



Sustainable Lending Framework

June 2021

Allied Irish Bank

TABLE OF CONTENTS

1.	Introduction.....	3
1.1.	Overview of Allied Irish Banks.....	3
1.2.	Sustainable Lending Ambition	4
2.	Scope of the Document.....	4
2.1.	Purpose of the document	4
2.2.	Scope of the Framework.....	4
2.2.1.	Geographic, portfolio and product scope	4
2.2.2.	Overview of Green Lending, Transition Lending and Social Lending	5
2.2.3.	Distinction between Use of Proceeds and General Purpose	5
3.	The Sustainable Lending Framework	6
3.1.	Application of the Framework.....	6
3.1.1.	Approach to classification	6
3.1.2.	EU Taxonomy and other relevant Frameworks.....	7
3.1.3.	Classification logic and application process.....	7
3.2.	Eligibility parameters and criteria – Green and Transition Lending.....	8
3.2.1.	Use of Proceeds	8
3.2.2.	General Purpose lending.....	18
3.3.	Eligibility parameters and criteria – Social Lending.....	18
3.4.	Exclusion criteria	19
4.	Monitoring	20
5.	Reporting	20
6.	Updates to this document.....	20

1. INTRODUCTION

1.1. Overview of Allied Irish Banks

Allied Irish Banks plc (AIB, or “the Bank”) is a financial services group¹ operating predominantly in Ireland, providing a comprehensive range of services to retail, business and corporate customers, and holding market leading positions in key segments in Ireland using the AIB, EBS and Haven brands. AIB also operates in Great Britain, as Allied Irish Bank (GB), and in Northern Ireland, under the trading name “AIB (NI)”. Our purpose, as a financial institution, is to back our customers to achieve their dreams and ambitions.

As a bank, AIB has a meaningful contribution to make in addressing many of the pressing current and emerging societal issues, including:

- **Climate action:** We’re actively reducing our own carbon footprint and commit to being Net Zero² by 2030. We’re supporting our customers and communities in their Transition to a low-carbon economy with an ambition that Green products will account for 70% of all our new lending by 2030.
- **Economic and social inclusion:** We aspire to 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.
- **Future-proof bank:** We want to give our customers the best possible banking experience – we’re always learning and improving. Through digitalisation and digitisation, we can foster agility and flexibility, and ultimately offer our customers much greater accessibility. In this context, we are focused on keeping our systems resilient and our data secure.
- **Strong track record in making Green products available for our customers:** We provide a range of Green products to retail, business and corporate customers, including, e.g., Green Mortgages, Green Personal Loans and Green Bonds to support the Transition towards a low carbon economy, thereby helping the Government and the European Union to meet their carbon reduction targets.

In addressing these issues, we must adhere to sustainable business practices. Ultimately our social licence to operate will be determined by the trust our stakeholders place in us.

Our success is also inextricably linked to the health of the Irish economy and the financial well-being of our customers. We want our business to make a positive impact, creating long-term value in our business as well as the economies and communities in which we live and work. We are committed to delivering on our role and embedding a sustainable culture at every level of our business.

1. AIB Group plc is the parent of the AIB group

2. Net zero refers to the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere. To reach net zero emissions, greenhouse gas produced must be removed from the atmosphere through reduction measures, thus reducing the Earth’s net climate balance.

1.2. Sustainable Lending Ambition

Sustainable Communities is the 5th pillar of the AIB Group Strategy. We believe in ensuring a greener tomorrow by backing those building it today.

Managing climate change is the most important challenge facing this generation and the role of finance in supporting the Transition to a low carbon economy is pivotal. Decisive action on climate change is needed in order to meet goals set by the Paris Agreement. AIB can support the Transition to a low carbon economy in many significant ways by reducing carbon emissions in our own operations and by providing products and services that support our customers to reduce their own carbon footprint. A strategic priority for AIB is to help lead Ireland's Climate Action response, thereby supporting the Government and the European Union to meet their carbon reduction targets. This is why the Bank is working to integrate climate change impact considerations across decision making.

In addition, we aspire to 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.

As part of the bank's Sustainability Strategy in 2020, AIB's Chief Executive Officer Colin Hunt has committed to "achieving Carbon Neutrality across our operations by 2030, using a Net Zero approach... Green lending should account for 70% new customer lending by 2030". This target includes Green and Transition lending. 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.

2. SCOPE OF THE DOCUMENT

2.1. Purpose of the document

As part of our commitments to provide Sustainable Lending AIB has developed a set of criteria to provide transparency on the types of activities we would consider to be considered as Green, Transition or Social activities for the lending process. Social lending will not automatically contribute to Green Lending unless also qualifying as Green or Transition.

The purpose of this document is:

- To provide clarity on what we consider a Green, Transition or Social loan
- To outline how we identify and monitor Green, Transition and Social loans

AIB's Sustainable Lending Framework ("The Framework") defines what we mean by "Green", "Transition" and "Social" loans. At the same time, the Framework should not be seen as an exclusion policy, i.e. if a loan is not classified as "Green", "Transition" or "Social", lending may still be permitted, subject to AIB's existing credit policies and procedures.

2.2. Scope of the Framework

2.2.1. Geographic, portfolio and product scope

The Sustainable Lending Framework applies to AIB Group's entire perimeter, namely Ireland, the UK and the rest of the world across Retail and Corporate Institutional Banking. As such, it is applicable across AIB, EBS and Haven brands in Ireland as well as Allied Irish Bank (GB) in

Allied Irish Bank

Great Britain, and AIB (NI) in Northern Ireland. It will allow us to classify lending as “Green”, “Transition” or “Social” in accordance with the criteria defined in this Framework.

The Framework is being rolled-out on a phased basis in the Bank, starting its implementation on 12 July 2021 with key areas of the Corporate Institutional Banking (CIB) business. In the target state, all lending products and activities offered by AIB shall be considered as part of this Framework (e.g. mortgages, project finance, corporate loans, syndicated loans, etc.).

2.2.2. Overview of Green Lending, Transition Lending and Social Lending

“Green” lending describes any form of financial product or service to fund activities which are low carbon at the time of borrowing. In contrast, “Transition” lending describes any form of financial product or service to fund activities that contribute to the Transition to a net-zero emissions economy by 2050.

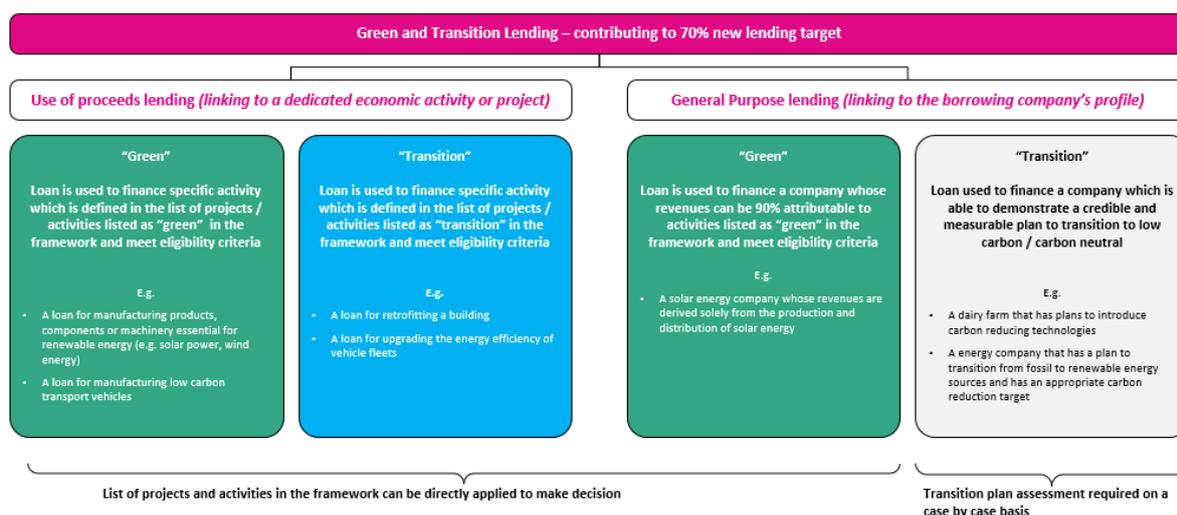
“Social” lending describes any form of financial product or service to fund activities listed within the key social themes identified in this Framework. However, Social lending will not contribute towards the 70% Green and Transition Lending target unless it also qualifies as Green or Transition (see Appendix A for the list of activities and criteria).

The eligibility criteria for Green, Transition, and Social Lending are defined in this document. We expect those criteria for Green lending to be more stable across time, while the criteria associated with Transition lending will likely need to be revisited at regular intervals to reflect progress towards a low carbon economy.

2.2.3. Distinction between Use of Proceeds and General Purpose

In order to classify any lending as Green or Transition under the Sustainable Lending Framework, this Framework outlines two key parameters based on which a transaction can be classified – Use of Proceeds and General Purpose (Figure 1).

Figure 1: Use of Proceeds and General Purpose for Green and Transition lending under the Sustainable Lending Framework



Use of Proceeds lending is linked to a dedicated economic activity or project qualifying as Green or Transition based on the eligibility criteria detailed in section 3.2. Examples of Green

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Use of Proceeds lending include a loan for manufacturing product components essential for renewable energy (e.g. solar power, wind energy) or a loan for manufacturing low carbon vehicles. Examples of Transition Use of Proceeds include a loan for retrofitting a building or a loan for upgrading the energy efficiency of vehicle fleets.

General Purpose lending corresponds to any lending linked to the borrowing company's profile. Therefore, transactions are eligible for:

1. Green General Purpose lending: if the company's revenues can be 90% attributable to activities listed as "Green" in the eligibility criteria detailed in section 3.2 of this Framework. Examples of this include a solar energy company whose revenues are derived solely from the production and distribution of solar energy or a property developer which derives 90% revenues from BER A- or B-rated buildings.
2. Transition General Purpose lending: if the company is able to demonstrate a credible and measurable plan to transition to low carbon/carbon neutrality. Examples of this include a farm that has plans to introduce carbon reducing technologies or an energy company that has a plan to transition from fossil to renewable energy sources and has set an appropriate related carbon reduction target. AIB recognises that Transition plan assessments represent an area that is currently evolving and will look to further develop its capabilities to assess company Transition plans as approaches mature.

3. THE SUSTAINABLE LENDING FRAMEWORK

3.1. Application of the Framework

3.1.1. Approach to classification

In order to classify any Use of Proceeds or General Purpose lending as Green or Transition, eligibility criteria are defined for relevant sectors, namely:

- Buildings
- Agriculture, Forestry & Fishing
- Energy
- Transport
- Manufacturing
- Waste and Water Management
- Information and Communications Technology (ICT)

In order to classify any lending as Social, eligibility criteria are defined for the relevant key social themes, namely:

- Access to healthcare (public and private)
- Affordable/social housing
- Education (public and private)

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- Access to essential services and affordable infrastructure
- Access to finance for disadvantaged groups

If the transaction under consideration is in line with guidelines defined in this Framework, it can be classified as “Green”, “Transition” and/or “Social” Lending.

Non-listed sub-sectors or activities may also qualify as Green or Transition Lending subject to demonstrating an overlap with other sectors of the Framework (for Use of Proceeds) or reviewed on a case by case basis (for General Purpose).

3.1.2. EU Taxonomy and other relevant Frameworks

The guidelines defined in this Framework to classify any lending product as Green or Transition lending aim to be aligned to the extent possible with the technical criteria set forth by the Technical Expert Group that drafted the EU Taxonomy. The Framework has also been informed by the following principles and standards, among others:

- Green Loan Principles administered by the Loan Market Association (“LMA”)
- Green Bond Principles (2018) administered by the International Capital Markets Association (“ICMA”)
- Climate Bonds Standard administered by the Climate Bonds Initiative (“CBI”)

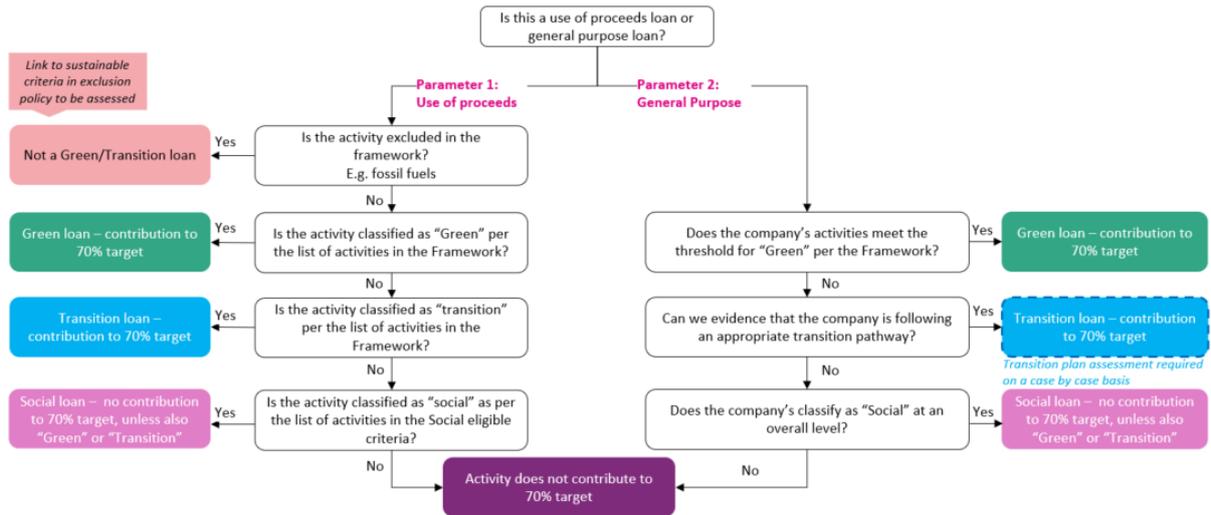
The guidelines defined in this Framework to classify any lending product as Social Lending is aligned with other existing AIB social frameworks. The Framework has also been informed by key social themes from the following market standards:

- Social Bond Principles (2020), administered by ICMA
- Sustainability Bond Guidelines (2018), administered by ICMA
- Platform on Sustainable Finance/Subgroup on Social Taxonomy
- EU SURE Social Bond Framework
- UN Sustainable Development Goals (SDGs)

3.1.3. Classification logic and application process

The Framework also outlines a high-level decision process to assess lending against our eligibility criteria as shown in Figure 2. Our staff are regularly trained on how to apply these criteria.

Figure 2: Decision tree to apply the Framework and eligibility criteria



3.2. Eligibility parameters and criteria – Green and Transition Lending

3.2.1. Use of Proceeds

If lending products can be linked to dedicated economic activities, criteria in this Framework can be applied to classify whether the underlying projects are deemed Green or Transition (Table 1).

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Table 1: Qualifying Green and Transition sectors and activities

Sector	Activities	Green eligible criteria	Transition eligible criteria	Exclusions
Buildings	Green commercial and residential buildings	<ul style="list-style-type: none"> Primary Energy Demand (PED) is within top 15% of local stock³ – demonstrated by: <ul style="list-style-type: none"> – Building energy rating (BER) A+/B rated – i.e. A1, A2, A3, B1, B2 or B3 (Ireland) – Energy Performance Certificate (EPC) level A+, A, B (UK) Large non-residential buildings must meet additional requirement: efficient building operations must be ensured through dedicated energy management 		<ul style="list-style-type: none"> New building designed for purpose of extraction, storage, transportation or manufacture of fossil fuels not eligible
	Renovations	<ul style="list-style-type: none"> Upgrade in BER or EPC certification rating with renovation achieving at least: <ul style="list-style-type: none"> – Minimum floor of BER B rating/EPC B rating (conversion to adhere to requirements of a Green building) 	<ul style="list-style-type: none"> Renovation achieving at least 30% improvement in energy efficiency: <ul style="list-style-type: none"> – When such an improvement is derived from an upgrade in BER/EPC label, a minimum floor of a “C3” BER/“C” EPC label will be applied – This may be achieved through a succession of measures within a maximum of 3 years 	

Note: Eligible schemes/certifications/ratings/standards include local EU, UK or US equivalents. Exclusion in the context of defining as ‘Green/Transition’ lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

³ Top 15% in the local context (country-level, e.g., Ireland; England & Wales, Scotland and Northern Ireland for the UK), derived from publicly issued governmental statistical data or, in its absence, developed by 3rd-party specialized consultant. To be reassessed and updated over time.

Allied Irish Bank

Sector	Activities	Green eligible criteria	Transition eligible criteria	Exclusions
	Individual measures & professional services	<ul style="list-style-type: none"> • Professional services related to Energy services consultation (incl. technical, management & performance contract, audits, Energy Service Companies) • Specific activities, covering the following categories: <ul style="list-style-type: none"> – Window & door upgrades/ replacement – Heating, ventilation and air conditioning – Insulation – Lighting – Water management – On-site energy <ul style="list-style-type: none"> – installed as building services – Other 	<ul style="list-style-type: none"> • Heating systems running on conventional energy sources today, that can be upgraded to renewable energy sources in future (e.g. boiler that can process gas but also hydrogen) 	

Note: Eligible schemes/certifications/ratings/standards include local EU, UK or US equivalents. Exclusion in the context of defining as 'Green/Transition' lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

Allied Irish Bank

Sector	Activities	Green eligible criteria	Transition eligible criteria	Exclusions
Agriculture	Agriculture – General prerequisites	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> Part of a relevant agricultural certification/ scheme recognized by AIB And: additional requirement to self-certify commitment to <u>at least</u> five recognized sustainable farming practices and where less than 10, plan to undertake at least an additional 2 over the term of loan offered (where greater than 12 months) 	<ul style="list-style-type: none"> Production undertaken on any land with following status in or after January 2008: <ul style="list-style-type: none"> Wetlands (land covered with or saturated by water permanently or for significant part of the year) <ul style="list-style-type: none"> not applicable for fishing due to nature of business
	Livestock	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> <u>For breeding cattle</u>: any livestock purchased must have Economic Breeding Index (EBI)/EuroStar rating or similar above the existing herd average (or national average for new entrants) <u>For non-breeding cattle</u>: See general prerequisites <u>For other livestock</u>: See general prerequisites 	<ul style="list-style-type: none"> Peatland (unless evidence is provided that cultivation and harvesting of that raw material does not involve drainage of previously undrained soil) De-forested land (unless loan purpose is replanting trees of similar species)
	Land purchase	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> See general prerequisites <u>For tillage</u>: Land will be tillage/horticulture only (i.e. not for livestock) 	
	Building/ Infrastructure (new/ existing)	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> Improving the living conditions of animals or improving animal production efficiency (e.g., by increasing EBI or Eurostar rating for cattle; improving herd genetics for other livestock) Zero carbon buildings (i.e., non-heated buildings) Pollution control 	

Note: Eligible schemes/certifications/ratings/standards include local EU, UK or US equivalents. Exclusion in the context of defining as 'Green/Transition' lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

Allied Irish Bank

Sector	Activities	Green eligible criteria	Transition eligible criteria	Exclusions
	Machinery	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> Zero direct emission vehicles & low-emission heavy-duty vehicles in accordance with specified CO2 emissions thresholds Or: Compliance with newest available Euro Emissions Standards for new vehicles; improvement of 1 notch in Euro Emissions standards for second-hand assets (where 1 notch is defined as a movement from e.g., 4A to 4B (rather than a movement from 4 to 5) Non-fuel-based machinery Machinery to improve the efficiency of fertilizer use 	
Forestry	Forestry	<ul style="list-style-type: none"> All forestry activities generally "Green" given positive environmental impact 	<ul style="list-style-type: none"> n/a 	
Fishing	Fishing	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> Members of a scheme/certification recognized by AIB For non-members, demonstration of adherence to recognized sustainable practices 	

Note: Eligible schemes/certifications/ratings/standards include local EU, UK or US equivalents. Exclusion in the context of defining as 'Green/Transition' lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

Allied Irish Bank

Sector	Activities	Green eligible criteria	Transition eligible criteria	Exclusions
Transport	Rail transport	<ul style="list-style-type: none"> Transport or infrastructure for transport with zero emissions/ tailpipe emissions 	<ul style="list-style-type: none"> Transport or infrastructure for direct emissions below 50g CO2e emissions per passenger kilometre (or 92.6g CO2e per passenger nautical mile) 	<ul style="list-style-type: none"> Transport of fossil fuels or fossil fuels blended with alternative fuels
	Public transport			
	Road vehicles	<ul style="list-style-type: none"> Dedicated vehicles/vessels solely using advanced biofuels or renewable liquid and gaseous transport fuels of non-biological origin Infrastructure and equipment (including fleets) for active mobility (walking, cycling, e-bikes and e-scooters) or supporting the renewable energy sector 	<ul style="list-style-type: none"> Or Transport that shows: <ul style="list-style-type: none"> Improvement of 2 notches in Euro Emissions Standards (second-hand vehicle); Improvement of 2 notches in Euro Emissions Standards; or compliance with newest available Euro Emissions Standards (new vehicle) Improvement of 2-notches in Euro Emission Standards compared to highest rated asset currently owned, but no worse than 2 notches below current market standard; or no worse than 2 notches below current market standard (where second-hand vehicle is purchased and no asset is replaced) Transportation means powered by low GHG fuel Additional sector-specific activities may qualify 	
	Shipping			
	Water transport			
	Aviation			
	Infrastructure for low carbon transport			

Note: Eligible schemes/certifications/ratings/standards include local EU, UK or US equivalents. Exclusion in the context of defining as 'Green/Transition' lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

Allied Irish Bank

Sector	Activities	Green eligible criteria	Transition eligible criteria	Exclusions
Manufacturing	Mechanical equipment incl. low carbon technology	<ul style="list-style-type: none"> Manufacturing of products, components and machinery essential for Renewable energy technologies; low carbon transport; or energy efficient buildings Manufacturing of low carbon technologies and their components that result in substantial GHG emission reductions in other sectors of economy (if they can demonstrate substantially higher net GHG emission reductions compared to the best performing alternative technology/product/ solution available on the market) Manufacturing of circular economy adapted products Business expansion activities related to building operating premises or extending or reconfiguring operating premises (see <i>buildings criteria</i>) 	<p>Compliance with thresholds as per EU taxonomy</p> <ul style="list-style-type: none"> Emissions associated with production Electricity used for manufacturing Carbon intensity of electricity produced for manufacturing <p>Or – for chemicals: compliance with alternative technologies (Usage of bio feedstocks; Recycling of plastics into system)</p> <p>Additional activities</p> <ul style="list-style-type: none"> Installing, upgrading or replacing equipment with low carbon emitting/ waste reducing technologies Business expansion activities related to extending or reconfiguring operating premises (see <i>buildings criteria</i>) Energy-related decarbonization measures For food processing <ul style="list-style-type: none"> Production of lower emission protein products Energy-related: phasing out oil and replacing with biomass and electricity, meeting 70% of low-temperature heat with low-carbon sources by 2025 	<ul style="list-style-type: none"> Energy crops and non-waste feedstock, oil sands project, nuclear power, thermal coal or oil power, onshore/offshore exploration, natural gas fracking
	Food processing			
	Low GHG, low energy technologies incl. chemicals			

Note: Eligible schemes/certifications/ratings/standards include local EU, UK or US equivalents. Exclusion in the context of defining as 'Green/Transition' lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

Allied Irish Bank

Sector	Activities	Green eligible criteria	Transition eligible criteria	Exclusions	
Energy	Renewable energy generation	Generation, transmission, distribution or storage of:	Generation, transmission, distribution or storage of low carbon energy generation below the threshold of 100g CO ₂ e/kWh (incl. Geothermal Energy & Hydropower)	Generation, transmission, distribution or storage of:	
	Conventional energy generation	<ul style="list-style-type: none"> • Renewable Energy <ul style="list-style-type: none"> – Solar Photovoltaic – Concentrated Solar Power – Solar Thermal Facilities – Wind Power (off-shore and on-shore) – Ocean Energy 	Additional activities which qualify under specific conditions:	<ul style="list-style-type: none"> • Conventional energy except gas <ul style="list-style-type: none"> – Coal – Oil – Nuclear 	
	Energy transmission and distribution		<ul style="list-style-type: none"> • Setting up of carbon capture/storage facilities • District heating systems • Retrofitting of systems and infrastructure to shift from fossil fuels to renewables • Bioenergy • Landfill gas 	<ul style="list-style-type: none"> • Energy crops and non-waste feedstock • Onshore/offshore exploration • Natural gas fracking 	
	Gas transmission and distribution				
	Energy storage				
	Heat/Cool generation				
	Heat/Cool distribution infrastructure				
Waste and Water management	Landfill gas capture & utilization		<ul style="list-style-type: none"> • Production of biogas through landfill gas capture 		
	Biological treatment facilities (Anaerobic digestion, composting)	<ul style="list-style-type: none"> • Production of biogas through anaerobic digestion of sewage sludge, and/or anaerobic digestion of biowaste under specific conditions 	<ul style="list-style-type: none"> • Composting under specific conditions 		

Note: Eligible schemes/certifications/ratings/standards include local EU, UK or US equivalents. Exclusion in the context of defining as 'Green/Transition' lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

Allied Irish Bank

Sector	Activities	Green eligible criteria	Transition eligible criteria	Exclusions
	Material re-use and recycling (assets and facilities that collect, sort, refurbish, repair, recycle materials)	<ul style="list-style-type: none"> Material recovery activities that produce secondary raw materials suitable for substitution of virgin materials Material re-use, if not further pre-processed Material recycling, if the secondary material ceases to be wasted <p><i>Note: other specific considerations may apply to qualify</i></p>	<ul style="list-style-type: none"> Other material recovery and re-use under specific considerations 	
	CO2 capture and transport		<ul style="list-style-type: none"> CO2 capture aiming to lower global atmospheric CO2 concentration levels CO2 transport and CO2 storage activities under specific conditions 	
Waste and Water management	Water collection, treatment & supply (including centralized wastewater treatment)	<ul style="list-style-type: none"> The front-to-end water collection, treatment and supply system if no net GHG emissions are expected 	<ul style="list-style-type: none"> Other front-to-end water collection, treatment and supply systems, as well as water desalination under specific conditions Construction or extension of centralized wastewater systems if they replace more GHG emission intensive wastewater treatment systems or shifts from an anaerobic to aerobic wastewater treatment system 	

Note: Eligible schemes/certifications/ratings/standards include local EU, UK or US equivalents. Exclusion in the context of defining as 'Green/Transition' lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

Allied Irish Bank

Sector	Activities	Green eligible criteria	Transition eligible criteria	Exclusions
ICT	Broadband network	<ul style="list-style-type: none"> Development and/or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modelling and use when these activities are exclusively aimed at the provision of data and analytics for decision making enabling GHG emission reductions Infrastructure, software and hardware for power management (remote and in situ) 	<ul style="list-style-type: none"> Broadband networks and supporting infrastructure Data processing, hosting and related activities: Adherence to the European Code of Conduct for Data Centre Energy Efficiency required Teleconferencing and telecommuting software and service 	
	Data processing, hosting and related activities			
	Power Management			

3.2.2. General Purpose lending

If the Use of Proceeds is not specified, eligibility of a loan for classification as Green or Transition will be assessed on the basis of the company profile, as follows:

- **Green Lending:**
 - **All companies:** if 90% of revenues are attributed to activities listed as “Green” in the Framework
 - **Forestry companies:** all activities qualify given the positive environmental impact as long as they also comply with Sustainable Forestry Management practices laid out in the EU taxonomy
- **Transition lending:** if the company has a credible Transition plan in place which leads to substantial GHG emissions reductions. AIB recognises that the “Transition” label, particularly with regards to General Purpose lending, needs to be treated with caution and will need to consider decarbonization in the context of the Framework sectors as well as ongoing work within AIB in its transition to net zero. AIB will evaluate each General Purpose loan on a case by case basis to determine whether it meets the necessary requirements to be categorized as “Transition” within the context of each sector. Where necessary, AIB may enlist a third party to provide additional due diligence and technical competence.

3.3. Eligibility parameters and criteria – Social Lending

AIB is focused on social outcomes beyond climate. However, Social lending will not contribute towards the 70% Green lending target unless it also falls under Green or Transition criteria as per the eligibility criteria detailed in section 3.2.

If lending products can be linked to dedicated economic activities, criteria in this Framework can be applied to classify whether the underlying projects are deemed Social (Table 2).

Table 2: Qualifying Social themes and activities

Category	Eligible social criteria
Access to healthcare	<ul style="list-style-type: none"> • Public and private healthcare infrastructure (private only if complying with specific criteria e.g. addresses shortfall in public services/alternatives) – Construction, operation, maintenance and/or renovation of infrastructure • Manufacturers/providers supporting health-care related products and services • Logistic providers and distributors supporting health-care related products and services • Increasing groups of people with access to public, free or subsidised essential health services • Recruitment, development and training of medical personnel • Special focus on activities specifically related to the prevention, treatment of or response to COVID-19 or the subsidisation thereof¹²

Note: Eligible schemes/certifications / ratings / standards include local EU, UK or US equivalents. Exclusion in the context of defining a ‘Social’ lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

Allied Irish Bank

Category	Eligible social criteria
Affordable/ social housing	<ul style="list-style-type: none"> • Social Housing – Construction, operation, maintenance, renovation and/or usage of social housing from an approved housing body, local authorities or private investors/developers under specific conditions. <ul style="list-style-type: none"> – Exclusion: developers required to provide 10% of their units in a scheme for affordable housing as per Part V of the Planning and Development Act • Affordable Housing⁴ – Construction, purchase or renting of affordable housing for underserved, disadvantaged or excluded communities under specific conditions <ul style="list-style-type: none"> – Exclusion: developers required to provide 10% of their units in a scheme for affordable housing as per Part V of the Planning and Development Act • Affordable and purpose-built student housing
Education	<ul style="list-style-type: none"> • Public & private education facilities (private only if complying with criteria e.g. addressing shortfall in public education) – Construction, operation, maintenance and/or renovation of facilities • Equipment for provision of education • Training for educational professionals • Financial support to access education
Access to essential services and affordable infrastructure	<ul style="list-style-type: none"> • ICT – Development and provision of telecommunication and broadband networks (fibre optic and cable networks), related infrastructure (e.g., internet exchange points), data processing, data hosting or related activities (storage, manipulation, management, movement, control, display, transmission etc. of data) – <i>if complying with certain conditions</i> • Access to safe and affordable drinking water – Construction, maintenance and equipment for water supply infrastructure • Food security (redistribution providers substantially increasing food for disadvantaged people; ensuring secure food supply during phases of restricted contact)
Access to finance for disadvantaged groups	<ul style="list-style-type: none"> • SME lending where: <ul style="list-style-type: none"> – Unemployment rate is above the national average – SME located in 30% most-deprived areas of the country, Using National Deprivation Index⁵ – SME impacted by the consequences of extreme events (e.g., natural disaster, extreme weather events, public health disaster) – Projects that: target economically excluded individuals; create/conserv e jobs in areas with above national average unemployment; revitalize economically depressed areas; reduce poverty • Lending to female-led or owned businesses, minority-led or owned businesses – <i>if complying with certain conditions</i> • COVID-19 support

3.4. Exclusion criteria

We will use this Framework to guide the development of Sustainable Lending that reference to specific criteria defined in sections 3.2 and 3.3. Therefore, exclusions outlined in this Framework are for the purposes of categorisation of Green and Transition and/or Social Lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures. We are also evaluating any gaps

Note: Eligible schemes/certifications / ratings / standards include local EU, UK or US equivalents. Exclusion in the context of defining as 'Social' lending only. All lending requests shall be processed as part of BAU activity, subject to adhering to normal lending policies and procedures.

⁴ Subject to revision after Irish Affordable Housing Bill has been finalised.

⁵ AIB Sector codes are being reviewed to see which would qualify and work is ongoing to automate the targeting of SMEs in the 30% most deprived areas of Ireland.

between the requirements of the Do No Significant Harm (“DNSH”) under the EU Taxonomy and our internal policy regarding “Sustainable Lending Excluded Sectors”.

4. MONITORING

AIB will maintain a record of loans which are classified as Green, Transition or Social as defined using this Framework, including information such as the company identifier, size of the loan and tenor of the loan, as well as whether the loan is deemed “Green”, “Transition” or “Social”. Loans classified as Green, Transition or Social will be reviewed on a periodic basis to verify that these are still aligned to the criteria defined, as part of a risk-based approach.

5. REPORTING

Sustainability is at the heart of AIB Group’s strategy and we are committed to support our clients on every step of the way on this journey. We will report our progress towards our ambitious target of 70% of new lending to be Green and Transition in 2030.

6. UPDATES TO THIS DOCUMENT

This Framework reflects our views at the date of publication. At a minimum this framework will be reviewed annually to reflect the evolution of market practice, including i) as the economies in which we operate continue transition towards a low-carbon economy; and ii) when new technology becomes available; and/or iii) when the regulatory environment changes. In these instances, updates, amendments or additional activities/criteria may be added to the Framework.

Should there be multiple versions of this document, the most recent version will apply to any transactions being issued at the time. Should a new version of the framework be introduced while transactions issued under previous versions are still outstanding, the requirements applied to those existing outstanding transactions will not be affected by the changes.

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