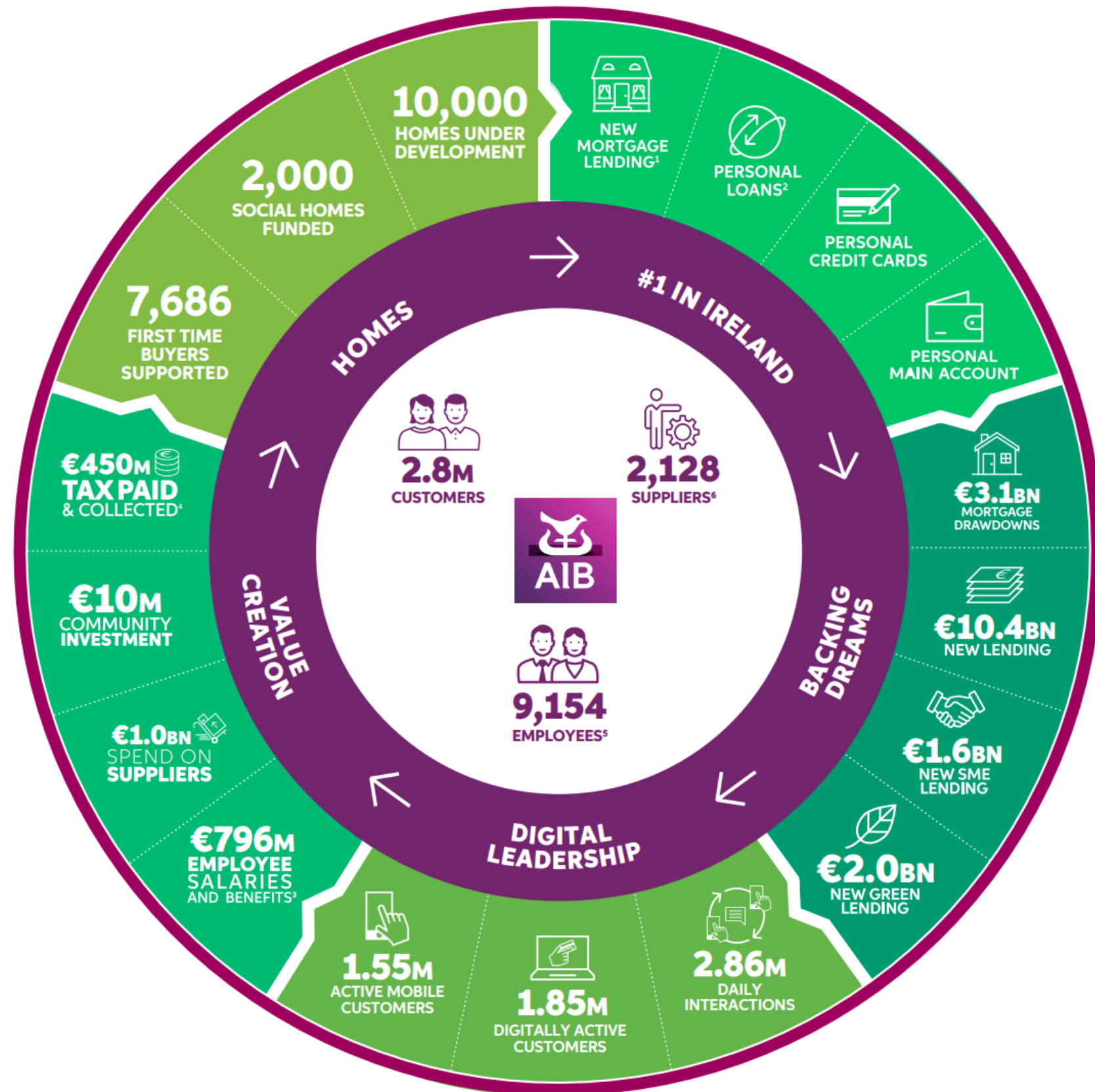
Sustainability at AIB



AIB's Sustainable Value Creation - FY2021



Sustainable Economic, Social and Environmental development is at the heart of our operations



- As a bank at the very heart of the Irish economy, our role is central to the creation and delivery of sustainable economic, social and environmental development in towns and communities across the country.
- As one of the biggest employers in the country, we directly support over 9,154 jobs, families and associated livelihoods in addition to indirectly supporting thousands of jobs and communities through our supply chain of over 2,128 active suppliers. We know that with such scale comes significant responsibility to ensure the sustainability of our communities.

ESG - OUR STRATEGY, PROGRESS AND TARGETS

ENSURING A GREENER TOMORROW BY BACKING THOSE BUILDING IT TODAY						
OUR FOCUS	CLIMATE & ENVIRONMENT		ECONOMIC & SOCIAL INCLUSION		FUTURE PROOF BUSINESS	
	We're actively integrating climate change into our business to accelerate our understanding, strengthen our strategy and clarify our actions. We're reducing our own carbon footprint and commit to being Net Zero by 2030. We're supporting our customers and communities in their transition to a low-carbon economy with an ambition that green and transition products will account for 70% of all our new lending by 2030.		We recognise the responsibility that comes with the scale and impact of our business. We aspire to contribute and advocate for a fairer society that is socially and economically inclusive. We do this by investing and raising awareness in access, education and innovation for our customers, our colleagues and our communities.		Our future sustainability depends on our ongoing investment in our business, people and processes. We want to give our customers the best possible banking experience – we're always learning and improving. In an increasingly digitalised world, we are focused on keeping our systems resilient and our data secure.	
	OUR TARGETS	OUR 2021 PROGRESS	OUR TARGETS	OUR 2021 PROGRESS	OUR TARGETS	OUR 2021 PROGRESS
	2023 €10BN IN NEW CLIMATE & ENVIRONMENT LENDING	€4.5BN GREEN LENDING SINCE 2019	2024 €800M FINANCE FOR SOCIAL HOUSING	€300M FULLY ALLOCATED	2023 +53 TRANSACTIONAL NPS	+45 TRANSACTIONAL NPS ('21)
2030 NET ZERO¹ IN OUR OPERATIONS AMBITION OF 70% OF NEW LENDING TO BE GREEN ²	19% REDUCTION IN EMISSIONS (YEAR ON YEAR) 19% OF NEW LENDING IS GREEN	2023 500K CUSTOMERS SUPPORTED FINANCIAL LITERACY	288K SECONDARY SCHOOLS PROGRAMME	2023 >2.25M DIGITALLY ACTIVE CUSTOMERS	1.85M DIGITALLY ACTIVE CUSTOMERS	
2040 NET ZERO AMBITION CUSTOMER PORTFOLIO LENDING (AGRI 2050)	INTERNAL SCIENCE BASED TARGETS SET ⁵	ONGOING AIB IN OUR COMMUNITY STRATEGIC FOCUS	€10M SUPPORTING COMMUNITY CAUSES	ONGOING GENDER BALANCED⁴ BOARD, EXCO & ALL MANAGEMENT	GENDER BALANCED	

1. Includes scope 1 & 2 emissions
 2. Green includes Transition Lending

3. Transactional Net Promoter Score (NPS) is an aggregation of 20 Homes, Personal, SME, Digital, Retail, Direct and Day-to-Day Banking Journeys
 4. The Gender Equality Global Report & Ranking - 2021 Edition equates "gender balanced" with between 40% and 60% of women.
 5. Internal science based targets set for Residential Property, Commercial Real Estate and Electricity Generation covering over 63% of our Loan Portfolio

ESG PROGRESS

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	ESG BOARD GOVERNANCE ESTABLISHED (2016)	PLEDGE TO DO MORE	NET ZERO TARGETS & AMBITIONS	ESG LEADERSHIP RATINGS (MSCI, SUSTAINALYTICS & S&P)
	2016 - 2018	2019	2020	2021
OWN FOOTPRINT	Group-wide certification Energy & Environmental Mgt. Standards & Elimination of single use plastics	Property migration & retrofit	Reducing energy - Heating, ventilation & air conditioning programme	Group-wide LED lighting retrofit programme
SETTING TARGETS		€5bn Climate Action Fund	Net Zero commitment by 2030. 70% new lending to be green or transition by 2030	Doubling to €10bn Climate Action Fund Internal emission reduction targets – key portfolios
GREEN PROPOSITIONS		Green Mortgage	Electric Vehicle Sustainability Linked Loans	Green Consumer Loans Electric vehicle leasing Green Mortgage across brands
GREEN FINANCE	Establishment of Energy Climate Action & Infrastructure team	€1bn Green lending Green Bond Framework	€1.5bn Green lending 1 st Irish Bank – Green Bond €1bn	€2bn Green lending 2nd Green Bond issued - €750m
HOUSING	Fair pricing mortgage rates - new & existing customers	Redesign of Mortgage customer experience journeys	€300m Social Housing Fund	Social Housing fund committed - Addl. €500m Fund Social Bond Framework
FINANCIAL LITERACY FOCUS	Build A Bank – Secondary schools	Vulnerable Customer Programme	Secondary Schools Programme - Focus on financial literacy	Secondary Schools Programme - Focus on financial literacy
BACKING ENTREPRENEURS	Innovation Hubs Teagasc Partnership (Agri)	Women in Enterprise Programme Brexit Advisors	COVID-19 Payment breaks & supports	SBCI Working Capital Loan & Brexit Impact. Loan Expansion of propositions - wealth
COMMUNITY PARTNERSHIPS	GAA, FoodCloud & Soar	Volunteering Programme	AIB Together Matched Funding €2.4m COVID-19 research	Junior Achievement Ireland Additional partnerships including GOAL
GOVERNANCE COMMITTEES	Establishment of Board ESG Committee (SBAC) (2016)		Establishment of multi-year Sustainability Programme	Establishment of Group Sustainability ExCo Committee
STRATEGY & THOUGHT LEADERSHIP	1 st Annual Sustainability Conference Sponsorship of Climate Finance Week	Sustainable Communities – Embedded in strategy 2023	Sustainability Training	Climate Risk Training
COMMITMENTS		Supporter of Task Force on Climate-related Financial Disclosures (TCFD) Founding signatory of UNEP FI Principles for Responsible Banking (PRB)		UN Global Compact, WEF Stakeholder Capitalism Metrics. Net Zero Banking Alliance Equator Principles
REPORTING	1 st standalone Sustainability Report		1st disclosures – TCFD and Principles of Responsible Banking	1st disclosures - EU Taxonomy, WEF metrics and UN Global Compact
POLICIES & CODES	Data Protection policy enhancements	Project Finance	Excluded Lending Activities / Responsible Supplier Code / Code of Conduct refreshed / Human Rights Commitment	Sustainable Lending Framework ESG Questionnaire Initial Climate Risk Quantification
INCLUSION & DIVERSITY	Invest In You – Employee Development	Culture Programme	Gender balanced Board and ExCo	LEAD (Leaders Enabling A Difference) Programme



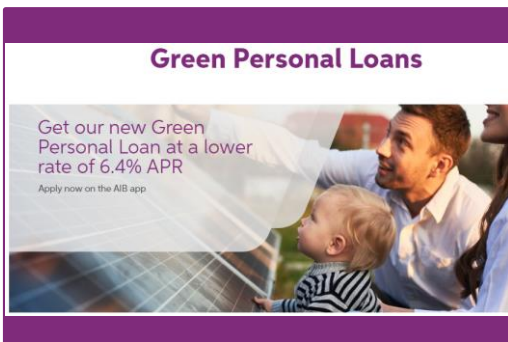
ESG Propositions



Green Mortgage for higher energy efficiency homes



SOCIAL BOND - €1bn supporting lending in Housing, Healthcare, Education' and SMEs



Green Personal Loan for retrofitting homes and Electric Vehicles



Sustainability Linked Loans for Corporate customers who commit to ESG targets



Electric Vehicle 0% Finance for Nissan Leaf (plus free charging unit)



Green Bond - largest Green Tier 2 issued in Europe in 2020. Additional €0.75bn Green Bond issued in 2021



Climate Finance Week – sponsoring thought leadership and collaboration



SRI Bond Portfolio to fund domestic and international projects aimed at global sustainability, carbon emission reduction & social improvement

ESG Commitments



TCFD



UNEP FI – Principles for Responsible Banking



UN Global Compact



Net Zero Banking Alliance



WEF Stakeholder Capitalism Metrics



Equator Principles

Climate Risk Update

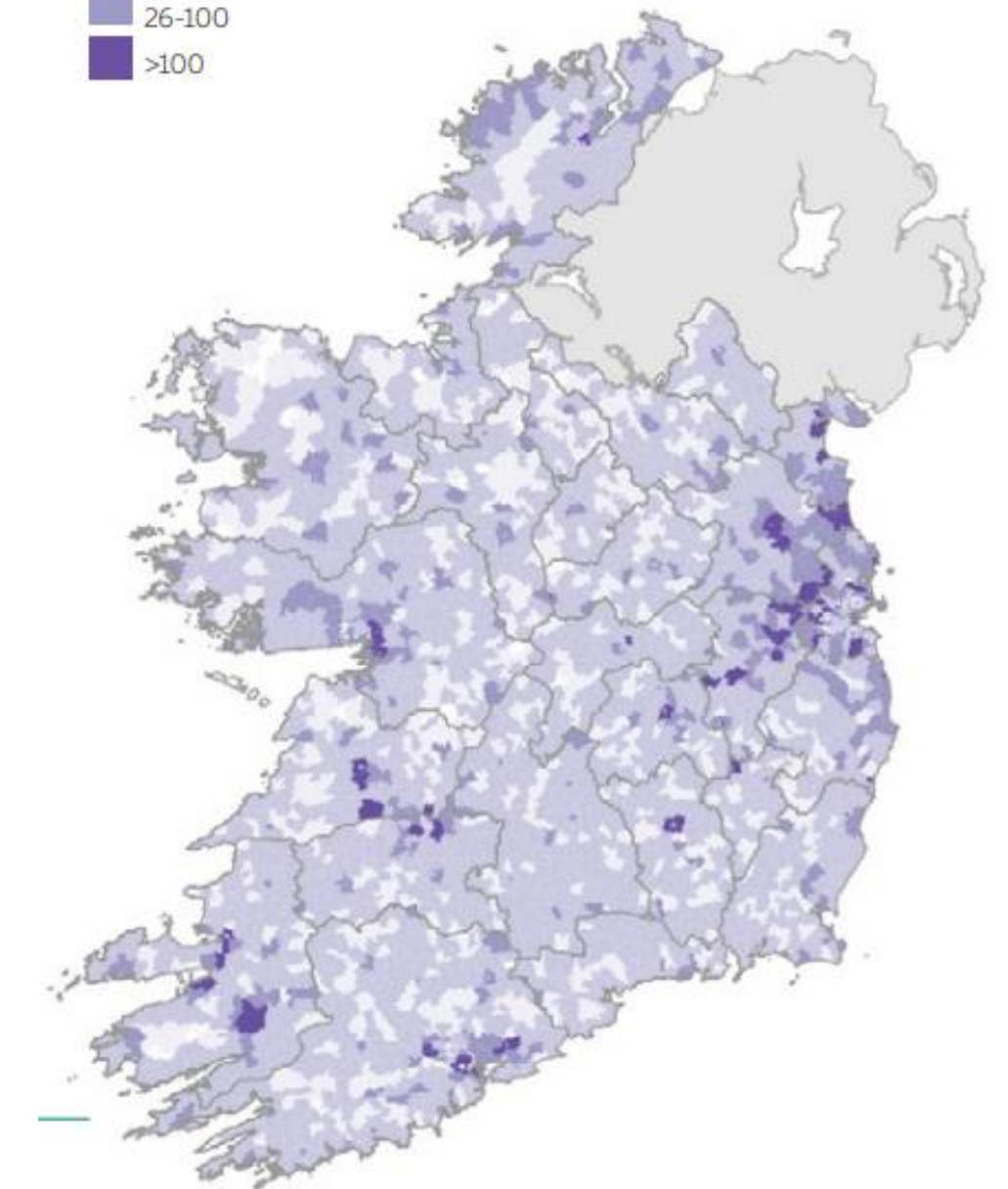
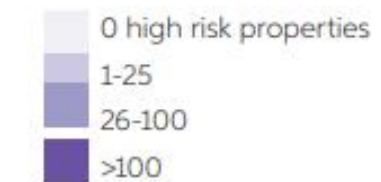
Significant steps taken to analyse Physical & Transition Risk in 2021:

- Detailed work on ECB stress testing (Modules 1, 2 & 3) completed and awaiting feedback
- Undertook initial climate risk quantification - physical flood risk for our residential mortgage portfolio and transition risk for our high climate risk sectors.
- Physical risk: focus on flood risk and commenced with assessing our residential property portfolio, which accounts for 51% of our loan book.
- Transition risk: we have deemed the following sectors / sub-sectors to be most prone to transition risk (combined exposure = 4.8% of AIB Group's loan book):
 - i. Agriculture - Dairy & Cattle Farming,
 - ii. Manufacturing - Food Processing,
 - iii. Transport - road, rail & water transport; or airlines, aircrafts and airports,
 - iv. Non-renewable Energy - electricity production & supply; or oil and petrol related.
- ESG Due Diligence @ loan origination:
 - A new ESG questionnaire has been incorporated into credit applications for borrowers in high climate risk sectors where new lending is over €300k / £300k.
 - The questionnaire incorporates both generic and sector specific questions to determine an ESG risk rating. The risk rating and assessment must then be considered as part of the credit assessment and recorded in the credit application system.
 - All corporate credit applications now have a sustainability section requiring relationship managers to call out Environmental considerations at the point of origination



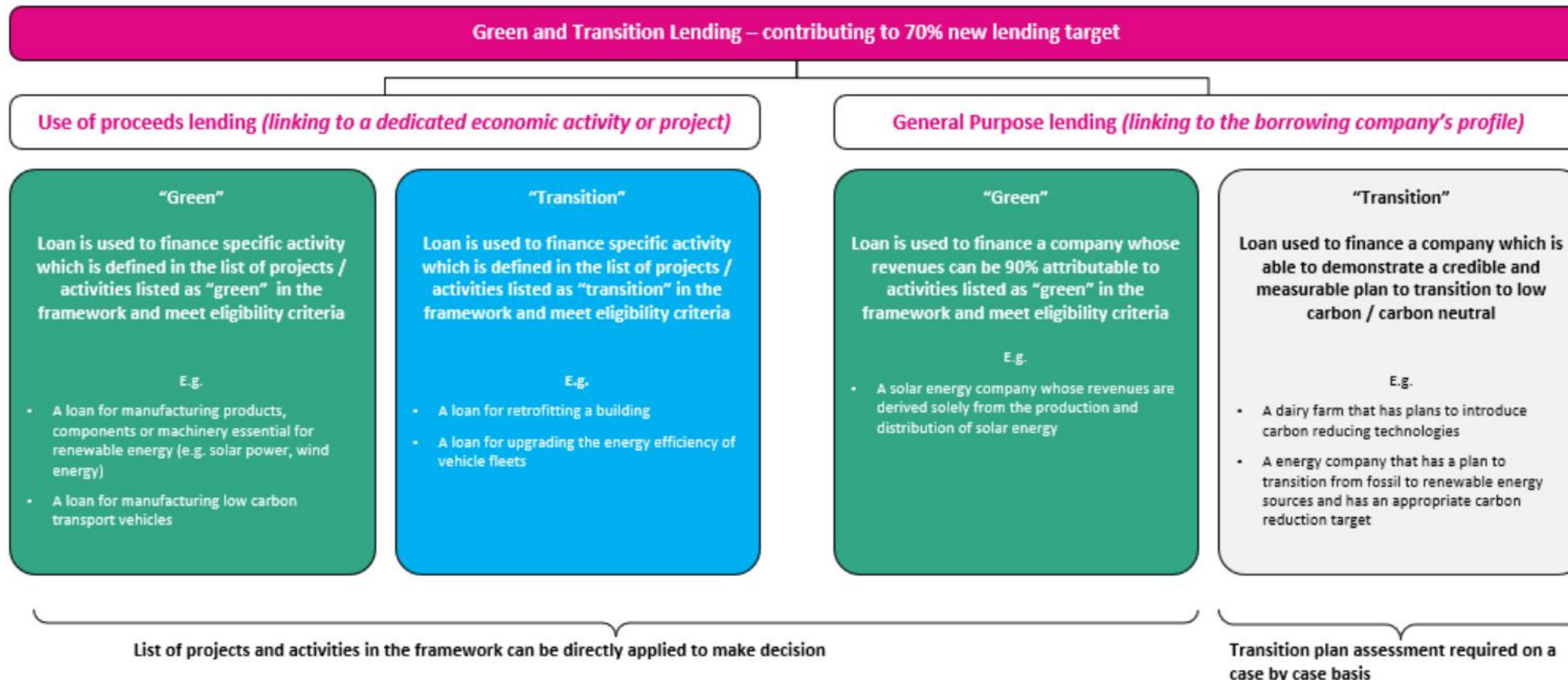
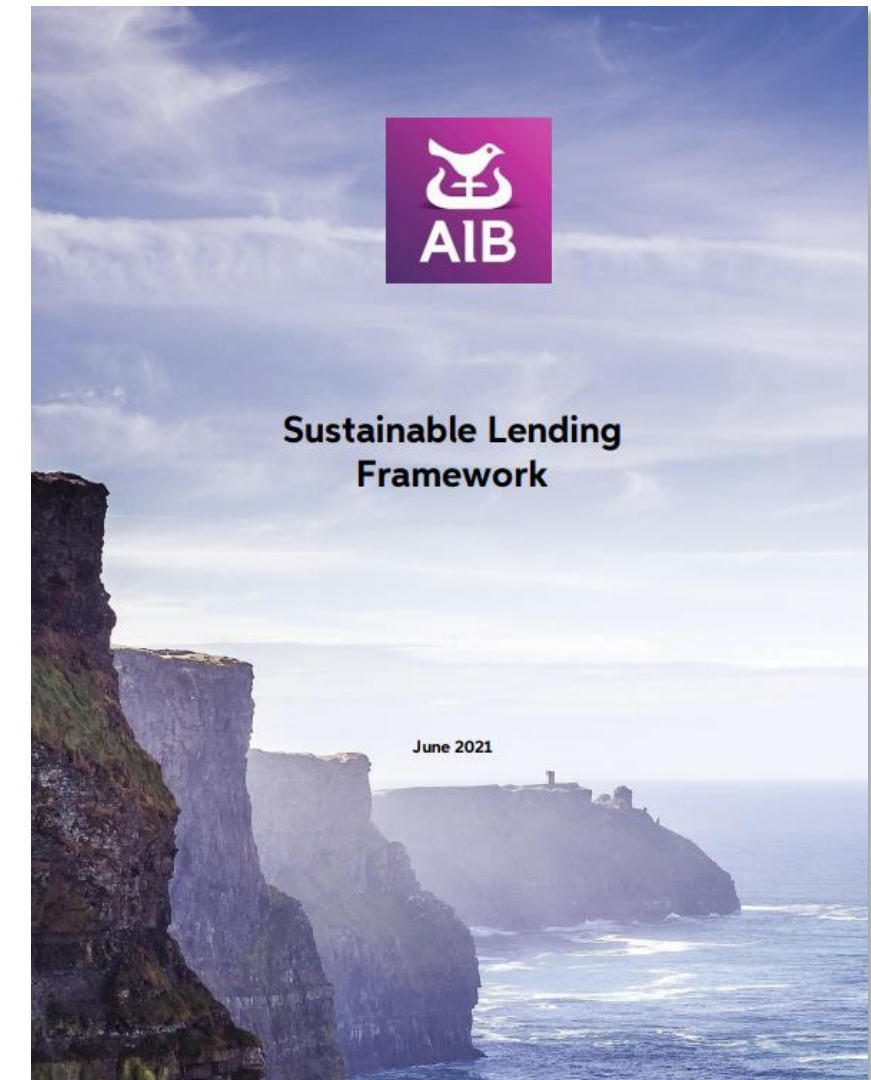
Map 1: High level overview of Electoral Divisions ("ED") with significant flood risk (i.e. >25cm) in 2080 RCP 8.5 1-in-200 year return period

AIB properties per ED with high flood risk



Sustainable Lending Framework

- The Sustainable Lending Framework is a classification and measurement tool for new lending, which also aligns with our regulatory obligations to understand the impact of our lending on both the climate and society.
- Benefits:
 - Enables governance structure around green product offerings & tagging green assets proactively as soon as they enter the balance sheet
 - Manage climate risks in a more targeted way, improving non-financial risk profile
 - Boost generation of green assets as well as institutionalise sustainable information gathering
 - Create feedback loop between both sides of the balance sheet
 - **Contribute to AIB's ambition that green and transition products will account for 70% of new lending by 2030**



ESG Ratings

MSCI
ESG RATINGS



CCC B BB BBB A **AA** AAA

- Rated as AA (Leader) on 22 Jan 2021, up from A (Average) in 2019*

S&P Global

- 2021: 70/100 (2020: 61/100)
- 87th percentile of banks (2020: 78th percentile)
- Listed as member of the S&P Global Sustainability Yearbook 2022 (top 15% of industry)



- June 2022 ESG Risk Rating: 11.0 (Low Risk)
- 5th percentile of banks (1st = lowest ESG Risk)
- ESG Industry Top Rated company for 2021 **



- Global leader in corporate climate action.
- Leadership rating in place since 2017
- Only bank in Ireland or the UK to make the Global A list in 2020
- AIB response to the CDP Climate Change questionnaire: Click [here](#)



FTSE4Good

- Member of the FTSE4 Good Index Series (since July 2020)
- Identifies companies demonstrating strong E, S and G practices measured against globally recognised standards, you can find out more [here](#)

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AIB Social Bond Framework



Social Bond Framework



The Social Bond Principles



Rationale

Being a responsible member of society is a cornerstone of AIB’s business. We believe that Social Bond financing offers a way to create transparency around funds targeted to provide positive societal impact and/or mitigating social problems

1 Use of Proceeds



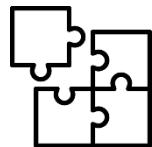
- AIB intends to allocate the net proceeds of the Social Bonds to a loan portfolio of new and existing loans, the “Eligible Social Loan Portfolio”
- ✓ Access to Healthcare and Education
- ✓ Social and Affordable Housing
- ✓ SMEs financing
- ✓ Support to charities and non-profit organisations

2 Project Evaluation & Selection



- Loans financed and/or refinanced are evaluated and selected on compliance with the Eligibility Criteria
- Exclusion list (bank-wide & social bond specific)
- A core team will assess project eligibility and allocation of proceeds to Eligible Social Loans

3 Management of Proceeds



- AIB intends to allocate the proceeds from the Social Bonds to an Eligible Social Loan Portfolio
- For any unallocated proceeds, AIB intends to at least assign a portion of an amount equal to the net proceeds from the issue of Social Bonds to ESG orientated assets

4 Reporting




















- Allocation reporting: AIB will prepare an annual report on the allocation of the net proceeds to the Eligible Social Loan Portfolio
- Impact reporting: Where feasible, AIB intends to report on the impact of the Eligible Social Loan Portfolio, at least at the category level

5 Second Party Opinion








- AIB’s Social Bond Framework has been reviewed by ISS ESG who has issued a positive Second Party Opinion
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Use of Proceeds Overview

SBP category	Criteria	UN SDG
Access to Healthcare 	<ul style="list-style-type: none"> i. Healthcare facilities ✓ Loans dedicated to the financing of healthcare facilities such as hospitals and primary care facilities, affiliated to the relevant national healthcare system and schemes and/or broadly accessible by the general population, including facilities to treat specific physical and/or learning and cognitive deficit conditions, and rehabilitation services for drugs and alcohol related conditions ii. Residential care facilities ✓ Loans dedicated to the financing of residential care facilities for elderly people and people with specific health conditions (such as learning or physically disabled people), assisted living facilities and nursing homes, respectively affiliated with national residential care and nursing home schemes iii. “Pure-play” companies in healthcare (3-Step process described in Appendix 1 of the Framework) 	
Access to Education 	<ul style="list-style-type: none"> i. Education facilities ✓ Loans dedicated to the financing of education facilities such as schools, universities and 3rd level education facilities and vocational training centres ii. Student housing ✓ Loans to student housing organisations and providers iii. “Pure-play” companies in education (3-Step process described in Appendix 1 of the Framework) 	 
Social & Affordable Housing 	<ul style="list-style-type: none"> i. Housing organisations ✓ Loans to housing bodies, organisations and entities that enable the provision of affordable housing and provide greater access to social and affordable housing in accordance with accredited or registered social and affordable housing definitions, and/or contributes to enhanced access for low income residents or marginalised communities. Housing organisations are often not-for-profit charities. In general, they provide affordable rented housing for people who cannot afford to pay private sector rents or buy their own homes, or for particular groups, such as older people or homeless people ii. Mortgage to rent ✓ Loans under the mortgage to rent scheme. The mortgage to rent scheme is only available for citizens whose mortgage is with a private lender. Under the scheme, people that cannot pay their mortgage have the opportunity to become social housing tenants with a right to have their housing needs met by the local authority indefinitely (including monthly affordable rent based on income) 	  
SMEs financing 	<ul style="list-style-type: none"> i. SMEs within the bottom 30% of the Irish Deprivation Index (methodology for selecting assets in Appendix 2 of the Framework) ii. Female-owned SMEs 	  
Support to charities & non-profit organisations 	<ul style="list-style-type: none"> i. Charities, non-profit organisations, associations, foundations ✓ Redistribution from the food industry to the charity sector aimed at making safe, nutritious, and sufficient food available to low-income people and homeless people ✓ Philanthropic work and solidarity ✓ Sport activities for children 	  

Use of Proceeds – Social Impact Matrix

SBP category	SBP Sub-category	Target Population	Social Benefits / Objectives	Alignment with National Policy Frameworks
Access to Healthcare 	Hospitals	<ul style="list-style-type: none"> • General public • Individuals with specific physical and/or mental conditions, including cognitive deficit(s) 	<ul style="list-style-type: none"> • Increase access to quality, timely and accessible healthcare • Enhance quality and accessible care for aging population • Increase availability of quality medical equipment to healthcare facilities and individuals 	<ul style="list-style-type: none"> • Irish National Treatment Purchase Fund (NTPF) • Irish Nursing Homes Support Scheme (NHSS) • Irish HSE Fair Deal • HSE /TUSLA • UK National Healthcare System (NHS) • Department of Health and Social care Policies UK
	Residential care/ Nursing homes/ Hospices	<ul style="list-style-type: none"> • Elderly people • Individuals in need of rehabilitation services 		
Access to Education 	Education Facilities	<ul style="list-style-type: none"> • Students, including low-income students • Adults benefitting from vocational training 	<ul style="list-style-type: none"> • Increase access to quality and accessible education and vocational training 	<ul style="list-style-type: none"> • Student Universal Support Ireland (SUSI) & Student Grant Scheme • Student Support Scheme for Asylum Seekers
	Student Housing		<ul style="list-style-type: none"> • Increase access to quality, safe and affordable student accommodation 	
SMEs financing 	Location based SME lending	<ul style="list-style-type: none"> • SMEs in socioeconomically disadvantaged areas in Ireland 	<ul style="list-style-type: none"> • Employment generation and retention • Reduction of social and economic inequalities • Foster economic growth in deprived areas 	<ul style="list-style-type: none"> • Irish Governments Supporting SMEs campaign • Our Rural Future: Government’s blueprint to transform rural Ireland
Social & Affordable Housing 	Affordable Housing	<ul style="list-style-type: none"> • Low-income individuals and families meeting the social and/or affordable housing requirements defined by local authorities in Ireland and the UK 	<ul style="list-style-type: none"> • Allow for universal access to decent housing • Promote the social inclusion of all, including low-income people 	<ul style="list-style-type: none"> • Accredited and/or registered housing organisations in Ireland and the UK based on national Social and Affordable Housing Schemes • Local authorities’ definition of eligible residents and prioritisation mechanism based on Social Housing Assessment Regulations • Irish Affordable Housing Bill • Mortgage to rent scheme
	Social Housing (mortgage to rent scheme)			
Support to charities & non-profit organisations 	Food Security / Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> • Local communities in Ireland and the UK, 	<ul style="list-style-type: none"> • Granting social, and economic access to safe, nutritious, and sufficient food to low-income people • Supporting the local community • Promote social inclusion of all 	<ul style="list-style-type: none"> • Charities registered within the Irish Charities Regulator or the Charity Commission for England and Wales • UK: Coronavirus Community Support Fund for charities • Irish Stability Fund and Philanthropy Fund for charities and non-profits

SBF Project evaluation / Selection Process Overview



Process for Project Evaluation and Selection

Compliance with the Social Bond Eligibility Criteria (i.e. Use of Proceeds)

Alignment with AIB's sustainability strategy

Compliance with official and international environmental and social standards and local laws and regulation

Group Sustainability Committee

- Reviews and approves the SBF and eligible loan categories in accordance with AIB Sustainability Strategy and the AIB Sustainable Lending Framework, approves additional SBF specific loan exclusion criteria.

ESG Working Group

- The members of the ESG WG apply the approved SBF (eligible categories, exclusions) in terms of the population of loan templates, assessment of loan eligibility and determination of impact for larger loans.
- In the case of SME Loans the group reviews the inclusion / exclusion rules to be applied by Treasury Collateral Mobilization Unit (TCMU) to those loans identified within the AIB Data Warehouse.

Selection process of the eligible SME portfolio



Eligibility Criteria

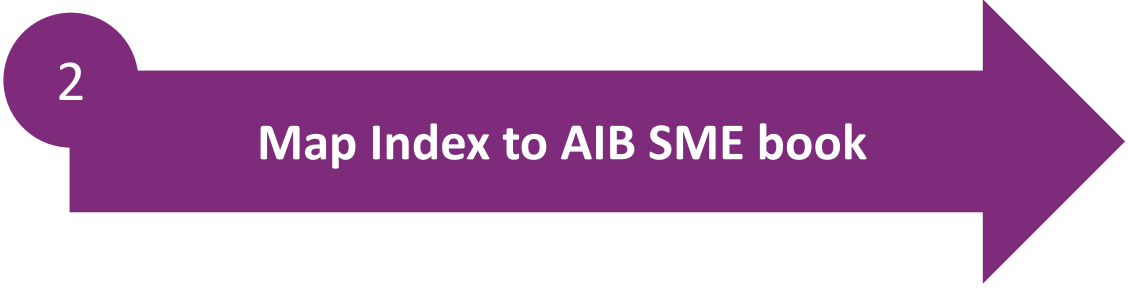
1. Be an SME as per EU Commission definition.
2. Not be engaged in any business activity described in the AIB Social Bond Exclusion List.
3. Be located in a socio-economically disadvantaged region of Ireland.

Background of Pobal HP Deprivation index

- ✓ The Pobal HP Deprivation index is Ireland’s most widely used social gradient metric, which scores each Small Area (min. 50 – max. 200 households) in terms of affluence or disadvantage.
- ✓ The index is used by various state agencies and government departments to target resources towards disadvantaged areas.
- ✓ The measurements look at 10 key indicators including: the proportion of skilled professionals, education levels, employment levels, and single-parent households found in an area.
- ✓ The index is colour-coded with a spectrum from red, signifying deprivation, to bright blue, signifying affluence.



AIB identifies socio-economically underperforming areas in Ireland by utilising the public macroeconomic data released by the **Pobal HP Deprivation Index**

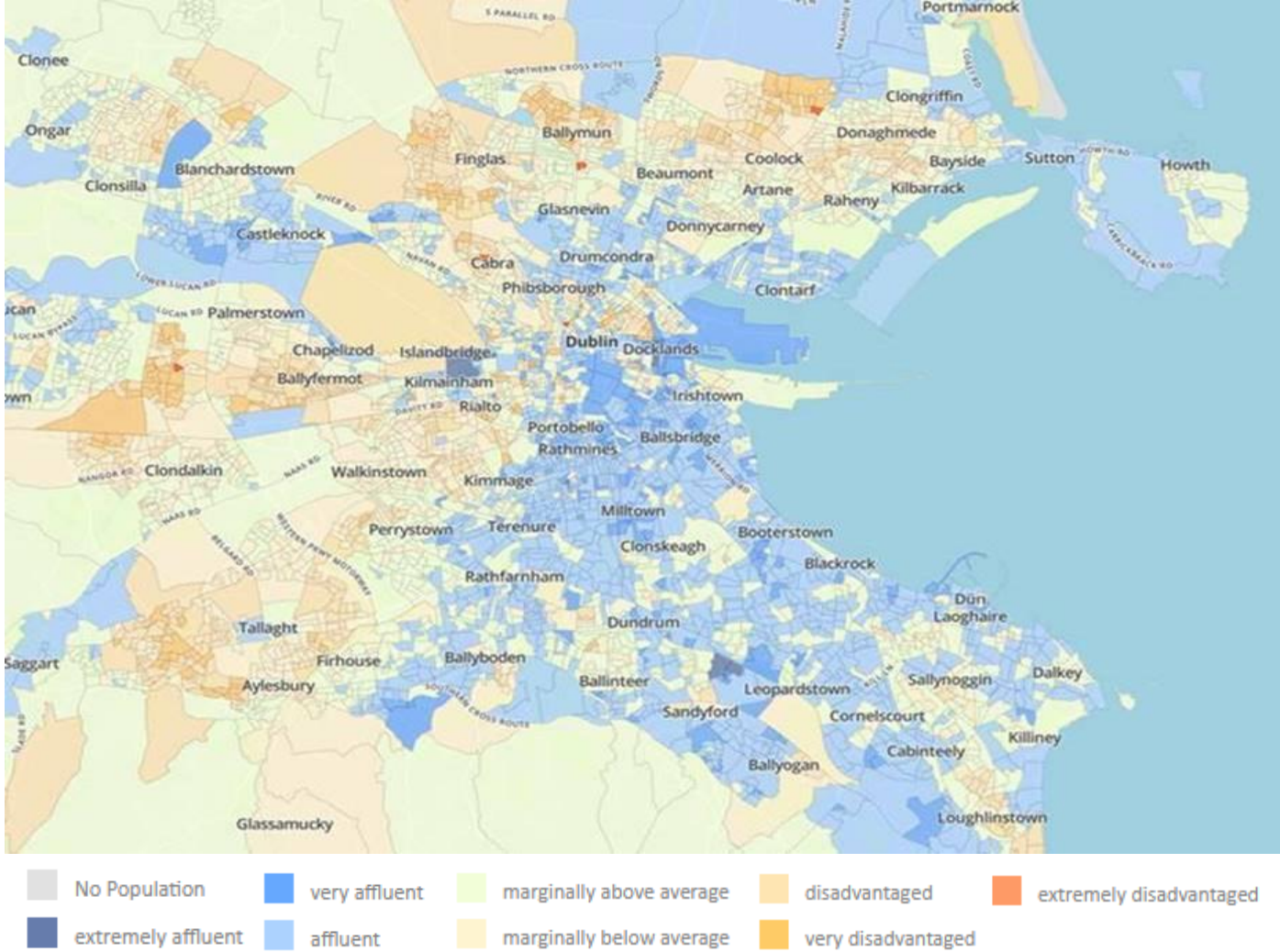


AIB links each client to a **Small Area/Electoral District deprivation score** and uses the score as a **proxy for the socio-economic position of the client**



AIB loans mapped to the **bottom 30%** by the deprivation scores distribution will be included in the **Eligible Social Loan Portfolio**

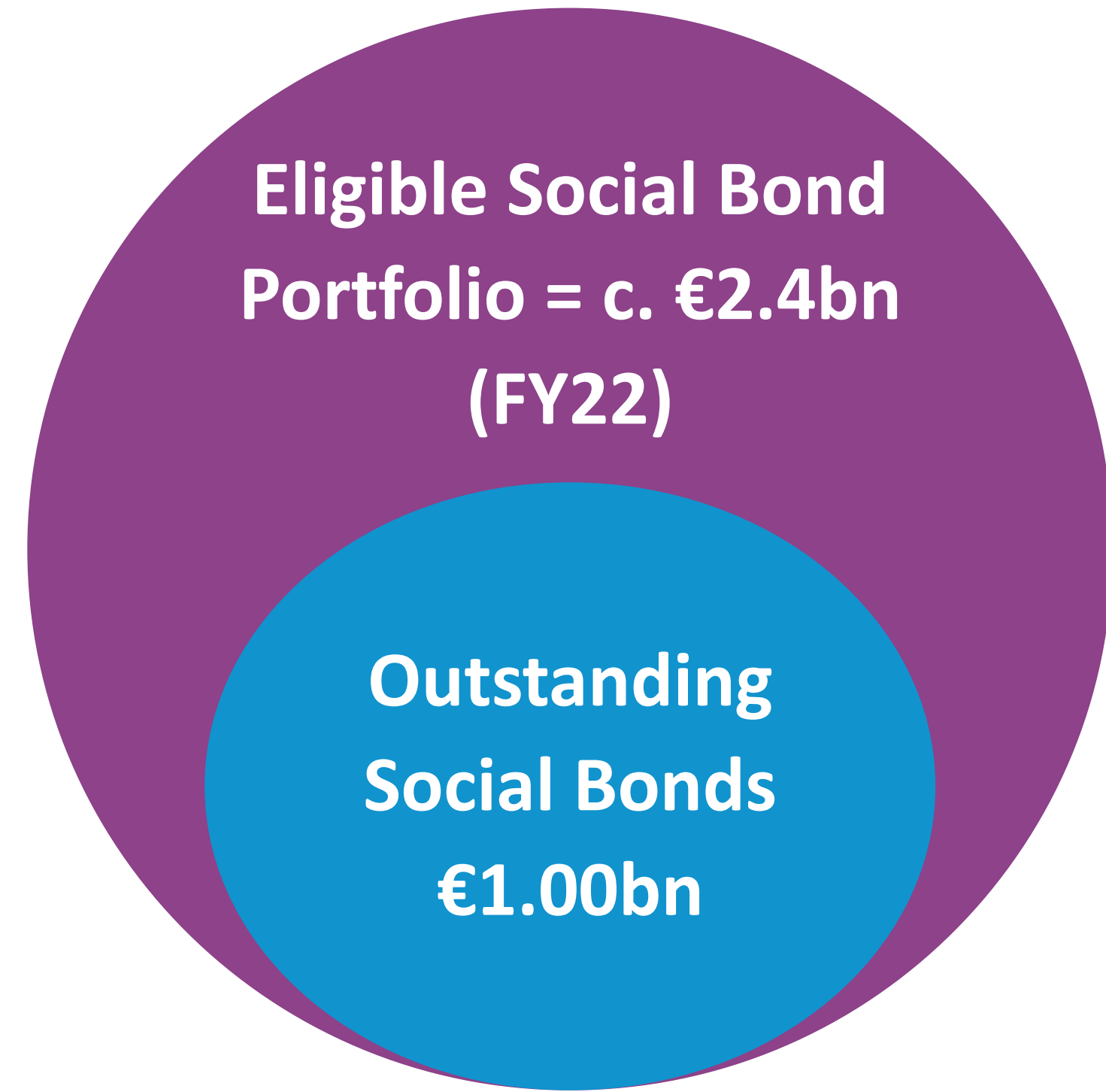
Representation of Dublin according to the Deprivation Index



Management of Proceeds



- » Aggregated portfolio approach used to manage the proceeds
- » Additional eligible Social Loans will be added to the Eligible Social Loans Portfolio to the extent required to ensure that an amount equal to the net proceeds from outstanding Social Bonds will be allocated to Eligible Social Loans
- » Any assets that become ineligible will be removed from the pool at the earliest opportunity
- » For any unallocated proceeds, AIB intends to at least assign a portion of an amount equal to the net proceeds from the issue of Social Bonds to ESG orientated assets



Second-Party Opinion



ISS ESG has issued a positive Second Party Opinion on AIB's Social Bond Framework

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Access to Healthcare	Significant Contribution	
Access to Education	Significant Contribution	
	Limited contribution	
Social and affordable housing	Significant Contribution	
	Significant Contribution	
Financing SMEs	Limited contribution	
	Significant Contribution	
Charities and Non-profit	Limited contribution	

Use of Proceeds – Opinion:

ISS ESG considers the Use of Proceeds description provided within the AIB Social Bond Framework as **aligned with the ICMA Social Bond Principles**. The Use of Proceeds is clear and contribute to the achievement of social benefits. The detailed exclusion criteria and the relevant definitions are **at par with ICMA best practices**. On top of the Exclusion List defined at Bank level, **AIB has defined an additional list of excluded sectors for Social bonds** (Process for Project Evaluation and Selection of the Framework).

Project Evaluation and Selection – Opinion:

ISS ESG considers the Process for Project Evaluation and Selection described in the AIB Social Bond Framework as **aligned with the ICMA Social Bond Principles**. The issuer has set up a **detailed governance process around asset evaluation and selection, aimed at ensuring strict compliance with the Eligibility Criteria**. Moreover, the assets selected show **alignment with the sustainability strategy of the issuer**.

Management of Proceeds – Opinion:

ISS ESG finds that Management of Proceeds proposed by AIB is **well aligned with the ICMA Social Bond Principles**, as the Social bond proceeds will be tracked properly. Segregation of the unallocated proceeds into a Socially Responsible Investment pocket **represents best practice**.

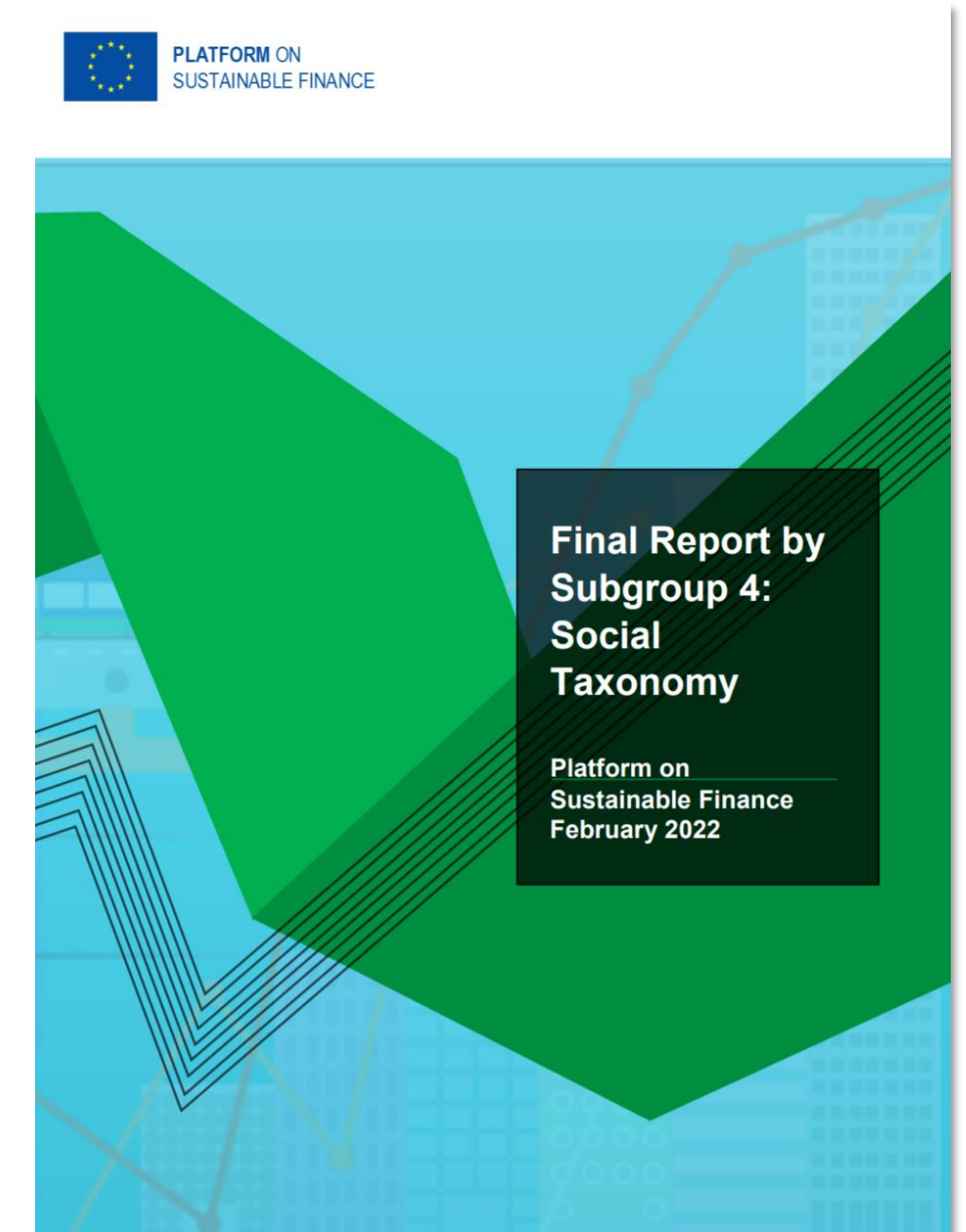
Reporting – Opinion:

ISS ESG finds that the reporting proposed by AIB via its Social Bond Framework is **aligned with the ICMA Social Bond Principles**. Details of **impact reporting (output and impact figures), scope and frequency represent ICMA best practice**.

Final Report: EU Social Taxonomy








- AIB welcomes the final EUT Report on a proposed Social Taxonomy (Feb 2022)
- Initial high-level assessment indicates AIB SBF aligns well with all EUT ‘core objectives’:
 - 1) *Decent work*
 - 2) *Adequate living standards and wellbeing for end-users*
 - 3) *Inclusive and sustainable communities and societies*
- All Social UoP categories correlate to most, if not all, EUT ‘substantial contribution’ categories:
 - 1) *Inherent positive impact*
 - 2) *Avoiding and addressing negative impact*
 - 3) *Enabling activities*
- Selection of social assets take all aspects of availability, accessibility, acceptability and quality (‘AAAQ’) into due account
- AIB has a waterfall of measures in place to mitigate potential concerns around ‘Do No Significant Harm’ & ‘Minimum Safeguards’ – both in the social & environmental contexts



EU Social Taxonomy: High-level alignment assessment



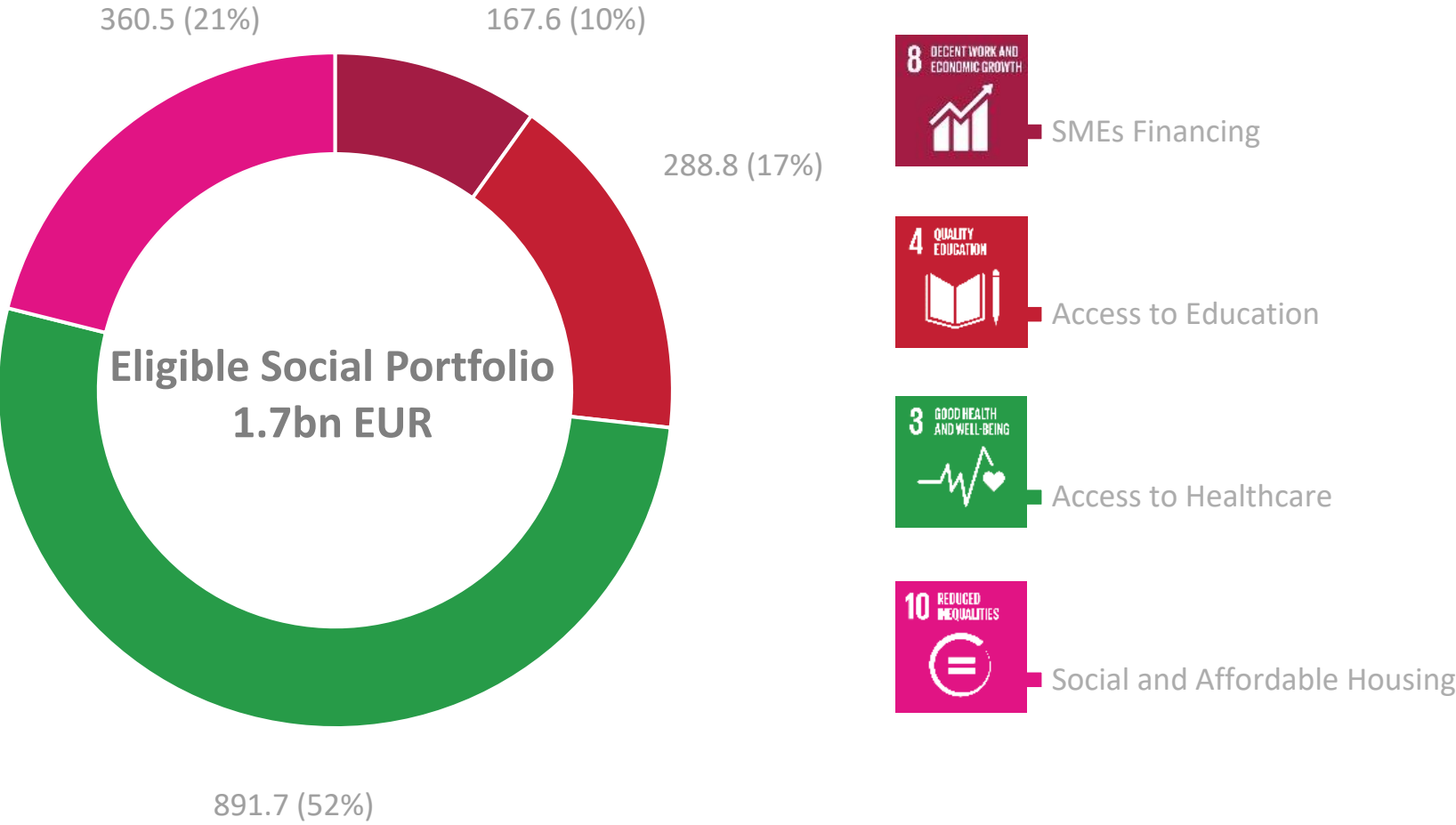
SBP category	SBP Sub-category	EUT Core Objective	EUT Sub-Objective	EUT Substantial Contribution	'AAAQ' Analysis	DNSH & MS considerations
Access to Healthcare 	Hospitals Residential care/ Nursing homes/ Hospices	2. Adequate living standards and wellbeing for end-users 3. Inclusive and sustainable communities and societies	<ul style="list-style-type: none"> Ensuring access to quality healthcare products and services including care services Ensuring healthy and safe products and services Child care and support to children Inclusion of people with disabilities 	1. Enhancing inherent positive impact 2. Avoiding and addressing negative impact	<ul style="list-style-type: none"> Increase access to quality, timely and accessible healthcare Enhance quality and accessible care for aging population Increase availability of quality medical equipment to healthcare facilities and individuals 	Alignment with AIB's sustainability strategy: <ul style="list-style-type: none"> Adherence to various commitments, memberships & partnerships (eg Equator Principles) Group-wide Exclusions List ESG questionnaire for all new lending (>€300k)
Access to Education 	Education Facilities Student Housing	2. Adequate living standards and wellbeing for end-users 3. Inclusive and sustainable communities and societies	<ul style="list-style-type: none"> Improving access to education and lifelong learning Improving access to good-quality housing 	1. Enhancing inherent positive impact 3. Enabling activities	<ul style="list-style-type: none"> Increase access to quality and accessible education and vocational training Increase access to quality, safe and affordable student accommodation 	Social Framework: <ul style="list-style-type: none"> Compliance with Social Bond Eligibility Criteria Social Bond Exclusions List Robust governance procedure
SMEs financing 	Location based SME lending	1. Decent Work 3. Inclusive and sustainable communities and societies	<ul style="list-style-type: none"> Living wages that guarantee decent lives to workers and their families Creating and preserving decent jobs Preserving employment levels and hiring local workers 	1. Enhancing inherent positive impact 3. Enabling activities	<ul style="list-style-type: none"> Employment generation and retention Reduction of social and economic inequalities Foster economic growth in deprived areas 	International norms & standards: <ul style="list-style-type: none"> Compliance with official and international environmental and social standards and local laws and regulation Alignment with the relevant individual pillars of the 'European Pillar of Social Rights' UN Declaration of Human Rights adhered to via endorsement of the UN Global Compact
Social & Affordable Housing 	Affordable Housing Social Housing (mortgage to rent scheme)	2. Adequate living standards and wellbeing for end-users 3. Inclusive and sustainable communities and societies	<ul style="list-style-type: none"> Improving access to good-quality housing Improving access for target populations and/or areas to basic economic infrastructure 	1. Enhancing inherent positive impact 2. Avoiding and addressing negative impact	<ul style="list-style-type: none"> Allow for universal access to decent housing Promote the social inclusion of all, including low-income people 	Environmental considerations: <ul style="list-style-type: none"> Tracking of Green credentials, where relevant Minimum energy standards for new buildings
Support to charities & non-profit organisation 	Food Security / Socioeconomic advancement and empowerment	3. Inclusive and sustainable communities and societies	<ul style="list-style-type: none"> Promoting equality Ensuring respect for the human rights of affected communities 	1. Enhancing inherent positive impact 2. Avoiding and addressing negative impact	<ul style="list-style-type: none"> Granting social, and economic access to safe, nutritious, and sufficient food to low-income people Supporting the local community Promote social inclusion of all 	

Allocation Reporting: Social Bond Portfolio FY21



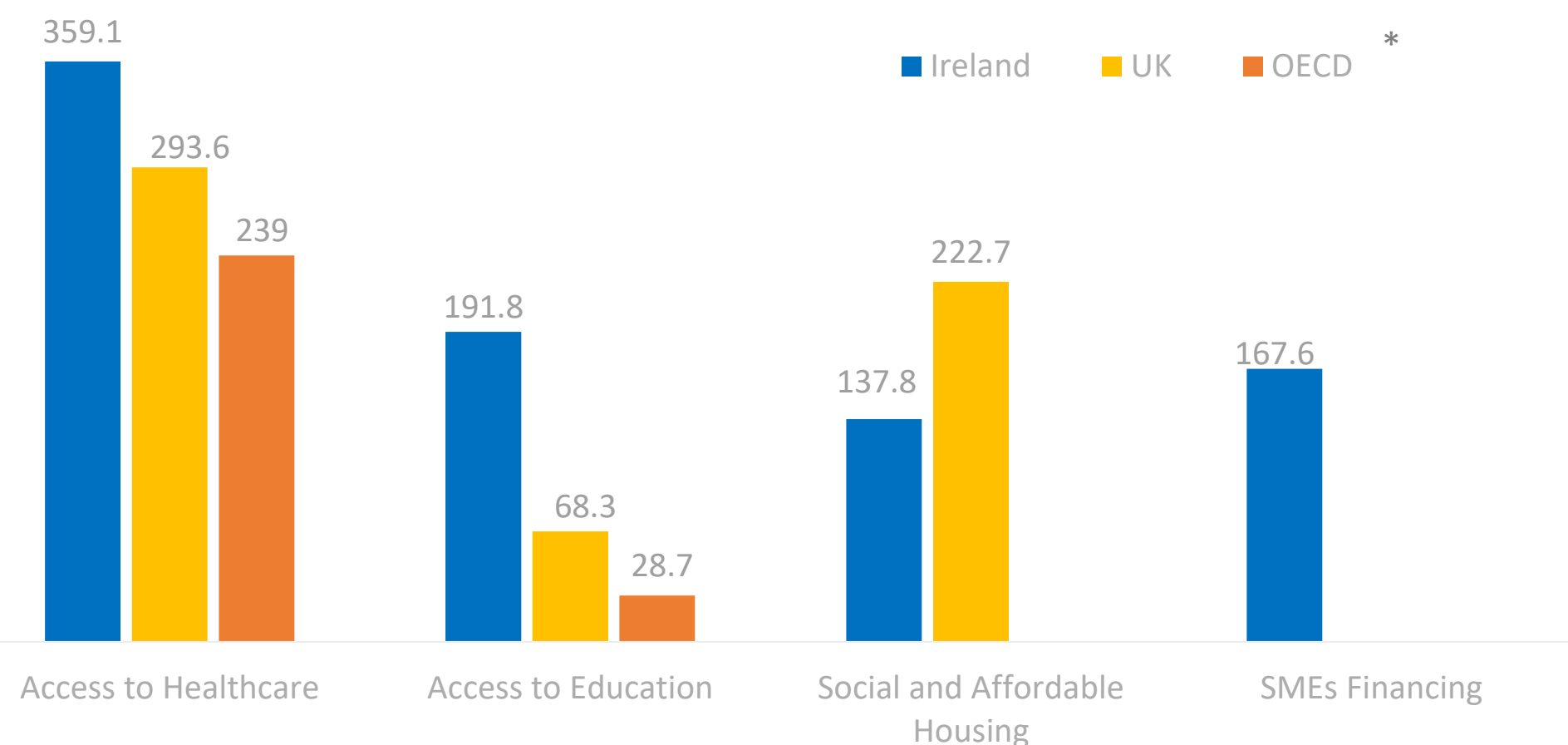
FY 22 Pool Reporting will be available in March'23

FY21 Portfolio (EURm)



- Number of Eligible Social Loans: 1,557
- New loans added since December 2020: EUR 693.4m (41%)
- New loans added since December 2018: EUR 1,280m (75%)

Geographic Distribution by Sector (EURm)



* France, Germany, Italy, Spain & USA

Impact Reporting - FY21 (1/2)

FY 22 Pool Reporting will be available in March'23



Access to Healthcare

Target Group

- General public
- Individuals with specific physical and/or mental conditions, including cognitive deficit(s)
- Elderly people
- Individuals in need of rehabilitation services



1,375,773

Estimated number of people using care services and in hospitals

> 40m

Estimated number of patients in hospitals



Access to Education

Target Group

- Students, including low-income students
- Adults benefitting from vocational training



7,744

Estimated number of students in student accommodation

52,494

Estimated number of students attending universities



Social and Affordable Housing

Target Group

- Low-income individuals and families meeting the social and/or affordable housing requirements defined by local authorities in Ireland and the UK



36,346

Estimated number of people in social homes

Summary of beneficiaries by type of service and country

Region	Education	Social Housing	Healthcare
Ireland	1,817 students in student accommodation; and 4,094 students attending university	2,676 people in social homes	529,009 people using care services and in hospitals
UK	5,927 students in student accommodation	33,670 people in social homes, once fully operational	846,764 people using care services and in hospitals
OECD* (ex. Ireland and the UK)	48,400 students attending universities		>40m patients in hospitals

*Impact may only relate to total beneficiaries enabled and may not be proportional for projects partly financed by AIB. For full details on the computation of impacts, including limitations, please refer to Cambridge Econometrics's impact report: <https://aib.ie/investorrelations/debt-investor/social-bond-framework/supporting-documents>

Impact Reporting – FY21 (2/2)

FY 22 Pool Reporting will be available in March'23



SMEs Financing

Target Group

- SMEs in socio-economically disadvantaged areas in Ireland

Impact of AIB's SME lending by type of loan

	Term loans	RCFs	Total
Gross output (€m)			
Direct	152.7	15.0	167.7
Indirect	155.9	15.6	171.5
Induced	161.4	14.7	176.1
Total	469.9	45.3	515.2
GVA (€m)			
Direct	75.6	7.3	82.9
Indirect	72.2	7.3	79.5
Induced	42.6	3.9	46.5
Total	190.4	18.4	208.8
Employment (FTEs)			
Direct	1,524	116	1,640
Indirect	629	63	692
Induced	451	41	492
Total	2,604	220	2,824



2,824

Estimated number of jobs created/enabled

EUR 209m

Estimated total contribution to Irish GDP

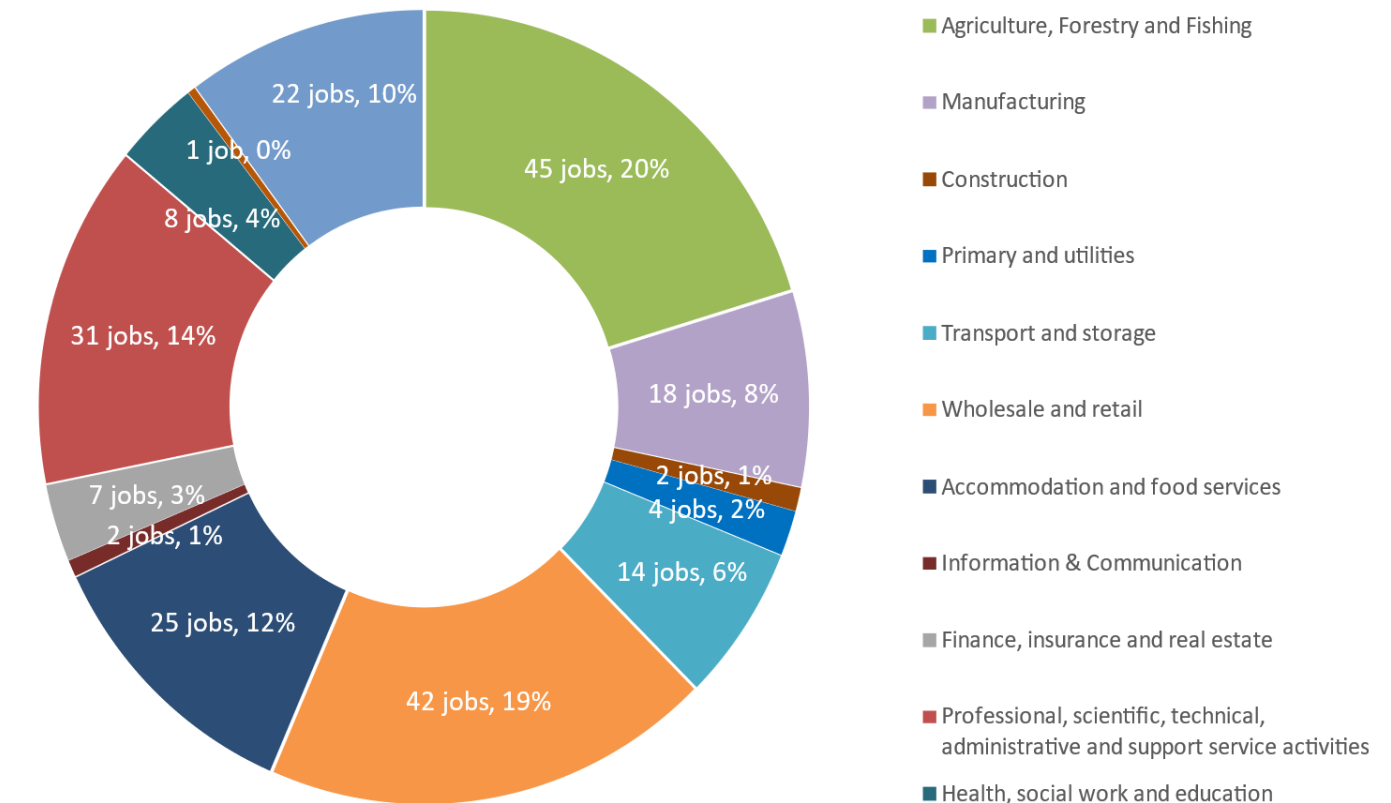
Term loan

- The outstanding term loans have directly created over **1,500 jobs** and supported almost **1,100 additional jobs**, resulting in a total of some **2,600 jobs** created across the economy
- For every €1m loans provided to SMEs, approximately 17 jobs are created, economy-wide

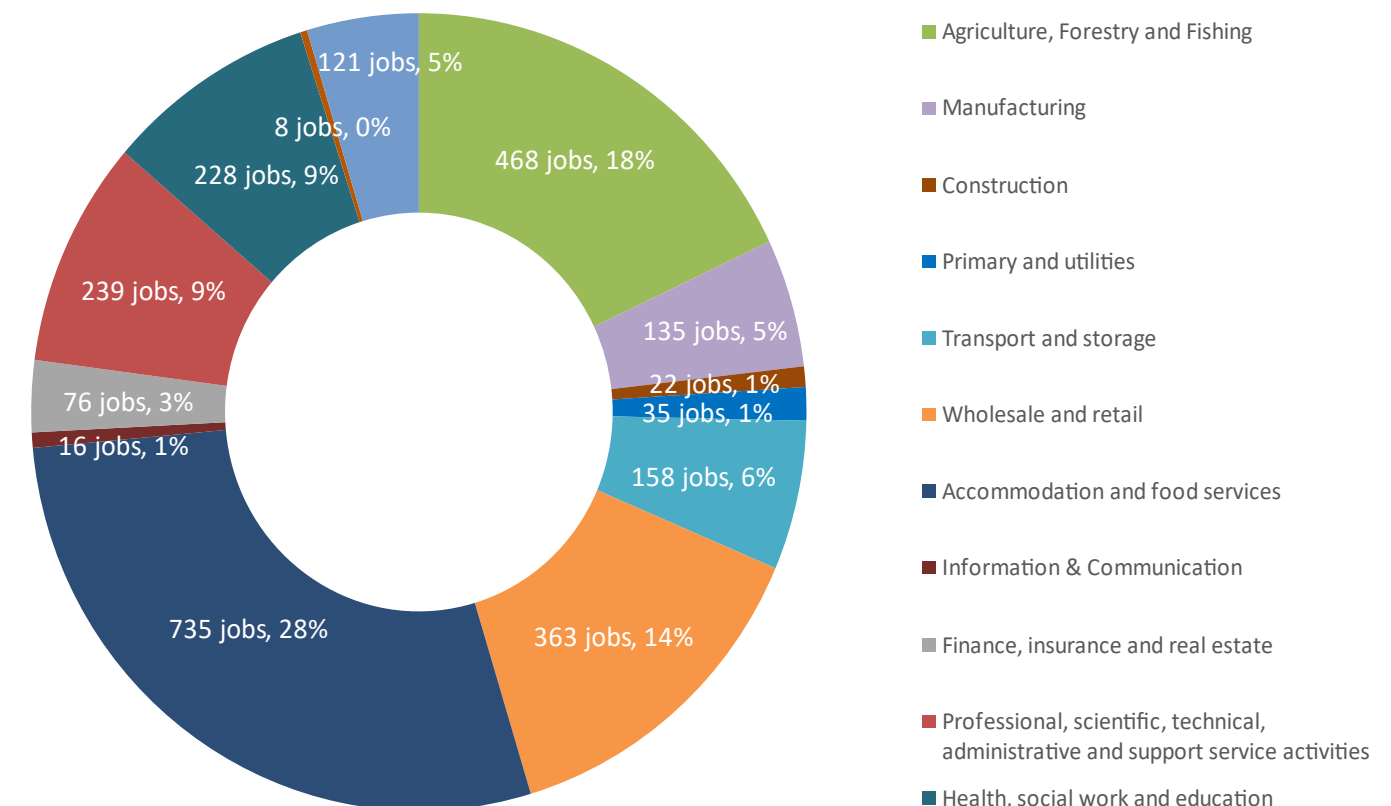
RCF

- The outstanding RCFs have retained a total of **220 safeguarded jobs** in the economy
- For every €1m in RCFs provided by AIB to SMEs, approximately 15 jobs are retained across the economy.

Total jobs impact of outstanding RCFs by sector
















Total jobs impacts of outstanding term loans by sector



Consolidated Allocation & Impact FY21

FY 22 Pool Reporting will be available in March'23



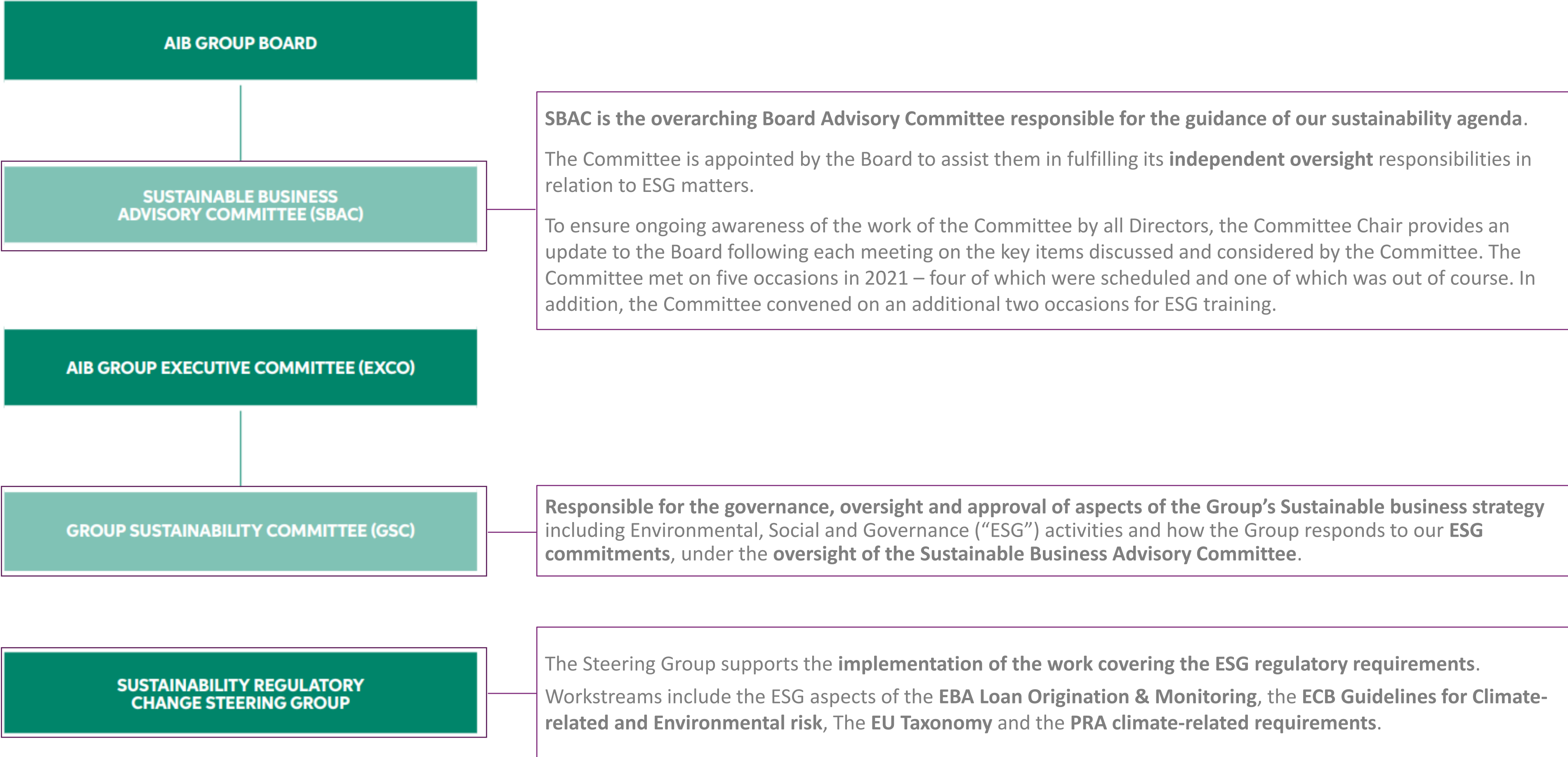
SBP Category	SDG(s) Addressed	Target Group(s)	Eligible portfolio (EURm)	Portfolio Impact	Impact per EURm invested
Access to Healthcare 		<ul style="list-style-type: none"> • General public • Individuals with specific physical and/or mental conditions, including cognitive deficit(s) • Elderly people • Individuals in need of rehabilitation services 	891.7	<ul style="list-style-type: none"> • 1,375,773 (Est. number of people using care services and in hospitals) • >40m (Est. number of patients in hospitals) 	<ul style="list-style-type: none"> • 1,543 (Est. number of people using care services and in hospitals) • >44.8k (Est. number of patients in hospitals)
Access to Education 	 	<ul style="list-style-type: none"> • Students, including low-income students • Adults benefitting from vocational training 	288.8	<ul style="list-style-type: none"> • 7,744 (Est. number of students in student accommodation) • 52,494 (Est. number of students attending universities) 	<ul style="list-style-type: none"> • 27 (Est. number of students in student accommodation) • 182 (Est. number of students attending universities)
Social & Affordable Housing 	  	<ul style="list-style-type: none"> • Low-income individuals and families meeting the social and/or affordable housing requirements defined by local authorities in Ireland and the UK 	360.5	<ul style="list-style-type: none"> • 36,346 (Est. number of people in social homes) 	<ul style="list-style-type: none"> • 101 (Est. number of people in social homes)
SMEs Financing 	  	<ul style="list-style-type: none"> • SMEs in socio-economically disadvantaged areas in Ireland 	167.6	<ul style="list-style-type: none"> • 2,824 (Est. number of jobs created/enabled) • € 515m (Est. total contribution to Irish Gross Output) • € 209m (Est. total contribution to Irish GVA) • € 221m (Est. total contribution to Irish GDP) 	<ul style="list-style-type: none"> • 17 (Est. number of jobs created/enabled) • € 3m (Est. total contribution to Irish Gross Output) • € 1.25m (Est. total contribution to Irish GVA) • € 1.32m (Est. total contribution to Irish GDP)
Total			1,708.6		

*Impact may only relate to total beneficiaries enabled and may not be proportional for projects partly financed by AIB. For full details on the computation of impacts, including limitations, please refer to Cambridge Econometrics's impact report: <https://aib.ie/investorrelations/debt-investor/social-bond-framework/supporting-documents>

Appendix



Sustainability Governance at AIB



COMMITMENTS, MEMBERSHIPS & PARTNERSHIPS

The below outlines a table of the key voluntary commitments made by AIB as relevant to our sustainability strategy and reporting.

AIB also partners with various community organisations on an ongoing basis



	DATE OF COMMENCEMENT	STAKEHOLDERS	COUNTRIES APPLIED	WEBSITE
World Economic Forum (WEF) Stakeholder Capitalism Metrics	2021	All	Group-wide	www.weforum.org
Equator Principles	2021	All	Group-wide	www.equatorprinciples.com
Net Zero Banking Alliance	2021	All	Group-wide	www.unep.org/net-zero-banking
UN Global Compact	2021	All	Group-wide	www.unglobalcompact.org
Task Force on Climate-related Financial Disclosures (TCFD)	2019	All	Group-wide	www.fsb-tcfid.org
The Valuable 500	2019	All	Group-wide	www.thevaluable500.com
United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking	2019	All	Group-wide	www.unep.org/banking/bankingprinciples
Low Carbon Pledge	2018	All	Ireland	www.bitc.ie/the-leaders-group-on-sustainability/low-carbon-pledge/
Global Reporting Initiative (GRI)	2017	All	Group-wide	www.globalreporting.org
Carbon Disclosures Project (CDP)	2014	All	Group-wide	www.cdp.net/en
ISO 50001 (energy) and ISO 14001 (environmental) management	2014	All	Group-wide	www.iso.org
National Energy Efficiency Action Plan	2010	All	Group-wide	www.gov.ie/neeap
Business in the Community Ireland	2002	All	Ireland	www.bitc.ie

AIB also holds membership of the following, with roles and strategic relevance highlighted in the table

ASSOCIATION	GOVERNANCE POSITION	ACTIVE PARTICIPATION	FUNDING BEYOND MEMBERSHIP	STRATEGIC ALIGNMENT
Banking & Payments Federation of Ireland (BPMFI)	Y	Y	N	Y
European Banking Federation (through BPMFI)	N	Y	N	Y
Irish Business and Employment Confederation (IBEC)	N	Y	N	Y
Irish Paper Clearing Company (IPCC)	Y	Y	N	Y
Irish Payments Council (IPC)	Y	Y	N	Y

ASSOCIATION	GOVERNANCE POSITION	ACTIVE PARTICIPATION	FUNDING BEYOND MEMBERSHIP	STRATEGIC ALIGNMENT
UK Finance	N	Y	N	Y
UNEP Finance Initiative	N	Y	N	Y
30% Club	N	Y	N	Y
Open Doors	N	Y	N	Y
Institute of Bankers (IOB)		Y	N	Y

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