



# AIB

June 2022

Green Bond Investor Presentation



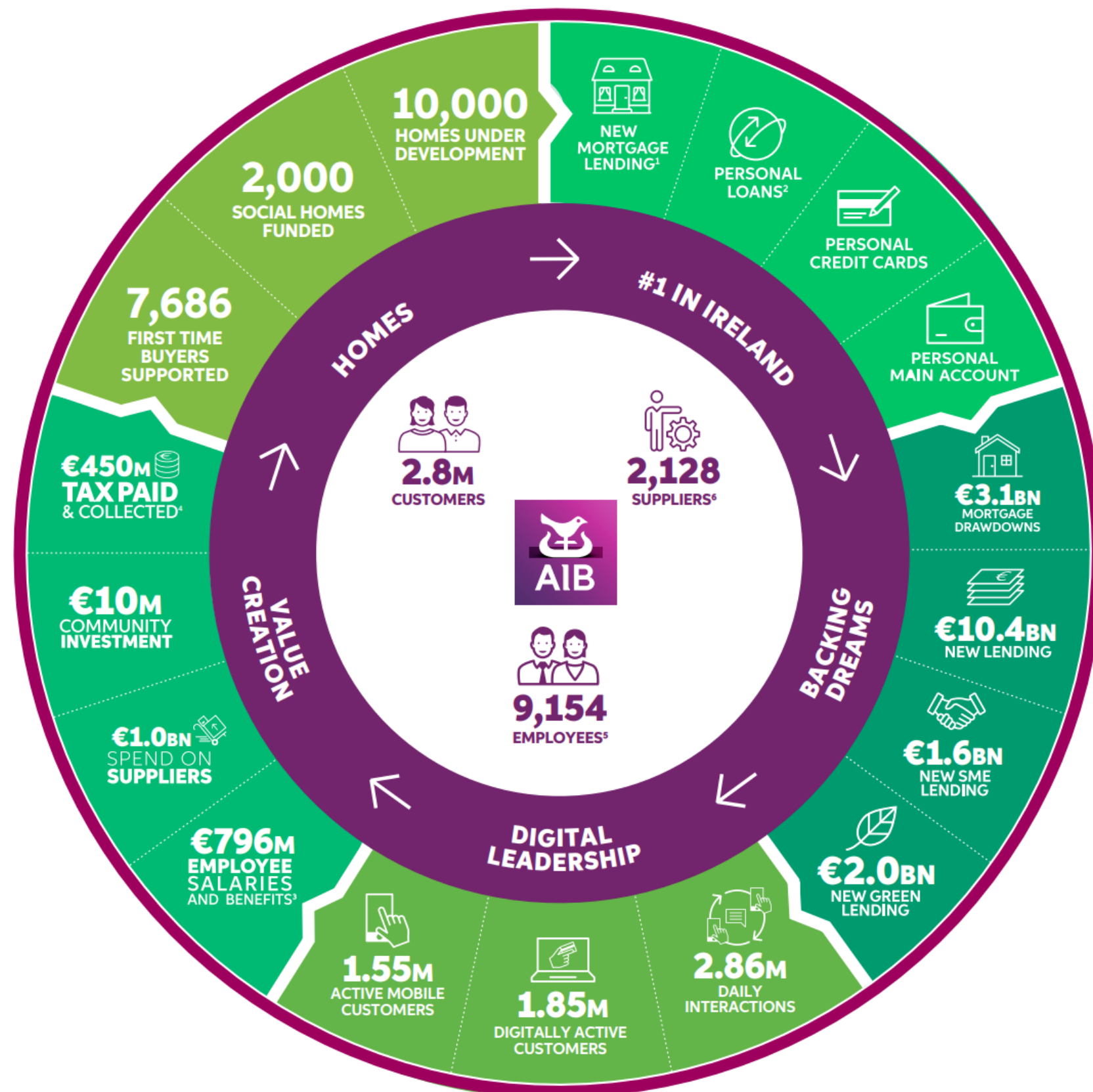
# Sustainability at AIB





# 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 ZERO <sup>1</sup> IN OUR OPERATIONS AMBITION OF 70% OF NEW LENDING TO BE GREEN <sup>2</sup>	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 <sup>5</sup>	ONGOING AIB IN OUR COMMUNITY STRATEGIC FOCUS	€10M SUPPORTING COMMUNITY CAUSES	ONGOING GENDER BALANCED <sup>4</sup> 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 <sup>st</sup> 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 <sup>st</sup> 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 <sup>st</sup> 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

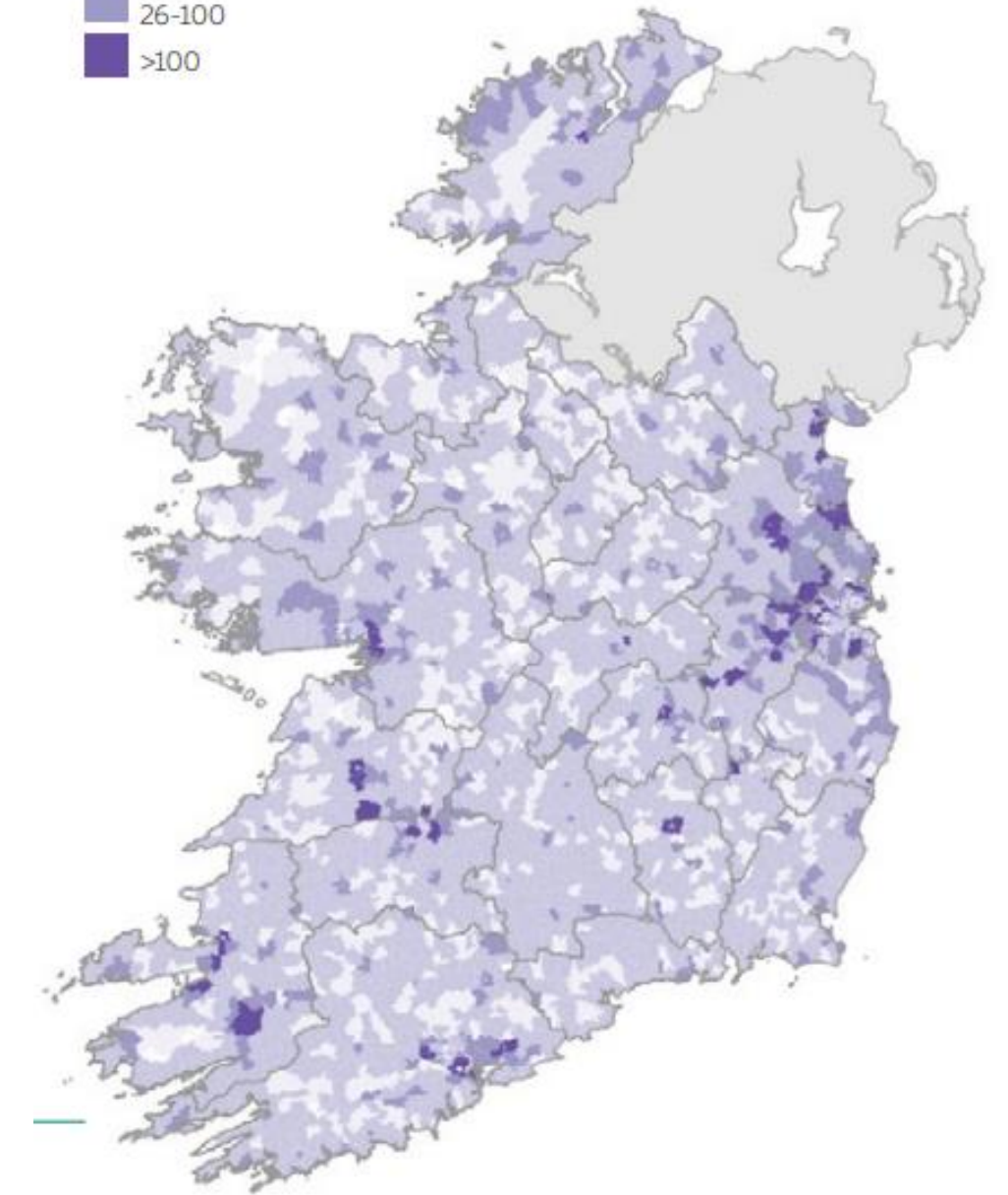
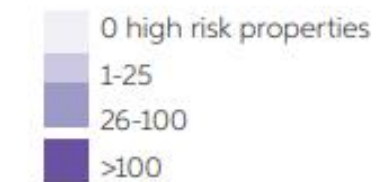
## Significant steps taken to analyse Physical & Transition Risk in 2021:

- 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

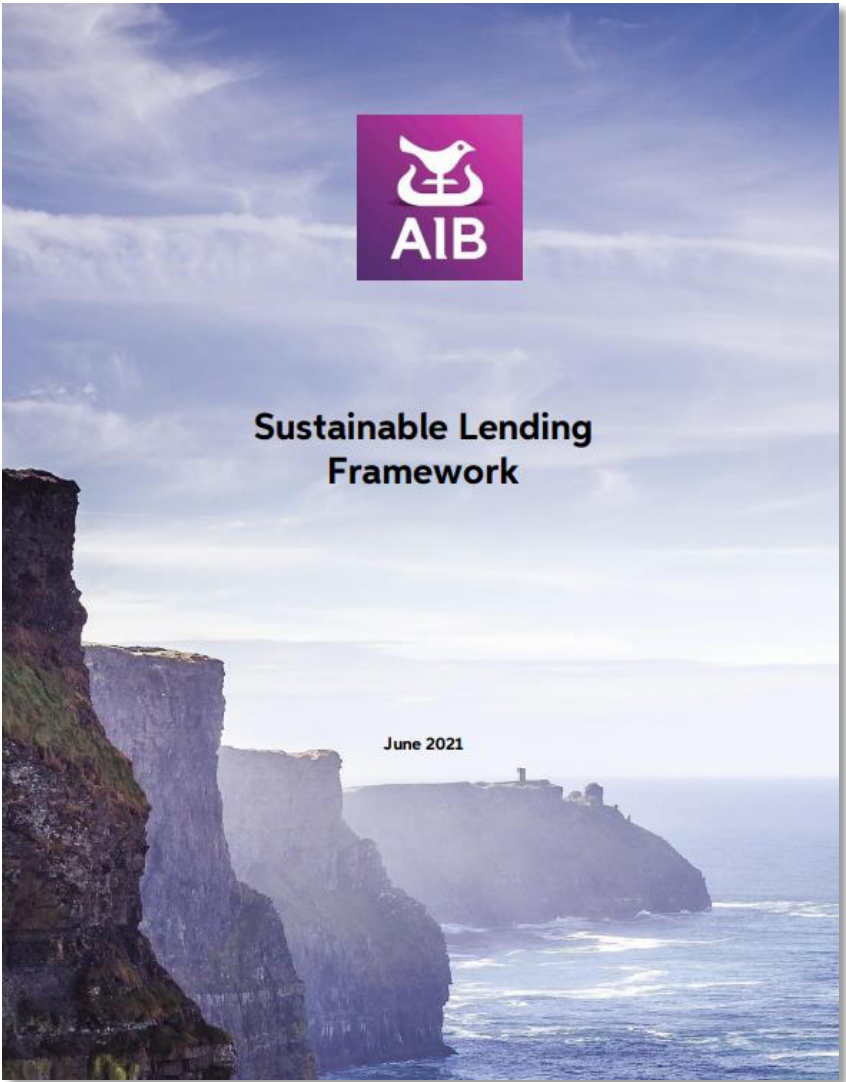
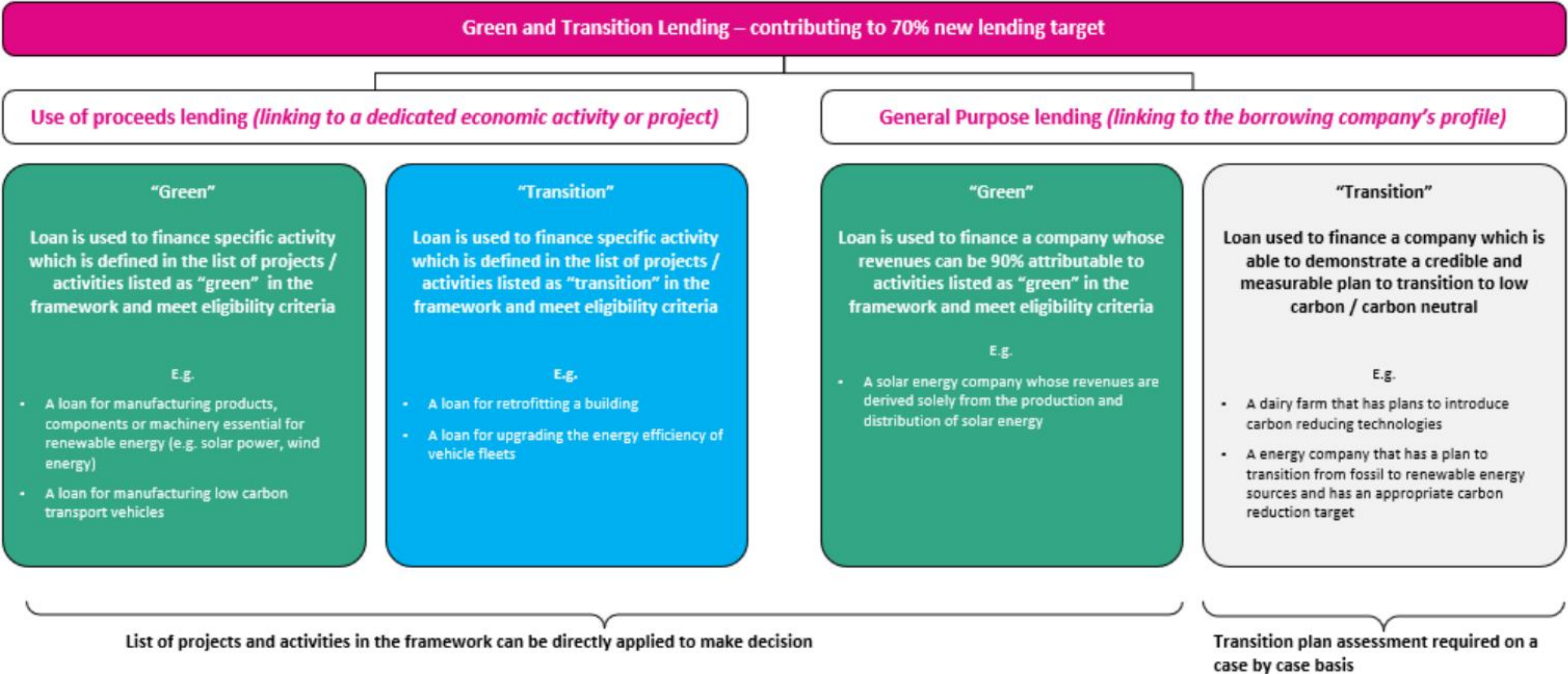
# AIB properties per ED with high flood risk





# 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



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



- 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)



- 2022 ESG Risk Rating: 13.0 (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 Green Bond Framework



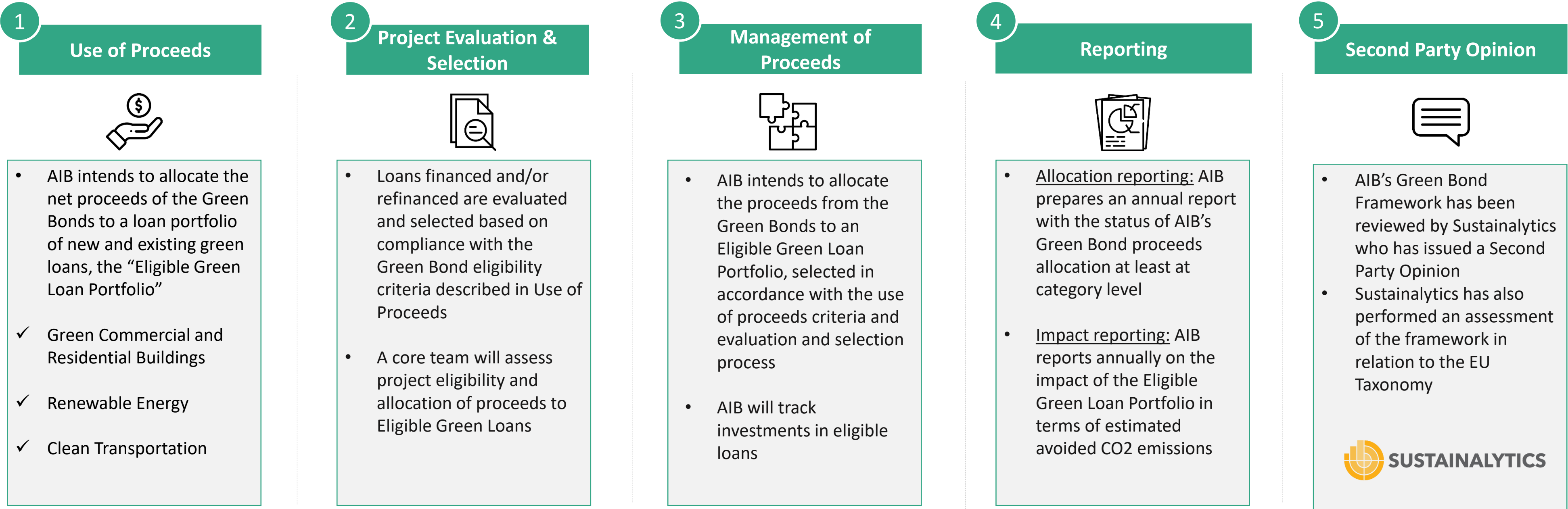


# Green Bond Framework



## Rationale





- Align our funding strategy with our sustainability strategy
- Funding projects or assets that mitigate climate change by reducing emissions, protecting ecosystems or having a positive environmental impact.
- Green Bond issuances serve as a testament to AIB's leadership and commitment to sustainability and society















# Use of Proceeds



## Eligible use of proceeds categories

<div></div> <div><b>Renewable Energy</b></div> <div><b>Use of Proceeds</b></div> <ul style="list-style-type: none"><li>• <b>Renewable energy</b><ul style="list-style-type: none"><li>- Loans to finance or refinance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation. Eligible renewable energy sources include:<ul style="list-style-type: none"><li>a) <b>Solar Energy:</b> Photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities</li><li>b) <b>Wind Energy:</b> Onshore and offshore wind energy generation facilities and other emerging technologies</li><li>c) <b>Anaerobic digestion of bio-waste:</b> treatment of bio-waste through anaerobic digestion (AD) with resulting production and energetic utilization of biogas (electricity / heat generation). Energy crops and non-waste feedstock are excluded</li></ul></li></ul></li></ul>	<div></div> <div><b>Green Commercial Buildings</b></div> <div><b>Use of Proceeds</b></div> <ul style="list-style-type: none"><li>• <b>Green Commercial Buildings in Ireland</b><ul style="list-style-type: none"><li>- New or existing commercial buildings:<ul style="list-style-type: none"><li>- Buildings built pre Jan 2021 belonging to the top 15% low carbon buildings in Ireland</li><li>- Buildings built from Jan 2021 with Primary Energy Demand = -10% vs NZEB regulation</li><li>- Refurbished with ≥30% improvement in energy efficiency</li></ul></li></ul></li><li>• <b>Green Commercial Buildings in UK</b><ul style="list-style-type: none"><li>- New or existing commercial buildings in the UK, belonging to the top 15% low carbon buildings in the local context (i.e. England &amp; Wales – EPC “A+, A” and “B” and Scotland – EPC “A and B”)</li><li>- Refurbished with ≥30% improvement in energy efficiency</li></ul></li><li>• <b>Green Commercial Buildings in Ireland and the UK</b><ul style="list-style-type: none"><li>- Commercial buildings classifications, such as:<ul style="list-style-type: none"><li>• BREEAM ‘Excellent’ or higher</li><li>• LEED ‘Gold’ or higher</li><li>• DGNB ‘Gold’ or higher</li></ul></li></ul></li></ul>	<div></div> <div><b>Green Residential Buildings</b></div> <div><b>Use of Proceeds</b></div> <ul style="list-style-type: none"><li>• <b>Green Residential Buildings</b><ul style="list-style-type: none"><li>- Buildings built pre Jan 2021 belonging to the top 15% low carbon buildings in Ireland (BER label of B3 or better, or built from 2015 and later)</li><li>- Buildings built from Jan 2021 with Primary Energy Demand = -10% vs NZEB regulation</li><li>- Refurbished with ≥30% improvement in energy efficiency</li></ul></li></ul>
		<div></div> <div><b>Clean Transportation</b></div> <div><b>Use of Proceeds</b></div> <ul style="list-style-type: none"><li>• <b>Clean Transportation</b><ul style="list-style-type: none"><li>- Fully electric, hydrogen or otherwise zero emissions vehicles for the transportation of passengers</li><li>- Infrastructure to support zero emissions vehicles including but not limited to EV charging and hydrogen fuelling stations</li></ul></li></ul>

## Alignment with international initiatives & involved parties

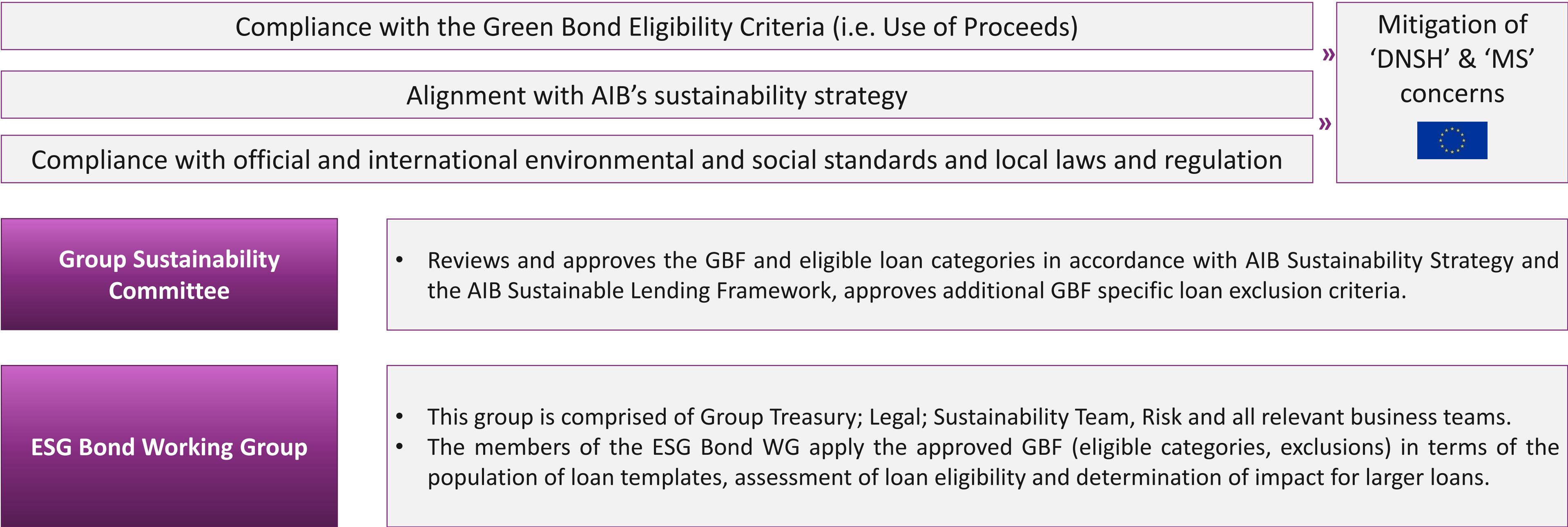
ICMA GBP category	UN SDG	EU Taxonomy Technical Screening Criteria 	Consultants & Third Parties
Renewable Energy	 	<ul style="list-style-type: none"><li>• Eligible by default (no life cycle emissions threshold applies for solar, wind power and AD of bio-waste)</li></ul>	
Green Buildings	  	<ul style="list-style-type: none"><li>• Top 15% approach for buildings built up until end 2020</li><li>• AIB has implemented NZEB –10% criteria for buildings built from 2021 in Ireland</li><li>• ≥30% improvement in Primary Energy Demand for refurbishments;</li></ul>	 
Clean Transportation	 	<ul style="list-style-type: none"><li>• 2025 and 2026 thresholds guaranteed for fully electric vehicles</li><li>• EV charging stations, hydrogen fueling stations and electrified rail not related to the transport or storage of fossil fuels in line with TSC</li></ul>	



# GBF Project evaluation / Selection Process Overview



## Process for Project Evaluation and Selection



# Management of Proceeds



- Aggregated portfolio approach used to manage the proceeds
- Additional eligible green projects will be added to the Eligible Green Loan Portfolio to the extent required
- Any assets that become ineligible will be removed and replenished where necessary
- AIB intends to already be fully allocated at issuance of any new green bonds, as well as having a well over-collateralised green portfolio



\* Please see FY21 Impact and allocation reports - <https://aib.ie/investorrelations/debt-investor/green-bonds/impact-and-allocation-reports>



# Reporting / Impact



- AIB makes and keeps readily available annual reporting on the allocation of net proceeds to Eligible Green Loans and, wherever feasible, reporting on the impact of the Eligible Green Loan Portfolio. 2019 - 2021 currently available.
- AIB will align, on a best effort basis, the impact reporting with the portfolio approach described in "Green Bonds - working towards a Harmonized Framework for Impact Reporting (latest version).

## Allocation reporting



The total amount of proceeds allocated to eligible green loans



The number of eligible green loans



The balance of unallocated proceeds



The amount or the percentage of new financing and refinancing



The geographical distribution of the assets (at country level)



The proportion of the portfolio that is EU Taxonomy aligned

## Impact reporting

### Green Buildings



Ex-ante annual energy consumption or energy savings in MWh

Annual reduced and/or avoided in tons of CO<sub>2</sub>e

### Renewable Energy\*



Total installed capacity in MWh

Annual avoided emissions in tons of CO<sub>2</sub>e

### Clean Transportation



Estimated annual reduced and/or avoided emissions in tons of CO<sub>2</sub>e

Number of vehicles financed

\*AB in conjunction with The Carbon Trust estimate impact based on the PCAF methodology for wind and solar energy, and relevant EU guidelines for anaerobic digestion

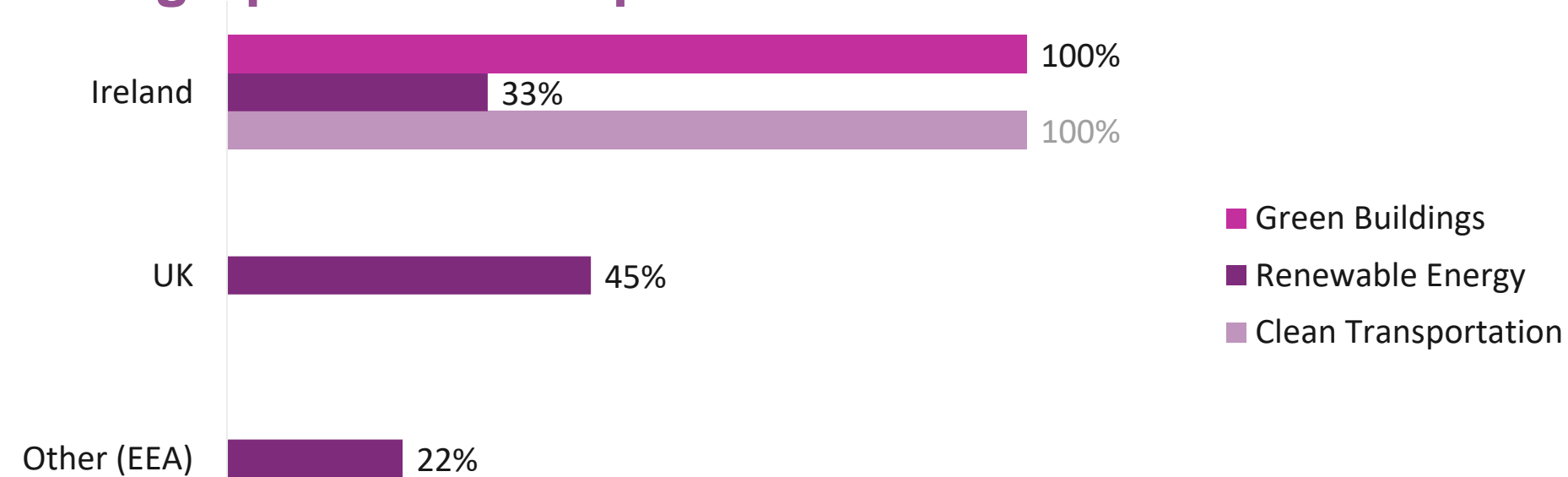
# Green Bond Portfolio & Impact FY21



## AIB Green Bond Portfolio

	#	€	%
<b>Renewable Energy</b>	80	1.319m	c. 51%
<b>Green Buildings</b>	182	1.227m	c. 48%
<b>Clean Transportation</b>	772	21m	c. 1%
<b>Total</b>	<b>1.034</b>	<b>2.567m</b>	<b>100%</b>

## Geographic/Sector split



## Impact Reporting FY21

<b>Total Portfolio Size</b>	<b>€2.567m</b>
<b>Total Est. Avoided Emissions</b>	<b>1,191,156 ton CO<sub>2</sub>eq/yr</b>
<b>Renewable Energy</b>	€ 1.319m
Est. Avoided Emissions	1,152,404 ton CO <sub>2</sub> eq/yr
<b>Commercial Buildings</b>	€ 1.227m
Est. Avoided Emissions	37,973 ton CO <sub>2</sub> eq/yr
<b>Clean Transportation</b>	€ 21m
Est. Avoided Emissions	779 ton CO <sub>2</sub> eq/yr
<b>Avoided Emissions per mil € invested</b>	<b>464 ton CO<sub>2</sub>eq/yr</b>



# Second-Party Opinion



- Sustainability has issued a positive SPO on AIB’s Green Bond Framework,
- SPO includes a full EU Taxonomy Alignment Assessment

Updated – Dec 2021

## Second-Party Opinion AIB Green Bond Framework



### Evaluation Summary

Sustainalytics is of the opinion that the AIB Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, and Clean Transportation – are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that the provision of financing in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11.



**PROJECT EVALUATION / SELECTION** AIB’s Group Sustainability Committee (GSC), which consists of senior officials from multiple departments, will be responsible for overseeing the process of selecting eligible loans, according to the criteria set in the Framework prepared by the AIB Green Bond Working Group. AIB has a dedicated environmental and social risk assessment and mitigation process that is applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** AIB intends to allocate the proceeds from the green bonds to a green loan portfolio. Pending allocation, AIB will hold and/or invest in its treasury liquidity portfolio in cash or other short term and liquid instruments, or to pay back a portion of its outstanding indebtedness, the balance of net proceeds not yet allocated to the Eligible Green Loan Portfolio. In accordance with its Socially Responsible Investment Bond Framework<sup>1</sup>, AIB intends to assign at least a portion of any unallocated green bonds net proceeds to ESG orientated assets. Sustainalytics considers this to be in line with market practice.



**REPORTING** AIB intends to report on the allocation of proceeds to the Eligible Green Loan Portfolio on an annual basis, to be renewed every year until maturity of the instruments. In addition, where feasible, AIB intends to report on the impact of the Eligible Green Loan Portfolio at least at category level, including relevant quantitative metrics, calculated by specialist third-party consultants. Sustainalytics views AIB’s allocation and impact reporting as aligned with market practice.

Evaluation Date	December 14, 2021 <sup>2</sup>
Issuer Location	Dublin, Ireland
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**Use of Proceeds:** The eligible categories for the use of proceeds are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that the eligible categories will lead to **positive environmental impacts and advance the UN Sustainable Development Goals**, specifically SDGs 7, 9 and 11



**Project Evaluation and Selection:** Sustainalytics considers the project selection process to be in line with market practice



**Management of Proceeds:** AIB intends to allocate the proceeds from the green bonds to a green loan portfolio. Pending allocation, AIB will hold and/or invest in its treasury liquidity portfolio in cash or other short term and liquid instruments, or to pay back a portion of its outstanding indebtedness, the balance of net proceeds not yet allocated to the Eligible Green Loan Portfolio. In accordance with its Socially Responsible Investment Bond Framework. AIB intends to at least assign a portion of any unallocated green bonds net proceeds to ESG orientated assets. **Sustainalytics considers this is in line with market practice.**



**Reporting:** AIB intends to report on the allocation of proceeds to the Eligible Green Loan Portfolio on an annual basis, to be renewed every year until maturity of the instruments. In addition, where feasible, AIB intends to report on the impact of the Eligible Green Loan Portfolio at least at category level, including relevant quantitative metrics, calculated by specialist third-party consultants. **Sustainalytics views AIB’s allocation and impact reporting as aligned with market practice**

# EU Taxonomy Assessment

Validated by  SUSTAINALYTICS



Alignment %	91% aligned (€2.34bn / €2.567bn total portfolio)			
Eligible Green Category	Green Buildings (Commercial)	Renewable Energy (Wind, Solar & Bioenergy)		Clean Transportation (Electric Vehicles)
Geography	Ireland	Ireland + UK 78% of Renewables	EEA 22% of Renewables	Ireland
Technical Screening Criteria	Partial Alignment <sup>1</sup>	100% Alignment		100% Alignment
Do No Significant Harm	Partial Alignment <sup>2</sup>	100% Alignment		100% Alignment
Minimum Social Safeguards	100% Alignment	100% Alignment		100% Alignment

1. Partial Alignment is considered for buildings selected via certification schemes (e.g. LEED/BREEAM) - these certifications are currently not considered under the EU Taxonomy. As of FY21, no buildings in the portfolio have been selected based on these certifications. We expect the certification schemes to publish information relating to the extent of alignment to the EU Taxonomy in the near future. Separately, ≥2021 built buildings have been confirmed to have met the relevant NZEB-10% threshold in the Irish context via BER labels.
2. For buildings built ≥2021 that are >5000m<sup>2</sup>, the EU Taxonomy describes extra requirements relating to i. ensuring such buildings retain suitable thermal integrity via ‘robust and traceable quality control processes’, and ii. the calculation of a ‘Global Warming Potential’ for each life cycle stage of the building (expressed as kgCO<sub>2</sub>e/m<sup>2</sup>). AIB’s Green Portfolio partially conforms with these requirements. AIB currently lacks the relevant data needed to prove this GWP requirement and is in the process of obtaining it for relevant buildings.
3. The above matrix relates only to the Eligible Green Assets included in the Green Bond Portfolio as of FY21. For Sustainalytics’ assessment on EU Taxonomy alignment for all Use of Proceeds categories contained within the Framework, see Sustainalytics’ SPO [here](#).

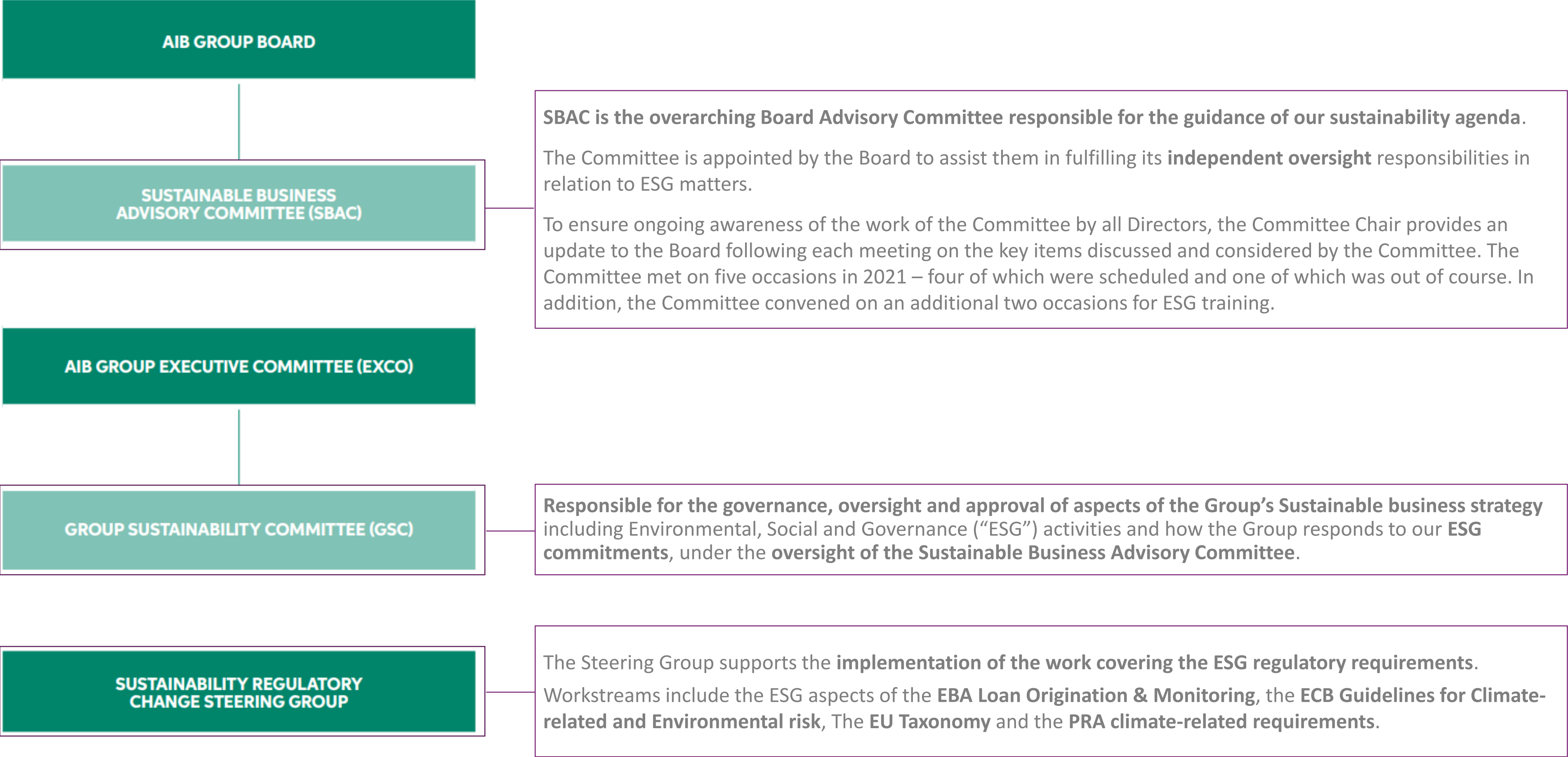


# Appendix





# 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	<a href="http://www.weforum.org">www.weforum.org</a>
	Equator Principles	2021	All	Group-wide	<a href="http://www.equatorprinciples.com">www.equatorprinciples.com</a>
	Net Zero Banking Alliance	2021	All	Group-wide	<a href="http://www.unep.org/net-zero-banking">www.unep.org/net-zero-banking</a>
	UN Global Compact	2021	All	Group-wide	<a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a>
	Task Force on Climate-related Financial Disclosures (TCFD)	2019	All	Group-wide	<a href="http://www.fsb-tcfd.org">www.fsb-tcfd.org</a>
	The Valuable 500	2019	All	Group-wide	<a href="http://www.thevaluable500.com">www.thevaluable500.com</a>
	United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking	2019	All	Group-wide	<a href="http://www.unep.org/banking/bankingprinciples">www.unep.org/banking/bankingprinciples</a>
	Low Carbon Pledge	2018	All	Ireland	<a href="http://www.bitc.ie/the-leaders-group-on-sustainability/low-carbon-pledge/">www.bitc.ie/the-leaders-group-on-sustainability/low-carbon-pledge/</a>
	Global Reporting Initiative (GRI)	2017	All	Group-wide	<a href="http://www.globalreporting.org">www.globalreporting.org</a>
	Carbon Disclosures Project (CDP)	2014	All	Group-wide	<a href="http://www.cdp.net/en">www.cdp.net/en</a>
	ISO 50001 (energy) and ISO 14001 (environmental) management	2014	All	Group-wide	<a href="http://www.iso.org">www.iso.org</a>
	National Energy Efficiency Action Plan	2010	All	Group-wide	<a href="http://www.gov.ie/neeap">www.gov.ie/neeap</a>
	Business in the Community Ireland	2002	All	Ireland	<a href="http://www.bitc.ie">www.bitc.ie</a>

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 (BPFI)	Y	Y	N	Y
European Banking Federation (through BPFI)	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

# Embedding Climate Risk across the Organisation



## Progress made over last 12 months

- Climate risk has been recognised as a key risk driver within our Material Risk Assessment and **updates made to AIB's Risk Appetite Statement relating to business model risk and credit risk.**
- An **assessment of climate-related risks over short, medium and long-term was performed** and linkage to existing risk categories developed.
- **In depth review of AIB Group's Enterprise Risk Management Framework** with respect to climate risk and areas for enhancement identified, with a number of gaps closed in 2021 including **updates to a number of credit risk policies.**
- **Conducted climate risk heat-mapping** to determine the most likely **sectors with greatest exposure to physical and transition risks** and developed a methodology to use **scenario analysis to quantify climate-related risks** for our commercial and retail customers.
- **Introduced a new ESG questionnaire for borrowers in high climate risk sectors**, the outputs of which feed into the credit assessment process.
- Detailed work on **ECB stress testing** (Modules 1, 2 & 3) in progress.
- Data & Systems programme of work in train to **capture required data fields for climate risk quantification and emissions reduction measurement**, including flood risk data for our property portfolios.
- **Intensity based emission reduction targets have now been set for c.63% of our group lending portfolio.** This includes the Mortgage portfolio (51%), CRE lending book (9%) and Electricity Generation (3%).
- AIB signed up to the Equator Principles (EP) in Oct 2021. The implementation of the EP will help us to enhance how we determine, assess and manage environmental and social risk in projects.





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