

Allied Irish Banks p.l.c. – AIB Private Banking Wealth Solutions

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector

Statement on principal adverse impacts of investment decisions on sustainability factors

This statement is provided in accordance with Article 4 of the European Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“**SFDR**”), which requires AIB Private Banking Wealth Solutions (“**Wealth Solutions**”) to publish a statement to clients on the consideration of principal adverse impacts of investment decisions on sustainability factors in our due diligence policies. In this document when we say ‘we’ or ‘our’, we are referring to Wealth Solutions.

Financial market participant: Allied Irish Banks p.l.c. – AIB Private Banking Wealth Solutions

Summary

Allied Irish Banks p.l.c. – AIB Private Banking Wealth Solutions considers principal adverse impacts of its investment decisions on sustainability factors by implementing the approach described below in the section headed "**Overview of approach to portfolio management and description of policies to identify and prioritise principal adverse impacts on sustainability factors**".

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022. This statement is published in accordance with Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector and its regulatory technical standards (the "SFDR"). Allied Irish Banks p.l.c. – AIB Private Banking Wealth Solutions is considered a Financial Market Participant for the purposes of the SFDR.

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact [2022]	Impact [2021]	Explanation	Actions taken, and actions planned and targets set for the next reference period
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CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	57,717	N/A – see the section headed "Historical"	N/A – see the section headed "Historical"	As outlined in further detail in the section headed
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				Comparison" below.	Comparison" below.	"Overview of approach to portfolio management and description of policies to identify and prioritise principal adverse impacts on sustainability factors", Wealth Solutions considers how Managers (as defined below) evaluate and manage PAIs of their investment activities on sustainability factors, their performance history on stewardship and their adherence to
		Scope 2 GHG emissions	16,274	N/A	N/A	
		Scope 3 GHG emissions	N/A	N/A	N/A	
		Total GHG emissions	73,991	N/A	N/A	
	2. Carbon footprint	Carbon footprint	41	N/A	N/A	
	3. GHG intensity of investee companies	GHG intensity of investee companies	92	N/A	N/A	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	N/A	N/A	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	19%	N/A	N/A	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	No or limited available data	N/A	N/A	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	N/A	N/A	

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	68	N/A	N/A	responsible business codes and internationally recognised standards. This is assessed on an ongoing basis and is a factor in incorporating a particular Fund or Manager in the Wealth Solutions product offering.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	No or limited available data	N/A	N/A	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	N/A	N/A	Please see the information outlined above in this respect.

	for Multinational Enterprises					
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	N/A	N/A	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	No or limited available data	N/A	N/A	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	No or limited available data	N/A	N/A	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	1%	N/A	N/A	
Indicators applicable to investments in sovereigns and supranationals						

Adverse sustainability indicator		Metric	Impact [2022]	Impact [2021]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	No or limited available data	N/A	N/A	Please see the information outlined above in this respect.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	No or limited available data	N/A	N/A	
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact [2022]	Impact [2021]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	No or limited available data	N/A	N/A	Please see the information outlined

Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	No or limited available data	N/A	N/A	above in this respect.
Other indicators for principal adverse impacts on sustainability factors						
<p>In addition to the set of mandatory indicators above, the Funds consider additional indicators subject to data availability and quality. The most common indicators considered by the Funds are investments made by the Funds in companies without carbon emission reduction initiatives (Table 2, indicator 4) and investments by the Funds in companies which do not have a supplier code of conduct (Table 3, indicator 4), however, there is limited data availability to provide appropriate quantitative disclosures for this reporting period.</p>						
Description of policies to identify and prioritise principal adverse impacts on sustainability factors						
Sustainability Factors						
<p>Sustainability factors are defined in SFDR as environmental, social, governance and employee matters, as well as respect for human rights, anti-corruption and anti-bribery matters. Principal adverse impact (PAI) is generally understood to mean the negative impact, caused by an investment decision or investment advice, on these factors. The SFDR includes a set of specific indicators that can be used to measure an issuer's or investee company's negative impact on sustainability factors, to enable identification of the principal adverse impact of investments by a financial market participant.</p> <p>Wealth Solutions considers an adverse impact on sustainability factors to be principal where it has a material, negative impact on efforts to accelerate transition to a low carbon economy and/or to advance inclusive growth. Wealth Solutions also considers an adverse impact to be principal where available data and client communications demonstrate that it is of material concern to a significant majority of Wealth Solutions' clients.</p> <p>The principal adverse impacts that Wealth Solutions most commonly encounters include climate and other environment-related matters, board composition and diversity concerns, social risks, corporate strategy concerns and insufficient disclosure.</p>						
Overview of approach to portfolio management and description of policies to identify and prioritise principal adverse impacts on sustainability factors						
<p>Wealth Solutions provides portfolio management and investment advice in relation to third party pooled funds (UCITS) only. As a result, Wealth Solutions' approach to sustainability risks and sustainability factors is largely driven by the practices adopted by the third party funds (each, a "Fund") and the managers managing such Funds (each, a "Manager") which we choose following a robust selection process. Wealth Solutions policy in this respect was most recently</p>						

approved in June 2021. Where Wealth Solutions delegates the management of client portfolios to new third party Managers, as part of Wealth Solutions initial due diligence and ongoing oversight and evaluation, Wealth Solutions will consider how these Managers evaluate and manage the principal adverse impacts of their investment activities on sustainability factors, their performance history on stewardship and their adherence to responsible business codes and internationally recognised standards. Further, Wealth Solutions will consider the portfolio construction implications, specifically sector and style biases that may result from the integration of ESG considerations, including where such implications could constitute a principal adverse impact for a Fund.

Wealth Solutions provide both mainstream portfolios and portfolios that take Environmental, Social and Governance (“**ESG**”) characteristics into consideration. Whilst the underlying Funds selected for both may themselves integrate ESG into their decision-making processes, Wealth Solutions has not undertaken an ESG assessment of the underlying Funds, the instruments to which such Funds take exposure or the Managers managing such Funds within the mainstream portfolios. Where applicable, the Managers obtain data on the SFDR’s principal adverse impact indicators from each Fund's investee companies, proprietary research and third-party data providers, to the extent such data is available. This facilitates the Managers’ ability to identify the Funds' principal adverse impacts on sustainability factors, where applicable. When preparing the quantitative data for this principal adverse impact statement, Wealth Solutions has requested information from the underlying Managers in relation to the indicators considered in respect of each Fund.

Wealth Solutions continues to develop further processes and procedures internally to better enable it to undertake ESG assessments of new and existing Funds, and to engage with the Managers of each Fund. However, Wealth Solutions is faced with data challenges and the availability of data from each Manager. Please see the section headed "**Data Challenges**" below for further details in this respect.

Data Challenges

The mandatory and additional indicators will have an adverse and potentially irreparable impact on sustainability factors. The data required to calculate the PAI metrics in accordance with the SFDR are limited or unavailable across many asset classes and markets in which the Funds invest. The investment decisions of the Managers are based on internal research and external sources of research which are utilized to understand market consensus and gather data but often research availability can be limited. Data coverage and quality remain a challenge. Accordingly, the quantitative figures outlined above have been aggregated based on data from Managers in respect of relevant Funds. Reliable data has been provided in respect of Funds which account for approximately 36% of all assets held in total by the Funds. While Wealth Solutions has engaged with the Managers in relation to the provision of reliable data for this PAI statement, in many circumstances, the Managers have outlined the significant challenges that they are facing in relation to data availability for each indicator. It is expected that the data coverage and the quality of data will improve, however, it is also expected that there will be data challenges for certain indicators, for some time.

Engagement policies

While Wealth Solutions does not directly undertake traditional shareholder engagement activities due to the nature of its business offering, Wealth Solutions does fully support the principle of collaborative engagement and relies on the engagement policies that the Managers apply in respect of the Funds.

References to international standards

As a wealth manager, Wealth Solutions is not a signatory to the UN Principles of Responsible Investment. However, Wealth Solutions respects and supports the principles of responsible business investing and seeks to integrate certain of the Principles and Guidelines into its investment decisions and advice.

As noted above, where Wealth Solutions delegates the management of some aspects of client portfolios to external third party Managers, Wealth Solutions has regard to these Managers' annual UN Principles for Responsible Investment Assessment Reports, record of adhering to responsible business codes and international standards in its Manager selection framework.

Wealth Solutions also leverages the wider firm's participation in a number of sustainability-related ESG bodies and groups including, but not limited to, the UNEP FI Principles for Responsible Banking, the Task Force on Climate-related Financial Disclosures (TCFD), the Center for Climate-Aligned Finance, WEF's Measuring Stakeholder Capitalism, UN Global Compact, Low Carbon Pledge (Business in the Community Ireland), Elevate Inclusion Pledge (Business in the Community Ireland) and Valuable 500. AIB p.l.c. is also assessed annually for ESG ratings by Sustainalytics, MSCI and S&P Global Corporate Sustainability Assessment (formerly SAM). This allows Wealth Solutions to expand its understanding of the sustainable finance landscape, inform clients and enhance the ongoing development of Wealth Solutions ESG offering.

As Wealth Solutions relies on the external third party Managers, Wealth Solutions has not developed, and does not utilize forward-looking climate scenarios when assessing certain of the climate-related indicators listed above.

Historical comparison

As the reporting period which ran from 1 January 2022 to 31 December 2022 was the first period during which quantitative data relating to principal adverse impacts was required to be recorded and published, there is no previous reporting period against which the quantitative information outlined above can be assessed. A historical comparison between the reporting period from 1 January 2022 to 31 December 2022 and the reporting period which runs from 1 January 2023 to 31 December 2023 will be included in a future version of this Principal Adverse Impact Statement, if applicable.