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[1], 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.

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Issuer Location	Dublin, Ireland

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[1] AIB, "Socially Responsible Investment Bond Framework", (2020), at: https://aib.ie/content/dam/aib/personal/docs/sustainability/aib-sri-framework.pdf
[2] This SPO is a revised version of a previous SPO produced by Sustainalytics (dated February 26, 2021). It has been updated to reflect changes to the Framework, specifically to incorporate updated Green Bond Principles and to assess the Framework alignment against the EU Taxonomy.

Alignment with the EU Taxonomy

Sustainalytics has assessed AIB's Green Bond Framework for alignment with the EU Taxonomy and is of the opinion that, of the Framework's three eligibility categories (which map to eleven EU activities), two align with the applicable Technical Screening Criteria ("TSC") in the EU Taxonomy while one partially aligns; and that one aligns with the Do No Significant Harm ("DNSH") Criteria while two partially align. No categories were determined to be not aligned. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Introduction

AIB Group plc ("AIB", or the "Bank") and its subsidiaries form a financial services group operating predominantly in Ireland, which provides a wide range of services to retail, business and corporate customers through its operating entity Allied Irish Banks Plc, and holds 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 of First Trust Bank.

AIB has developed the AIB Green Bond Framework (the "Framework") under which it intends to issue multiple green bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future loans that will provide a positive environmental impact, such as mitigating and reducing GHG emissions, via low-carbon commercial and residential buildings, renewable energy generation and clean transportation. The Framework defines eligibility criteria in three areas:

1. Green Buildings
2. Renewable Energy
3. Clean Transportation

AIB engaged Sustainalytics to review the AIB Green Bond Framework, dated November 2021, and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)[3] and EU Taxonomy Climate Delegated Act[4]. This Framework has been published in a separate document.[5]

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[6] opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, as administered by ICMA;
- The Framework's alignment with the EU Taxonomy Climate Delegated Act (June 2021);
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of AIB's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. AIB representatives have confirmed (1) they understand it is the sole responsibility of AIB to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

[3] The Green Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/.
[4] Supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, available at https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en
[5] The AIB Green Bond Framework is available on AIB Group plc's website at: https://aib.ie/investorrelations/debt-investor/green-bonds.
[6] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and AIB.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that AIB has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the AIB Green Bond Framework

Sustainalytics is of the opinion that the AIB Green Bond Framework is credible and impactful, and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of AIB's Green Bond Framework:

- Use of Proceeds:
  - The eligible categories – Green Buildings, Renewable Energy and Clean Transportation – are aligned with those recognized by the GBP. Sustainalytics is of the opinion that eligible loans in these categories will provide meaningful environmental contributions and will support the transition towards a low-carbon economy in the broader EU and the UK.
  - The Framework includes new and existing green commercial buildings within the top 15% most energy efficient commercial buildings in the local context, built up to and including 31 December 2020:
    - BER[7] labels may be used to determine this in Ireland, where a BER label of "B2" or better meets this criterion, while EPC labels "A+", "A" & "B" in England and Wales[8] and "Climate Neutral (CN)", "A" and "B" in Scotland[9] fulfill this requirement.
    - Buildings purchased or leased in Ireland from 2015 by a public body are also considered part of the top 15%, as these are required by regulation to have BER label "B2" and better.
    - Sustainalytics considers the 15% threshold to be aligned with market practice and the use of BER and/or EPC labels to be a credible methodology in assessing performance.
  - AIB has defined third-party sustainability certifications which may be used to determine the eligibility of commercial green buildings, namely BREEAM (minimum "Excellent"), LEED (minimum "Gold"), and DGNB (minimum "Gold"). For Sustainalytics' assessment of these building certification schemes, please refer to Appendix 4.
  - Refurbished buildings are eligible where the renovation achieves at least a 30% improvement in energy efficiency:
    - In Ireland, a minimum level of BER "C3" is required to ensure that post-renovation buildings are "reasonably efficient".

[7] Building Energy Rating (BER). BER certificates were introduced in Ireland in 2007, as required under the Energy Performance in Buildings Directive. With the purpose of making energy performance of a building visible and comparable on a like for like basis.
[8] The Climate Bonds Initiative views these levels of EPC to be a valid proxy for the top 15% of the local market, see: https://www.climatebonds.net/standard/buildings/residential/calculator.
[9] Based on the Government of Scotland's database of non-domestic EPCs, labels CN, A, and B collectively make up 5.8% of all non-domestic properties. See: https://www2.gov.scot/Topics/Statistics/SHC.

        - In UK, when such an improvement is derived from EPC labels, a minimum floor will be implemented for the considered building. The floor will be one step below the lowest defined threshold to be part of the top 15% in the local context.
        - In jurisdictions which base energy labels on carbon intensity performance ($kgCO_2/m^2/year$), such as the UK's EPC EI rating, the calculated emissions intensity can be used to establish a 30% improvement.
    - The Framework also includes as eligible residential buildings in Ireland, built up to and including 31 December 2020:
        - New or existing residential buildings, belonging to the top 15% most energy efficient residential buildings in the local context. Refurbished residential buildings with at least a 30% improvement in energy efficiency.

      Sustainalytics considers the threshold and methodology, namely the use of BER data from the Irish Central Statistics Office,[10] to be aligned with market practice.
    - The Framework also includes as eligible commercial and residential buildings in Ireland, built as of 1 January 2021:
        - New or existing residential buildings that have a primary energy demand at least 10% lower than what is required by the local Nearly Zero-Energy Building (NZEB) regulation.

      Sustainalytics considers the requirement, as per the EU Taxonomy Technical Screening Criteria for Construction of new buildings, to be aligned with market practice.
    - The Framework allows for lending to power generation facilities from solar (photovoltaic, concentrated solar power, and solar thermal) and wind (onshore and offshore) energy sources. Sustainalytics considers the investments to be aligned with market practice and notes that the issuer has communicated that the solar thermal plants are 100% derived from solar energy resources.
    - The Framework allows for lending to anaerobic digestion ("AD") facilities, excluding those using energy crop or non-waste feedstocks. Sustainalytics views the deployment of AD technology as having environmental benefits due to the net-zero lifecycle emissions of electricity produced from these facilities, while noting that waste reduction should always be a priority.
    - The Framework also includes zero emissions vehicles and supporting infrastructure including:
        - Fully electric, hydrogen or otherwise zero emissions vehicles for the transportation of passengers by motorbikes, passenger cars and light commercial vehicles.
        - Infrastructure to support zero emissions vehicles including but not limited to EV charging and hydrogen fuelling stations.
    - Sustainalytics considers these investments to be aligned with market practice.
    - Sustainalytics notes that AIB has implemented a Sustainability Exclusion List[11] across all its wholesale businesses units. This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in a defined list of Excluded Business Activities, which might cause irreversible environmental and/or social harm to society and the communities where the bank operates.
- Project Evaluation and Selection:
    - The Framework and the Use of Proceeds Eligibility Criteria are established by the AIB ESG Bonds Working Group, a cross functional working group of relevant business areas within AIB, which will manage any future updates to the Framework, including the expansion of its eligible Use of Proceeds categories, and prospective future amendments to reflect developments in AIB's Sustainable business strategy, market and regulatory developments. AIB's Group Sustainability Committee (GSC), which includes senior officials from multiple departments will be ultimately responsible for the oversight of the Framework including the supervision of selecting eligible loans to be financed by the Green Bonds. Correspondingly, GSC will report to the Sustainable Business Advisory Committee (SBAC), which consists of executive and board members.
    - Specific loans will be evaluated by AIB employees based on compliance with the Eligibility Criteria in Use of Proceeds and may rely on analysis provided by external advisors, in addition to AIB's own assessment, when necessary.
    - AIB's project evaluation and selection processes are aligned with market practice.

[10] CSO, "Domestic Buildings" (2021), at: https://www.cso.ie/en/releasesandpublications/er/dber/domesticbuildingenergyratingsquarter22021/
[11] AIB, "Excluded Activities", at: https://aib.ie/corporate/sector-expertise/excluded-activities

- Management of Proceeds:
  - AIB will manage the proceeds of its green bond(s) on a portfolio basis selected in accordance with the Eligibility Criteria set out in Use of Proceeds and Process for Project Evaluation and Selection.
  - Pending allocation, proceeds may be held in the Bank's liquidity portfolio in cash or other liquid assets or be used to repay existing indebtedness. In alignment with the Bank's investment strategy, at least a portion of any unallocated green bonds net proceeds will be assigned to ESG oriented assets.
  - Based on the commitment to allocate an amount equivalent to outstanding proceeds to the Eligible Green Loans Portfolio, and the intention of assigning at least a portion of any unallocated net proceeds to SRI temporary investments, Sustainalytics considers AIB's management of proceeds to be in line with market practice.
- Reporting:
  - AIB's allocation reporting will include the total amount allocated, the number of eligible loans, the balance of unallocated proceeds, the share of financing vs refinancing, the geographical distribution of allocations at the country level, and the proportion of the portfolio that is EU Taxonomy aligned.
  - Impact reporting will, where feasible, include portfolio-level impact indicators provided per eligible category, such as energy savings per unit floor areas, installed renewable energy capacity, and avoided emissions, as well as qualitative descriptions of the green projects. The Green Bond report(s) will be made available on the AIB website.
  - Sustainalytics considers the commitment to impact and allocation reporting to be in line with market practice and highlights positively that AIB intends to commission external consultants to develop methodologies for estimating impact from its green building financing and to calculate the climate impact of the renewable energy portfolio.[12]

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the AIB Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 4: Green Bond/Green Bond Programme External Review Form.

Alignment with the EU Taxonomy

Sustainalytics has assessed each of the Framework's eligible green use of proceeds criteria against the relevant criteria in the EU Taxonomy and determined their alignment with each of the Taxonomy's three sets of requirements. The results of this assessment are as follows:

1. Technical Screening Criteria ("TSC")
   - Two of the three eligible green categories are aligned with the applicable TSC of the EU Taxonomy, while one is partially aligned.
2. Do No Significant Harm ("DNSH") Criteria
   - One eligible green category is aligned with the applicable DNSH criteria, two are partially aligned.
   - The three categories assessed have a total of 42 individual DNSH criteria (across all environmental objectives) applicable to them and are aligned with 34, and partially aligned with 8 of those individual DNSH criteria.
3. Minimum Safeguards
   - Based on a consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy's Minimum Safeguards requirements will be met.
   - For Sustainalytics' assessment of alignment with the Minimum Safeguard see Section 2 below.

Table 1 provides an overview of the alignment of AIB's Framework with the TSC and DNSH criteria for the corresponding NACE activities in the EU Taxonomy.

[12] AIB will commission a third-party specialized consultant to provide the climate impact assessment on its renewable energy portfolio. Impact assessment will be calculated by using the "Platform Carbon Accounting Financials" (PCAF) methodology.

Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy

Framework Criterion	Alignment with Taxonomy Criteria		Alignment per EU Environmental Objective					
	TSC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
Acquisition and ownership of buildings	◘	■	◘	■	–	–	–	–
Construction of new buildings	◘	◘	◘	■	◘	◘	◘	◘
Renovation of existing buildings	■	◘	■	■	◘	◘	◘	–
Manufacture of renewable energy technologies	■	■	■	■	■	■	■	■
Electricity generation using solar photovoltaic technology	■	■	■	■	–	■	–	■
Electricity generation using concentrated solar power	■	■	■	■	■	■	–	■
Electricity generation from wind power	■	■	■	■	■	■	–	■
Cogeneration of heat/cool and power from bioenergy	■	■	■	■	■	–	■	■
Anaerobic digestion from bio-waste	■	■	■	■	■	–	■	■
Infrastructure enabling low-carbon road transport and public transport	■	◘	■	■	■	■	■	◘
Transport by motorbikes, passenger cars and light commercial vehicles	■	■	■	■	–	■	■	–

Legend	
Aligned	■
Partially aligned	◘
Not aligned	☒
No applicable DNSH criteria for this Objective and/or Activity	–
Grey shading indicates the primary EU Environmental Objective	

* The EU Taxonomy has not yet defined TSC for EU Environmental Objectives other than Climate Mitigation and Climate Adaptation. In cases where an activity of the Framework has the intent of advancing a different Objective, Sustainalytics has assessed alignment against the DNSH criteria for all six Objectives.

Section 2: Sustainability Strategy of AIB

Contribution of framework to AIB Group plc's sustainability strategy

AIB's Sustainability Report 2020[13] outlines the Bank's approach to sustainability in which the Company has made a "pledge to DO MORE" and contribute to Ireland's transition to becoming a low-carbon economy. In the last quarter of 2019, AIB conducted a materiality assessment to identify the key material issues that impacted its business and were important to stakeholders.[13] The Company identified "climate action", "economic and social inclusion" and "future proof bank" as the three key material issues.[13] The Company aims to achieve its climate action goals by ensuring a climate resilient and responsive business and addressing environmental

[13] AIB, "2020 Sustainability Report", accessed on 17 September 2021, at: https://aib.ie/content/dam/frontdoor/personal/sustainability/aib-sustainability-report-2020.pdf

issues through products and services.[13] Therefore the activities financed under this Framework will contribute to the Bank's climate action objectives. The Bank reported several 2020 performance achievements related to its climate action initiatives, some of which include: [13]

- Achieved EUR 1.46 billion of green lending
- Raised EUR 1 billion from the first green bond issuance
- Disclosures on Taskforce on Climate-related Financial Disclosures (TCFD) and UNEP FI's Principles for Responsible Banking as founding signatories
- Achievement of CDP Climate Change A- rating[14]
- Published excluded lending activities list[15]

In addition to these achievements, the Bank has been active in its sustainability efforts throughout 2020 and, for example, has established a Socially Responsible Investment (SRI) Bond Framework to fund domestic and international projects aimed at contributing to global sustainability, reducing GHG emissions, and creating positive social impact. AIB has formalized its ESG investment strategy within its Socially Responsible Investment Bond Framework.[13] In 2021, AIB launched its Sustainable Lending Framework, which contains criteria to categorize the Company's green and transition lending to understand the impact of the Company's lending on both the climate & society.[17] Looking forward, the Company has set targets of EUR 5 billion in new climate action lending, 70 % of new lending to be green and alignment of customer lending portfolio across all sectors to net zero carbon emissions by 2040.[13]

Based on the above, Sustainalytics is of the opinion that the financing of green commercial and residential buildings, renewable energy and clean transportation projects will contribute to the Bank's sustainability strategy and the achievement of its climate action ambitions and targets.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are anticipated to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include environmental impact from construction projects and worker health and safety. Furthermore, by offering lending and financial services, all banks face risks associated with controversial companies and/or projects they may finance and may also be exposed to the possibility of financing activities that have negative social or environmental impacts.

Sustainalytics is of the opinion that AIB is able to manage and/or mitigate potential risks through implementation of the following:

- To manage environmental impact arising from construction projects, the Company carries out its activities taking environmental protection into account in accordance with the international standard, ISO 1400. AIB's Environmental Policy[16] ensures assessment and monitoring of risks and opportunities with regards to environmental issues.
- To address worker health and safety, AIB's Health & Safety Policy[17] adheres to the requirements of all National and European health and safety legislation, guidance and codes of practice. The Company identifies workplace hazards and implements protective and preventive measures through risk assessment process. The Company has emergency response procedures in place to minimize the impact of incidents on the employees. This policy is reviewed periodically, at least every two years, to ensure that it remains relevant and appropriate.
- For assets likely to have significant effects on the environment by virtue of their size, nature or location, they must undergo an environmental impact assessment (EIA) which must be submitted to competent authorities when applying for project development.
- Where an asset is likely to have a significant effect on a designated European conservation site, an appropriate assessment must be carried out under the Habitats Directive. AIB may rely on analysis provided by external parties, in addition to its own assessment.

[14] AIB, "2021 Climate Change Response", at: https://aib.ie/content/dam/frontdoor/personal/sustainability/cdp-2021.pdf
[15] AIB "AIB Group Excluded Activities List", accessed on 17 September 202, at : https://aib.ie/content/dam/frontdoor/personal/sustainability/aib-group-excluded-activities-policy.pdf
[16] AIB, "Group Environmental Policy", accessed on 20 September 2021 at: https://aib.ie/content/dam/aib/personal/docs/sustainability/Environmental_Policy.pdf.
[17] AIB, "AIB Health & Safety Policy", accessed on 20 September 2021, at:https://aib.ie/content/dam/frontdoor/personal/sustainability/health-and-safety-policy.pdf

- AIB has launched Excluded Business Activities list for which the Company will not provide term finance and/or corporate finance advisory services as the listed activities can cause irreversible environmental and/or social harm to the society and communities.
- AIB requires key suppliers to attest to the Responsible Supplier Code,[18] as well as other key policies, including the Data Protection Policy[19], and where relevant, to conform to the UK Modern Slavery Act.
- The regulations set forth by the Environmental Protection Agency,[20] tasked with the administration of Ireland's environmental licensing regime and enforcing environmental law. In this regard, Sustainalytics notes that Ireland, United Kingdom and EU are classified as designated countries by the Equator Principles, indicating the presence of sufficient environmental and social regulations to mitigate against severe risks.

Based on these policies, standards, and assessments, Sustainalytics is of the opinion that AIB has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the projects financed.

Alignment with the EU Taxonomy's Minimum Safeguards

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organisation's (ILO) declaration on Fundamental Rights and Principles at Work.

Human and Labor Rights

AIB has implemented the following policies and procedures aimed at ensuring human and labour rights:

- AIB has a "Human Right Commitment"[21] in alignment with the United Nations Guiding Principles on Business and Human Rights. AIB's Human Right Commitment addresses issues like child labour, forced labour, discrimination, slavery, or harassment and embraces right to association, right to privacy, fare pay etc. AIB's Human Right Commitment encompasses their employees, their customers, suppliers, and communities they operate in. According to the Bank, AIB's Code of Conduct[22] and AIB's Responsible Supplier Code[23] are aligned with the European Convention on Human Rights and EU Charter of Fundamental Rights for AIB's business in Ireland.
- AIB Group plc operates mainly in the Republic of Ireland and the United Kingdom and upholds all eight Fundamental Conventions of the International Labour Standards.[24] AIB has also set out the minimum standards in relation to human rights, health safety and welfare, supply chain, diversity & inclusion for suppliers[25] in the Responsible Supplier Code (the "Code"). The Code requires suppliers to implement and enforce systems and controls to ensure modern slavery or human rights abuses are not taking place in their businesses and supply chains. AIB Group Plc Modern Slavery and Human Trafficking Statement 2021[26] sets out the steps taken to prevent modern slavery and human trafficking ("Modern Slavery") in AIB's business and supply chain in accordance with the UK Modern Slavery Act 2015.

[18] AIB, "Responsible Supplier Code", accessed on 20 September 2021, at: https://aib.ie/content/dam/aib/personal/docs/supplier/aib-responsible-supplier-code.pdf
[19] AIB, "Data Protection", accessed on 20 September 2021, at: https://aib.ie/dataprotection
[20] The Environmental Protection Agency (EPA) is an independent public body in Ireland that regulates Ireland's greenhouse gases, compiles the inventories of greenhouse gas (GHG) emissions for Ireland and reports the data to the relevant European and international institutions
[21] AIB, "Human Rights Commitment", February 2021, at: https://aib.ie/content/dam/frontdoor/personal/sustainability/aib-human-rights-commitment-final.pdf
[22] AIB, "AIB Code of Conduct", accessed on 12 October 2021, at: https://aib.ie/content/dam/aib/personal/docs/sustainability/code-of-conduct.pdf
[23] AIB, "Responsible Supplier Code", accessed on 12 October 2021, at: https://aib.ie/content/dam/aib/personal/docs/supplier/aib-responsible-supplier-code.pdf
[24] ILO, "Core Conventions and Recommendations", (2021), at: https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm#:~:text=The%20ILO%20Governing%20Body%20has,forced%20or%20compulsory%20labour%3B%20the
[25] The term 'Supplier' as used in the Responsible Supplier Code refers to suppliers, vendors, contractors, consultants, agents, and other providers of goods and services who do, or seek to do business with AIB Group.
[26] AIB," AIB Group Plc Modern Slavery and Human Trafficking Statement 2021", accessed on 12 October 2021, at: https://aib.ie/content/dam/aib/group/Docs/modern-slavery-statement-2021.pdf

- AIB commits to undertaking due diligence for all their projects which includes identification of impacts, dialogue with stakeholders, compensation for any adverse impact and strengthening capacities through training. [22]
- AIB has a well-established process in place for employees and suppliers to report their concerns of wrongdoing or suspected wrongdoing ensuring confidentiality and protection by means such as the Speak Up Policy (whistle blowing), AIB's Integrity Line and external digital portal. A grievance process is also set up by AIB.[28]
- AIB's Risk Framework mitigates the risk of Human Rights breaches both within AIB's business and supply chain. Third party due-diligence is carried out as part of the supplier on-boarding process. The shortlisted suppliers must undergo a more comprehensive risk assessment and are required to adhere to human rights requirements which is a part of the contract. The contract and risk assessments are reviewed on an on-going basis to ensure they remain accurate and up to date.
- AIB's Responsible Supplier Code requires suppliers to commit to providing employees with safe, secure and healthy working conditions, and to comply with all relevant health and safety laws and regulations applicable to their location. Suppliers are expected to have a well-documented and compliant health and safety policy. In addition, suppliers should identify and inform the Bank of any incidents in a timely manner.
- AIB also works towards embedding Diversity & Inclusion (D & I) practices across the organization by providing up to date D&I training to all staff, treating employees equal and fairly and not discriminating in hiring, compensation, access to training, promotion, termination or retirement. AIB also seeks to prevent any form of harassment or bullying through reporting mechanisms.

Sustainalytics has not detected involvement in any relevant controversies which would suggest that the above policies are not being implemented effectively and is of the opinion that these measures appropriately safeguard minimum standards on human and labour rights in relation to the activities of the Framework.

Anti-bribery and anti-corruption

AIB policy dictates a zero-tolerance approach to anti-bribery and corruption. To manage corruption and its associated risks within the banking sector, AIB has implemented two policies. The Anti-Bribery & Corruption ("ABC") policy[27] covers bribery and/or corruption and what is prohibited under the various regulations. AIB's Conflicts of Interests ("CoI")[28] policy governs both the giving and receiving of gifts, benefits and hospitality. The ABC policy applies to all employees, contractors and suppliers operating within AIB. The policy forms a part of the AIB Code of Conduct and complies with the anti-bribery and anti-corruption legislation in all the jurisdictions in which the Company operates.[29] In line with ABC and CoI Policies, all AIB's operations across the group are assessed for risks related to corruption.

The CoI policy provides a clear statement of the standards around recognizing and preventing potential conflicts of interests in AIB. It also sets out our standards for how to manage conflicts of interests where they cannot be avoided. The 3 lines of Defence Model is used to monitor and govern compliance with the CoI Policy. It involves seeking guidance from the appointed CoI Business Coordinator for the business area or the CoI team within HR, risk function, Group Internal Audit and escalation of concerns refer to CoI team. The Responsible Supplier Code also clearly sets out the expectations for the suppliers on anti-bribery & corruption matters.

Under CoI policy gifts, benefits or hospitality given or received, in excess of USD 65 (including cumulative gifts received or given to or from one donor) are subject to prior approval from the employees People Leader and are recorded on a central register. Co-ordinators are appointed for each business area – they review the register monthly, ensuring it is in keeping with the Banks policies, complete quarterly returns to the policy owner and report policy breaches or assurance issues. All business areas are responsible for completing a monthly risk assessment of all registered activities to ensure they are in keeping with policy and identify those which might give rise to a potential or perceived conflict situation or corruption. Where additional management oversight is required, business areas ensure local procedures are in place to mitigate bribery or corruption of any sort, and to ensure that employees are regularly apprised of the potential risks and mitigants required. The Board Audit Committee oversees compliance with the Group Code of Conduct and Conflicts of

[27] AIB," AIB Anti-Bribery & Corruption", (2019), accessed on 21 September 2021, at:
[28] AIB," AIB" Conflicts of Interests', (2019), accessed on 21 September 2021, at :
https://aib.ie/content/dam/frontdoor/personal/sustainability/Conflicts_of_Interest_Policy.pdf
[29] The Criminal Justice (Corruption Offences) Act, 2018 in Ireland, the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act.

Interests Policy by way of an annual update from Management. In line with the policies, all the operations across the AIB group are assessed for risks related to corruption.

New employees and insourced suppliers (namely, contractors and third-party service providers) are required to complete the anti-bribery and corruption related training within one month of joining AIB and all employees are required to complete it annually. An information mail on anti-bribery and corruption is issued at least once annually to all employees.

The Responsible Supplier Code clearly sets out mandates for the suppliers on anti-bribery & corruption matters. The People Leaders are required to brief their insourced suppliers on it and AIB's business owners brief its outsourced suppliers in accordance with the ThirdParty Management (TPM) process. Additionally, guidance is provided to the suppliers through the TPM process. The level of training and support provided to suppliers depends on their risk rating.

Sustainalytics has not detected involvement in any relevant controversies which would suggest that the above policies are not being implemented effectively and is of the opinion that these measures appropriately safeguard anti-bribery and anti-corruption in relation to the activities of the Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that AIB's policies, guidelines and commitments are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Section 3: Impact of Use of Proceeds

All three use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on all three below where the impact is specifically relevant in the local context.

Contribution of Green Buildings towards Ireland's and the UK's climate change mitigation strategy and targets

In accordance with the Paris Climate Agreement and Kyoto Protocol, the EU member states adopted energy efficiency and GHG emissions reductions goals in all sectors of the economy, such as energy generation and the built environment. Two of Ireland's climate change targets are to reach a 20% reduction of non-ETS (Emissions Trading Scheme) emissions by 2020, and 30% by 2030 (based on 2005 levels).[30] The United Kingdom, concurrently aims to cut GHG emissions by at least 78% by 2035 (1990 baseline) and achieve net-zero by 2050[31]

The *Project Ireland 2040 National Development Plan (NDP)* indicates that in order to meet its 2030 EU targets, the country requires a 2% decline on emissions each year from 2021 to 2030 with a much steeper decline to reach a minimum 80% emissions reduction by 2050 relative to 1990.[32] Ireland's decarbonization pathway aims to reduce emissions from the built environment from 8 $MtCO_2e$ to 5-6 $MtCO_2e$.[32] AIB's green bonds will provide financing to projects that are in line with the ten strategic outcomes of Project Ireland 2040 which is in line with Ireland's Climate Change mitigation plan[33].

The UK exited from EU on 31 January 2020 and in order to uphold its Paris agreement commitment, a new *Integrated National Energy and Climate Plan (NECP)* was prepared and finalized on 31 January 2020. On 27 June 2019, the UK government set a legally binding target to achieve net zero greenhouse gas emissions from across the UK economy by 2050. To meet this target, emissions from buildings will need to be near zero.

In 2017, direct greenhouse gas emissions from buildings in the UK were 85 $MtCO_2e$, making up 19% of overall emissions. Of this total, approximately three quarters of emissions were from residential dwellings, with commercial and public buildings making up 14% and 10% respectively.[34] During the pandemic, while most of

[30] Sustainable Energy Authority of Ireland -Ireland's Energy Targets, at: https://www.seai.ie/about/irelands-energy-targets/.
[31] Government of UK, Press Release 20 April 2021", at: https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035
[32] Department of Communications, Climate Action and Environment, "Climate Action Plan 2019", at: https://assets.gov.ie/10206/d042e174c1654c6ca14f39242fb07d22.pdf.
[33] Giving Ireland a Sustainable Future, at https://www.gov.ie/en/press-release/31fe92-giving-ireland-a-sustainable-future/
[34] Committee on Climate Change. "2018 Progress Report to Parliament", at: https://www.theccc.org.uk/wp-content/uploads/2018/06/CCC-2018-Progress-Report-to-Parliament.pdf.

energy usage reduced, home energy usage increased by 2%.[35] The UK is working on a Heat and Building Strategy as one of the decarbonizing strategies which includes steps for low carbon buildings like increasing heat pump installations and using low carbon electric heaters instead of natural gas boilers.[36]

Sustainalytics considers that promoting green commercial and residential buildings and refurbishment of commercial and residential buildings in Ireland and in the UK (refer to Appendix 4 for Sustainalytics assessment of green building standards), will support the reduction on greenhouse gas emissions from the built environment and contribute to the achievement of the objectives as described in national climate plans.

Advancing the transition to a low-carbon economy

Wind and Solar Energy
AIB will finance renewable energy facilities in Ireland, the UK, and across Europe. Within its 2030 climate & energy framework, the EU has established a target of a 32% share of renewable energy by 2030.[37] As part of its national commitments, Ireland has set a target to increase the proportion of electricity generated from renewable energy sources from 30% to 70% by 2030, and carbon neutrality by 2050.[38] As per the Climate action plan, this would require at least 3.5 GW of offshore renewable energy, up to1.5 GW grid-scale solar energy and up to 8.2 GW of increased onshore wind capacity.[39]

In the UK, the NECP, targeting a net zero by 2050, supports the increase in renewable generation and the decarbonization of the economy. Overall, UK carbon dioxide emissions have decreased by 40% since 1990 levels, mainly from changes in the mix of fuels being used for electricity generation, with a shift away from coal and growth in the use of renewable energy sources.[40] The UK is producing record levels of renewable energy. By the end of 2018 UK had already achieved its original ambition of 31% for renewable energy sector in 2020, as set out in the 2010 National Renewable Energy Action Plan. UK continued the progress in the power sector with a record 38.9% of total electricity generation coming from renewables in the third quarter of 2019.

In this context, Sustainalytics is confident that AIB's lending to wind and solar energy facilities will further the expansion of clean power production and help advance Ireland's and the UK's renewable energy targets.

Anaerobic Digestion
The treatment of bio-waste through anaerobic digestion (AD) with resulting production and energetic utilization of biogas is a method to divert biodegradable waste from landfilling and thus reduce the uncontrolled emissions of landfill gas. This renewable gas is functionally identical to conventional natural gas which will be used for heating and power generation. Upon combustion, biogas releases the same pollutants as conventional natural gas.[41] However, as the carbon content of the gas is sourced from waste mater that would otherwise decompose naturally and be released freely into the atmosphere, biogas, from a lifecycle perspective, has a very low or even negative carbon intensity.[42]

Considering the above, Sustainability is of the opinion that AIB's financing for anaerobic digestion projects will deliver environmental benefits related to both low-lifecycle carbon emissions.

Reducing GHG emissions from the transportation sector in the UK and Ireland

The transportation sector is responsible for a large share of GHG emissions in the UK and Ireland. In 2019, the sector accounted for 20.4% of Ireland's GHG emissions. Emissions from road transport, which make up 95% of the sector's total emissions, have been relatively stable over for past few years at an average of 11.6 Mt CO_2eq. The final GHG inventory figures estimated transport emissions decreased by 0.3% in 2019 or 0.04 Mt CO_2eq compared to 2018. The decrease is attributable mainly to an economic downturn, improving vehicle

[35] Committee on Climate Change. "Progress in reducing emissions 2021 Report to Parliament", at: https://www.theccc.org.uk/wp-content/uploads/2021/06/Progress-in-reducing-emissions-2021-Report-to-Parliament.pdf
[36] Home building UK. "Heat and Buildings Strategy Due This Month: What Can Homeowners Expect?" at https://www.homebuilding.co.uk/advice/heat-and-buildings-strategy
[37] EU, "2030 climate & energy framework", https://ec.europa.eu/clima/policies/strategies/2030_en
[38] Department of Environment, Climate and Communication, Ireland at https://www.gov.ie/en/policy/9cd812-energy/
[39] Climate Action plan 2019 at https://assets.gov.ie/25419/c97cdecddf8c49ab976e773d4e11e515.pdf
[40] The UK's Integrated National Energy and Climate Plan at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991649/uk-integrated-national-energy-climate-plan-necp-31-january-2020.pdf
[41] Environmental Protection Agency, "Compilation of Air Pollutant Emissions Factors", at: https://www3.epa.gov/ttnchie1/ap42/ch01/final/c01s04.pdf
[42] He, Q. et al., "B.E.E.F: A Sustainable Process Concerning Negative CO2 Emission and Profit Increase of Anaerobic Digestion", (2019), at: https://pubs.acs.org/doi/10.1021/acssuschemeng.8b04963

standards, increasing use of biofuels, and decreasing fuel tourism.[43] In the UK, the 2020 territorial carbon dioxide emissions from the transport sector were 97.2 Mt, 19.6% (23.7 Mt) lower than in 2019, and 22.5% lower than in 1990. In 2020 transport accounted for 29.8% of all territorial carbon dioxide emissions, compared to 33.1% in 2019. Most emissions from the sector are from road transport as well.[44]

In July 2021, the UK released a report addressing the decarbonization of transport as part of its national climate strategy.[45] To remove emissions from transportation, the UK intends to foster the shift towards public and active transportation modes and increase the share of electric vehicles. In 2020, there were approximately 240,000 battery-electric and plug-in hybrid vehicles registered around the country. By 2030, the UK will end the sale of petrol and diesel vehicles. Similarly, Ireland intends to accelerate the rollout of electric vehicles to reach 20% of new cars in the next five years.[46]

Sustainalytics notes that the projects funded under the Framework are expected to assist the UK and Ireland in accelerating the shift towards clean transportation.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the AIB Green Bond Framework advances the following SDG(s) and target(s):

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport

[43] Environmental Protection Agency – Greenhouse Gas emission and projection at https://www.epa.ie/our-services/monitoring--assessment/climate-change/ghg/transport/#
[44] Department of Business, Energy and Industrial Strategy- 2020 UK greenhouse gas emissions, provisional figures at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/972583/2020_Provisional_emissions_statistics_report.pdf
[45] Department of Transport, "Decarbonising transport: a better, greener Britain", (2021), at: https://www.gov.uk/government/publications/transport-decarbonisation-plan
[46] Sustainable Energy Authority of Ireland at https://www.seai.ie/publications/Ireland___s-Energy-Targets-Progress-Ambition-and-Impacts.pdf

Conclusion

AIB has developed the AIB Green Bond Framework under which it may issue green bonds and use the proceeds to finance projects including green buildings, renewable energy and clean transportation. Sustainalytics considers that the projects funded by the green bond proceeds are expected to provide a positive environmental impact, such as mitigating and reducing GHG emissions, via low-carbon commercial and residential buildings, renewable energy generation and clean transportation.

The AIB Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the AIB Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9, and 11. Additionally, Sustainalytics is of the opinion that AIB has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Sustainalytics has assessed AIB's Green Bond Framework for alignment with the EU Taxonomy and is of the opinion that, of the Framework's three eligibility categories (which map to eleven EU activities), two align with the applicable Technical Screening Criteria ("TSC") in the EU Taxonomy while one partially aligns; and that one aligns with the Do No Significant Harm ("DNSH") Criteria while two partially align. No categories were determined to be not aligned. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Based on the above, Sustainalytics is confident that AIB Group plc is well-positioned to issue green bonds and that the AIB Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

Appendices

Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant NACE[47] activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its assessment of alignment with the Taxonomy's applicable Technical Screening Criteria (TSC) and Do No Significant Harm (DNSH) criteria. Sustainalytics' assessment involves two steps:

1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics' assessment process involves mapping each criterion in the Framework to a relevant and applicable NACE activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one NACE activity and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a NACE activity. In such cases, Sustainalytics has mapped to the NACE activity that is most relevant with respect to the primary environmental objective and impacts.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some activities are not yet covered by the Taxonomy, and some categories which are traditionally included in green bonds may not be associated with a specific economic activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

The outcome of Sustainalytics' mapping process for AIB Framework is shown in Table 2 below.

2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the TSC and DNSH criteria is usually based on the specific criteria contained in the issuer's Framework, and may in many cases (especially DNSH criteria) also be based on management systems and processes and/or regulatory compliance. To assess alignment with the EU Taxonomy's Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds, as well as examining the regulatory context in the geographical location in which the issuer will finance activities and projects. (This assessment is included in Section 2, above.)

In cases where the Framework criteria describe projects which are intended to advance EU Environmental Objectives other than Climate Mitigation or Climate Adaptation, the Taxonomy does not include yet relevant TSC. In these cases, Sustainalytics has assessed the activity for alignment with the DNSH criteria across all objectives.

Sustainalytics' detailed assessment of alignment is provided in Appendix 2.

[47] The EU Taxonomy is based on economic activities defined in NACE (Nomenclature des Activités Économiques dans la Communauté Européenne). The Taxonomy currently lists 102 economic activities which have been chosen due to their ability to substantially contribute to climate change mitigation or adaptation.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU / NACE Activity	NACE Code	Primary EU Environmental Objective	Refer to Table
Green Buildings	Green Commercial Buildings Green Residential Buildings	Acquisition and ownership of buildings	L68	Mitigation	Table 3
		Construction of new buildings	F41.1 F41.2 F43		Table 4
		Renovation of existing buildings	F41 F43		Table 5
Renewable Energy	Manufacturing of renewable energy generation	Manufacture of renewable energy technologies	C25 C27 C28	Mitigation	Table 6
	Photovoltaics (PV)	Electricity generation using solar photovoltaic technology	D35.11 F42.22		Table 7
	Concentrated solar power (CSP)	Electricity generation using concentrated solar power	D35.11 F42.22		Table 8
	Onshore and offshore wind energy generation facilities	Electricity generation from wind power	D35.11 F42.22		Table 9
	Energetic utilization of biogas	Cogeneration of heat/cool and power from bioenergy	D35.11 D35.30		Table 10
	Treatment of bio-waste through anaerobic digestion	Anaerobic digestion of bio-waste	E38.21 F42.99		Table 11
Clean Transportation	Infrastructure to support zero emissions vehicles	Infrastructure enabling low-carbon road transport and public transport	F42.11 F42.13 F71.1 F71.20	Mitigation	Table 12
	Fully electric, hydrogen or zero emissions vehicles	Transport by motorbikes, passenger cars and light commercial vehicles	H49.32 H49.39 N77.11		Table 13

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of AIB's Framework criteria with the EU Taxonomy's TSC and DNSH criteria for the relevant NACE activity

Table 3

Framework Activity assessed	Green Buildings		
EU Activity	Acquisition and ownership of buildings		
NACE Code	L68		
	EU Technical Screening Criteria	***Alignment with Technical Screening Criteria***	
Mitigation	1. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings. 2. For buildings built after 31 December 2020, the building meets the criteria specified in Table 4 that are relevant at the time of the acquisition.	<u>Ireland - Residential:</u> Built up to and including 31st December 2020: Residential buildings with at least a Building Energy Rating (BER)[48] label of "B2" and better or belonging to the top 15% of Irish low carbon residential buildings. Residential buildings that have been built from 2015 and later. Built from 1st January 2021 onwards: Residential buildings that have a primary energy demand at least 10% lower than what is required by the Irish Nearly Zero-Energy Building (NZEB) regulation. <u>Ireland - Commercial:</u> Built up to and including 31st December 2020: Commercial buildings with at least a Building Energy Rating (BER) label of "B2" and better or belonging to the top 15% of Irish low carbon commercial buildings. Buildings purchased or leased in Ireland from 2015 by a public body are also considered part of the top 15%, as these are required by regulation to have BER label "B2" and better. Built from 1st January 2021 onwards: Commercial buildings that have a primary energy demand at least 10% lower than what is required by the Irish Nearly Zero-Energy Building (NZEB) regulation. <u>UK - Commercial:</u> Buildings with at least an EPC level "A" and "B" in England and Wales, EPC label "A, B and Climate Neutral (CN)" in Scotland	Partially aligned[49]

[48] Building Energy Rating (BER). BER certificates were introduced in Ireland in 2007, as required under the Energy Performance in Buildings Directive. With the purpose of making energy performance of a building visible and comparable on a like for like basis.

[49] Sustainalytics notes that the criteria for the Acquisition and ownership of buildings align fully with the EU Taxonomy except for UK commercial buildings built from 2021 and buildings certified against third-party schemes i.e., BREEAM, LEED, and DGNB. Sustainalytics notes that in the UK, a definition for what constitutes a 'NZEB' is undefined currently, hence there is no practical method for complying with the EU Taxonomy for buildings built from 2021. Regarding the certification schemes, as of December 2021, the EU Taxonomy has not specified the conditions on which these schemes can align with it. Therefore, Sustainalytics considers the criteria to be partially aligned.

		or belonging to the top 15% low carbon buildings in the local context (i.e. England & Wales, Scotland and Northern Ireland) Ireland & UK - Commercial: Commercial buildings which received at least one or more of the following classifications: • BREEAM 'Excellent' or higher • LEED 'Gold' or higher • DGNB 'Gold' or higher	
DNSH Criteria		***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 14		Aligned

Table 4

Framework Activity assessed	Green Buildings		
EU Activity	Construction of new buildings		
NACE Code	F41.1, F41.2 and activities under F43		
EU Technical Screening Criteria		***Alignment with Technical Screening Criteria***	
Mitigation	1. The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate (EPC). 2. For buildings larger than 5000 m^2, upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal thermal integrity testing.	Ireland – Residential: Built up to and including 31st December 2020: Residential buildings with at least a Building Energy Rating (BER) label of "B2" and better or belonging to the top 15% of Irish low carbon residential buildings. Residential buildings that have been built from 2015 and later. Built from 1st January 2021 onwards: Residential buildings that have a primary energy demand at least 10% lower than what is required by the Irish Nearly Zero-Energy Building (NZEB) regulation. Ireland - Commercial: Built up to and including 31st December 2020: Commercial buildings with at least a Building Energy Rating (BER) label of "B2" and better or belonging to the top 15% of	Partially aligned[50]

[50] Sustainalytics notes that the criteria for the Construction of new buildings align fully with the EU Taxonomy except for UK commercial buildings built from 2021 and buildings certified against third-party schemes i.e., BREEAM, LEED, and DGNB. Sustainalytics notes that in the UK, a definition for what constitutes a 'NZEB' is undefined currently, hence there is no practical method for complying with the EU Taxonomy for buildings built from 2021. Regarding the certification schemes, as of December 2021, the EU Taxonomy has not specified the conditions on which these schemes can align with it. Therefore, Sustainalytics considers the criteria to be partially aligned.

	3. For buildings larger than 5000 m², the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.	Irish low carbon commercial buildings. Buildings purchased or leased in Ireland from 2015 by a public body are also considered part of the top 15%, as these are required by regulation to have BER label "B2" and better. Built from 1st January 2021 onwards: Commercial buildings that have a primary energy demand at least 10% lower than what is required by the Irish Nearly Zero-Energy Building (NZEB) regulation. <u>UK - Commercial:</u> Buildings with at least an EPC level "A" and "B" in England and Wales, EPC label "A, B and Climate Neutral (CN)" in Scotland or belonging to the top 15% low carbon buildings in the local context (i.e. England & Wales, Scotland and Northern Ireland) <u>Ireland & UK:</u> Commercial buildings which received at least one or more of the following classifications: • BREEAM 'Excellent' or higher • LEED 'Gold' or higher • DGNB 'Gold' or higher Upon acquisition, AIB commits to follow criteria #2 and #3.	
	DNSH Criteria	***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 14		Aligned
Sustainable use and protection of water and marine resources	Where installed, except for installations in residential building units, the specified water use for the following water appliances are attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E to this Annex: (a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min;	AIB disclosed compliance with all national regulatory requirements applicable to all loans originated.[51] <u>UK:</u> As per the Maximum fittings consumption optional requirement level under the UK's Building Regulations 2010, AIB confirmed alignment with all the technical specifications.	Partially aligned[52]

[51] Note on the legislative framework in the UK: while the UK left the EU on 31 January 2020, a significant proportion of environmental legislation originates from EU law, which is directly applicable or implemented through national legislation.
[52] Sustainalytics notes that AIB relies on legislations to meet the DNSH criteria and compliance with the requirements rests with the designers, builders and owners of the building. Therefore, Sustainalytics considers this criterion to be partially aligned for the UK and Ireland.

	(b) showers have a maximum water flow of 8 litres/min; (c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres; (d) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre. To avoid impact from the construction site, the activity complies with the criteria set out in Appendix B to this Annex.	As for Appendix B criteria, Sustainalytics notes that the Water Framework Directive (WFD) 2000/60/EC has been retained in the UK law following the UK's exit from Europe. <u>Ireland:</u> As per the Technical Guidance Document G- Hygiene, AIB confirmed alignment with all water closets' requirements for class 2 products in I.S EN 997: 2003 regardless of the type of flushing device employed.	
Transition to a circular economy	At least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste. Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887 or other standards for assessing the disassembly or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling.	AIB disclosed compliance with all national regulatory requirements applicable to all loans originated.[53] <u>UK:</u> Directive 2008/98/EC ("Waste Framework") is implemented in the UK by The Waste Regulations 2011, SI 2011/988Waste (Circular Economy) (Amendment) Regulations 2020, SI 2020/904. The diversion of large percentages of Construction Demolition & Excavation (CD&E) waste from landfill has become standard practice, with CD&E diversion rates now typically exceeding 90% in England.[54] The UK Government's collection of planning practice guidance includes a National Design Guide[55] which integrates principles of whole life carbon assessment, the circular economy, reducing embodied carbon and waste and maximizing reuse and recycling. <u>Ireland:</u> Under the Waste Framework Directive (2008/98/EC) Member States must achieve 70 per cent of material recovery of non-	Partially aligned[57]

[53] Note on the legislative framework in the UK: while the UK left the EU on 31 January 2020, a significant proportion of environmental legislation originates from EU law, which is directly applicable or implemented through national legislation.
[54] UK Department for Environment Food & Rural Affairs, "UK Statistics on Waste", (2021), at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002246/UK_stats_on_waste_statistical_notice_July2021_accessible_FINAL.pdf
[55] UK Ministry of Housing, Communities & Local Government, "National Design Guide", (2021), at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962113/National_design_guide.pdf
[57] Sustainalytics notes that AIB relies on legislations to meet the DNSH criteria and compliance with requirements rests with the designers, builders and owners of the building. In addition, while the Waste Framework Directive covers the first criterion, Sustainalytics notes that building design techniques that support circularity are absent from the current legislation. Therefore, Sustainalytics considers this criterion to be partially aligned for the UK and Ireland.

		hazardous, non-soil and stone C&D waste, by 2020. Ireland achieved 77 per cent material recovery in 2018.[56]	
Pollution prevention and control	Building components and materials used in the construction complies with the criteria set out in Appendix C to this Annex. Building components and materials used in the building renovation that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m³ of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/EN 16516 or ISO 16000-3:2011 or other equivalent standardised test conditions and determination methods. Where the new construction is located on a potentially contaminated site (brownfield site), the site has been subject to an investigation for potential contaminants, for example using standard ISO 18400. Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.	UK: The following EU regulations are applicable in the UK: Regulation (EU) 2019/1021 on persistent organic pollutants is implemented in the UK by The Persistent Organic Pollutants Regulations 2007. The UK was one of the original parties to the Convention in 2004 and produced a National Implementation Plan (NIP) for POPs in 2007. The UK provided updates to this plan in 2013 and 2017 to reflect decisions made at the Conferences of the Parties. Regulation (EU) 2017/852 is implemented in the UK by The Control of Mercury (Enforcement) Regulations 2017 (referred to as the Control of Mercury Regulations) came into force on 1 January 2019 and repealed The Mercury Export and Data (Enforcement) Regulations 2010. Regulation (EC) No 1005/2009 is implemented in the UK by The Ozone-Depleting Substances Regulations 2015. These Regulations came into force on 7 March 2015 and apply to England, Scotland and Wales. They also apply to Northern Ireland, in relation to import and export. They replace and consolidate the Ozone-Depleting Substances (Qualifications) Regulations SI 2009/216 and the Environmental Protection (Controls on Ozone-Depleting Substances) Regulations SI 2011/1543. Directive 2011/65/EU is implemented in the UK by The Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (Amendment) Regulations 2021. Regulation (EC) 1907/2006 is implemented in the UK by The EU REACH Regulation. The EU REACH Regulation has been brought into UK law under the EU (Withdrawal) Act 2018. REACH, and related legislation, has been replicated in the UK with the necessary changes to make it operable in a domestic context. The key principles of the EU REACH Regulation have	Partially aligned[58]

[56] Environmental Protection Agency, "Construction & Demolition Waste Statistics for Ireland" (2020), at: https://www.epa.ie/our-services/monitoring--assessment/waste/national-waste-statistics/construction--demolition/

[58] Sustainalytics considers the criteria for Pollution prevention and control as aligned in the Irish context, however partially aligned in the UK context because the applicable regulation meets the EU Taxonomy criteria with the exception of those related to (i) formaldehyde emissions; (ii) brownfield new site construction; (iii) noise, dust, and pollutant emissions.

		been retained. This regime is now in operation and is known as UK REACH. Ireland: As a member state of the EU, all mentioned regulations in Appendix C can be assumed to be transposed into national regulation. Sustainalytics notes that such regulations meet EU Taxonomy criteria except for those related to (i) formaldehyde emissions; (ii) brownfield new site construction; (iii) noise, dust, and pollutant emissions. Therefore, Sustainalytics considers this criterion to be partially aligned.	
Protection and restoration of biodiversity and ecosystems	The new construction is not built on one of the following: (a) arable land and crop land with a moderate to high level of soil fertility and below ground biodiversity as referred to the EU LUCAS survey; (b) greenfield land of recognised high biodiversity value and land that serves as habitat of endangered species (flora and fauna) listed on the European Red List or the IUCN Red List; (c) land matching the definition of forest as set out in national law used in the national greenhouse gas inventory, or where not available, is in accordance with the FAO definition of forest.	AIB disclosed compliance with all national regulations applicable to all loans originated and application of the following guidance documents including: UK Guide to assessing development proposals on agricultural land The Building Regulations 2010 Protected species and development: advice for local planning authorities Ireland Biodiversity and the Planning Process	Partially aligned[59]

Table 5

Framework Activity assessed	Green Buildings
EU Activity	Renovation of existing buildings
NACE Code	F41 and F43
EU Technical Screening Criteria	***Alignment with Technical Screening Criteria***

[59] While Sustainalytics notes that primary responsibility for compliance rests beyond AIB's scope, Sustainalytics considers the Protection and restoration of biodiversity and ecosystems as partially aligned for the UK and Ireland because the Framework does not disclose criteria that match those of the EU Taxonomy Climate Delegated Act. Sustainalytics acknowledges that AIB relies on legislations to meet the DNSH criteria and compliance with the requirements in the UK and Ireland rests with the designers, builders and owners of the building.

Mitigation	The building renovation complies with the applicable requirements for major renovations. Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30%.	AIB's investment for this category relates to the financing of renovation expenditures where the renovation achieves at least a 30% improvement in energy efficiency. In Ireland, a minimum level of BER "C3" is required to ensure that post-renovation buildings are "reasonably efficient". When such an improvement is derived from EPC labels in the UK, a minimum floor will be implemented for the considered building. The floor will be one step below the lowest defined threshold to be part of the top 15% in the local context (i.e. a "C" label in England and Wales). In jurisdictions which base energy labels on carbon intensity performance ($kgCO_2/m2/year$), such as the UK's EPC EI rating, the calculated emissions intensity can be used to establish a 30% improvement.	Aligned
	DNSH Criteria	***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 14.		Aligned
Sustainable use and protection of water and marine resources	Where installed as part of the renovation works, except for renovation works in residential building units, the specified water use for the following water appliances is attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E to this Annex: (a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min; (b) showers have a maximum water flow of 8 litres/min; (c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres; (d) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre.	AIB disclosed compliance with all national regulatory requirements applicable to all loans originated.[60] <u>UK:</u> As per the Maximum fittings consumption optional requirement level under the UK's Building Regulations 2010, AIB confirmed alignment with all the technical specifications. As for Appendix B criteria, Sustainalytics notes that the Water Framework Directive (WFD) 2000/60/EC has been retained in the UK law following the UK's exit from Europe. <u>Ireland:</u> AIB confirmed compliance with the Technical Guidance Document G-Hygiene and the EU Water Framework Directive (2000/60/EC).	Partially aligned[52]

[60] Note on the legislative framework in the UK: while the UK left the EU on 31 January 2020, a significant proportion of environmental legislation originates from EU law, which is directly applicable or implemented through national legislation.

Transition to a circular economy	At least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste. Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887301 or other standards for assessing the disassembly or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible and dismantleable to enable reuse and recycling.	AIB disclosed compliance with all national regulatory requirements applicable to all loans originated <u>UK:</u> Directive 2008/98/EC ("Waste Framework") is implemented in the UK by The Waste Regulations 2011, SI 2011/988Waste (Circular Economy) (Amendment) Regulations 2020, SI 2020/904. The diversion of large percentages of Construction Demolition & Excavation (CD&E) waste from landfill has become standard practice, with CD&E diversion rates now typically exceeding 90% in England.[61] The UK Government's collection of planning practice guidance includes a National Design Guide[62] which integrates principles of whole life carbon assessment, the circular economy, reducing embodied carbon and waste and maximizing reuse and recycling. <u>Ireland:</u> Under the Waste Framework Directive (2008/98/EC) Member States must achieve 70 per cent of material recovery of non-hazardous, non-soil and stone C&D waste, by 2020. Ireland achieved 77 per cent material recovery in 2018.[63]	Partially aligned[57]
Pollution prevention and control	Building components and materials used in the construction complies with the criteria set out in Appendix C to this Annex. Building components and materials used in the building renovation that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m³ of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 and less than 0,001 mg of other categories1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/EN 16516 or ISO	<u>UK:</u> The following EU regulations are applicable in the UK: Regulation (EU) 2019/1021 on persistent organic pollutants is implemented in the UK by The Persistent Organic Pollutants Regulations 2007. The UK was one of the original parties to the Convention in 2004 and produced a National Implementation Plan (NIP) for POPs in 2007. The UK provided updates to this plan in 2013 and 2017 to reflect decisions made at the Conferences of the Parties.	Partially aligned[64]

[61] UK Department for Environment Food & Rural Affairs, "UK Statistics on Waste", (2021), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002246/UK_stats_on_waste_statistical_notice_July2021_accessible_FINAL.pdf
[62] UK Ministry of Housing, Communities & Local Government, "National Design Guide", (2021), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962113/National_design_guide.pdf
[63] Environmental Protection Agency, "Construction & Demolition Waste Statistics for Ireland" (2020), at: https://www.epa.ie/our-services/monitoring--assessment/waste/national-waste-statistics/construction--demolition/
[64] Sustainalytics considers the criteria for Pollution prevention and control as aligned in the Irish context, however partially aligned in the UK context because the applicable regulation meets the EU Taxonomy criteria with the exception of those related to (i) formaldehyde emissions; (ii) brownfield new site construction; (iii) noise, dust, and pollutant emissions.

	16000-3:2011 or other equivalent standardised test conditions and determination methods . Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.	Regulation (EU) 2017/852 is implemented in the UK by The Control of Mercury (Enforcement) Regulations 2017 (referred to as the Control of Mercury Regulations) came into force on 1 January 2019 and repealed The Mercury Export and Data (Enforcement) Regulations 2010. Regulation (EC) No 1005/2009 is implemented in the UK by The Ozone-Depleting Substances Regulations 2015. These Regulations came into force on 7 March 2015 and apply to England, Scotland and Wales. They also apply to Northern Ireland, in relation to import and export. They replace and consolidate the Ozone-Depleting Substances (Qualifications) Regulations SI 2009/216 and the Environmental Protection (Controls on Ozone-Depleting Substances) Regulations SI 2011/1543. Directive 2011/65/EU is implemented in the UK by The Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (Amendment) Regulations 2021. Regulation (EC) 1907/2006 is implemented in the UK by The EU REACH Regulation. The EU REACH Regulation has been brought into UK law under the EU (Withdrawal) Act 2018. REACH, and related legislation, has been replicated in the UK with the necessary changes to make it operable in a domestic context. The key principles of the EU REACH Regulation have been retained. This regime is now in operation and is known as UK REACH. <u>Ireland:</u> As a member state of the EU, all mentioned regulations in Appendix C can be assumed to be transposed into national regulation. Sustainalytics notes that such regulations meet EU Taxonomy criteria except for those related to (i) formaldehyde emissions; (ii) noise, dust, and pollutant emissions. Therefore, Sustainalytics considers this criterion to be partially aligned.	

Table 6

Framework Activity assessed	Renewable Energy		
EU Activity	Manufacture of renewable energy technologies		
NACE Code	C25 C27 C28		
	EU Technical Screening Criteria	***Alignment with Technical Screening Criteria***	
Mitigation	The economic activity manufactures renewable energy technologies.	The activities to be financed by AIB manufacture renewable energy technologies and therefore are eligible by default.	Aligned
	DNSH Criteria	***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 14		Aligned
Sustainable use and protection of water and marine resources	The activity assesses how environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed.	As part of AIB's credit assessment due diligence, assets that are likely to have significant effects on the environment by virtue of their size, nature or location are required to undergo an environmental impact assessment (EIA) which is to be submitted to competent authorities when applying for project development. AIB disclosed compliance with all national regulatory requirements applicable to all loans originated.[65] UK The Water Framework Directive (WFD) 2000/60/EC has been retained in UK law following the UK's exit from Europe. The WFD has been implemented by The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 in England and Wales, The Water Environment (Water Framework Directive) Regulations (Northern Ireland) 2017 in Northern Ireland and the Water Environment and Water Services (Scotland) Act 2003. The directive requires all member states to protect and improve water quality in all waters so that a good ecological status is achieved by 2015 or, at the latest, by 2027. It applies to rivers, lakes, groundwater, and transitional coastal waters. The directive also requires that management plans be prepared on	Aligned

[65] Note on the legislative framework in the UK: while the UK left the EU on 31 January 2020, a significant proportion of environmental legislation originates from EU law, which is directly applicable or implemented through national legislation.

		a river basin basis and specifies a structured method for developing these plans. Ireland The Water Framework Directive (WFD) 2000/60/EC was given legal effect in Ireland by the European Communities (Water Policy) Regulations 2003 (S.I. No. 722 of 2003).	
Transition to a circular economy	The activity assesses the availability of and, where feasible, adopts techniques that support: (a) reuse and use of secondary raw materials and re-used components in products manufactured. (b) design for high durability, recyclability, easy disassembly, and adaptability of products manufactured. (c) waste management that prioritizes recycling over disposal, in the manufacturing process. (d) information on and traceability of substances of concern throughout the lifecycle of the manufactured products	As part of AIB's credit assessment due diligence, assets that are likely to have significant effects on the environment by virtue of their size, nature or location are required to undergo an environmental impact assessment (EIA) which is to be submitted to competent authorities when applying for project development. Further, AIB abides by all national regulatory requirements applicable in Ireland and UK including EU regulations for Waste Electrical and Electronic equipment (EU Waste Electrical & Electronic Equipment Directive 2012/19/EU) which is built on waste hierarchy concept. The regulation aims to reduce the amount of WEEE incinerated or sent to landfill sites. Under this regulation extended producer responsibility is placed on the producers and suppliers to ensure collection, treatment, and recovery of WEEE. The regulation covers wastes such wind turbines (Category 6 i.e., electrical and electronic tools) and solar panels (Category 14). Ireland is a member state of the EU; hence they continue to follow the relevant legislation i.e., the EU Waste Electrical & Electronic Equipment (WEEE) Directive 2012/19/EU.	Aligned
Pollution prevention and control	The activity assesses the policies or procedures in place to ensure the absence of substances and chemicals with adverse impacts on health and the environment (e.g., mercury and mercury compounds).[66]	AIB attested that all national regulatory requirements applicable in UK & Ireland, as follows: - Regulation (EU) 2019/1021 on persistent organic pollutants is implemented in the United Kingdom (UK) by The Persistent Organic Pollutants Regulations 2007. The regulation enforces Community provisions of Regulation (EC) No. 850/2004 relating to production, placing on the	Aligned

[66] Please see Appendix C of the Delegated Act for further information on the generic criteria for DNSH regarding use and presence of chemicals: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf.

		market and use of specified substances, stockpiles of specified substances and waste management and disposal. - Regulation (EU) 2017/852 is implemented in the United Kingdom (UK) by The Control of Mercury (Enforcement) Regulations 2017 (referred to as the Control of Mercury Regulations. These regulations provide for offences, penalties and enforcement powers in support of the EU's Mercury Regulation. - Regulation (EC) No 1005/2009 is implemented in the United Kingdom (UK) by The Ozone-Depleting Substances Regulations 2015. The consolidated regulations concern the production import, export and placing on the market of ozone-depleting substances, statutory testing of units containing these substances and minimum qualifications for the testing, recovery, recycling, reclamation or destruction of ozone-depleting substances. - Directive 2011/65/EU is implemented in the United Kingdom (UK) by The Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (Amendment) Regulations 2021. The Schedule contains a list of substances which are restricted in electrical and electronic equipment (EEE), together with maximum concentration values by weight of those substances in homogeneous materials which may be contained in EEE placed on the market. These maintain the restrictions and maximum concentration values set out in an EU Directive which applied before the end of the transition period. The correction concerns an error in the maximum concentration value specified for cadmium. - Regulation (EC) 1907/2006 is implemented in the United Kingdom (UK) by The EU REACH Regulation. REACH is a regulation of the EU, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals, while enhancing the competitiveness of the EU chemicals industry.	

		Ireland is a member state of the EU; hence all the above-mentioned regulations can be assumed to be transposed into national regulation.	
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 15		Aligned

Table 7

Framework Activity assessed	Renewable Energy		
EU Activity	Electricity generation using solar photovoltaic technology		
NACE Code	D35.11 F42.22		
EU Technical Screening Criteria		***Alignment with Technical Screening Criteria***	
Mitigation	The activity generates electricity using solar PV technology.	Eligible by default	Aligned
DNSH Criteria		***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 14		Aligned
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	When providing project finance loans, AIB has implemented a due diligence process that covers relevant circular elements. AIB abides by all national regulatory requirements applicable to all loans originated. Even though the UK left the EU on 31 January 2020, a significant proportion of environmental legislation originates from EU law, which is directly applicable or implemented through national legislation. Such regulations include the Directive 2012/19/EU on Waste Electrical and Electronic Equipment Directive (WEEE), which regulates the treatment of electrical and electronic waste at the end of their life cycle. WEEE set the fundamental legalities and obligations for collecting and recycling photovoltaic panels in the EU, including setting minimum collection and recovery targets.	Aligned

		All photovoltaic modules available in the EU can be disposed of, notwithstanding the type of technology used. Most party of a solar module can be recycled, including glass, semiconductor materials, ferrous and non-ferrous metals.	
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 15		Aligned

Table 8

Framework Activity assessed	Renewable Energy		
EU Activity	Electricity generation using concentrated solar power		
NACE Code	D35.11 F42.22		
EU Technical Screening Criteria		***Alignment with Technical Screening Criteria***	
Mitigation	The activity generates electricity using CSP technology.	Eligible by default	Aligned
DNSH Criteria		***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 14		Aligned
Sustainable use and protection of water and marine resources	The activity assesses how environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed.	AIB Group plc operates mainly in the Republic of Ireland and the United Kingdom. The Bank abides by all national regulatory requirements in these countries, including the EU Water Framework Directive (2000/60/EC).[67] The directive requires all member states to protect and improve water quality in all waters so that a good ecological status is achieved by 2015 or, at the latest, by 2027. It applies to rivers, lakes, groundwater, and transitional coastal waters. The directive also requires that management plans be prepared on	Aligned

[67] Even though the UK left the EU on 31 January 2020, a significant proportion of environmental legislation originates from EU law, which is directly applicable or implemented through national legislation. The Water Framework Directive (WFD) 2000/60/EC has been retained in UK law following the UK's exit from Europe.

		a river basin basis and specifies a structured method for developing these plans. As part of AIB's credit assessment due diligence, assets that are likely to have significant effects on the environment by virtue of their size, nature or location are required to undergo an environmental impact assessment (EIA) which is to be submitted to competent authorities when applying for project development. CSP projects located in the EU fall under Annex II of the Environmental Impact Assessment (EIA) Directive (2011/92/EU), requiring the competent national authority to determine the need for an EIA.	
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	When providing project finance loans, AIB has implemented a due diligence process that covers relevant circular elements. AIB abides by all national regulatory requirements applicable to all loans originated. Even though the UK left the EU on 31 January 2020, a significant proportion of environmental legislation originates from EU law, which is directly applicable or implemented through national legislation. Such regulations include the Directive 2012/19/EU on Waste Electrical and Electronic Equipment Directive (WEEE), which regulates the treatment of electrical and electronic waste at the end of their life cycle.	Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 15		Aligned

Table 9

Framework Activity assessed	Renewable Energy
EU Activity	Electricity generation from wind power
NACE Code	D35.11 F42.22
EU Technical Screening Criteria	***Alignment with Technical Screening Criteria***

Mitigation	The activity generates electricity from wind power.	Eligible by default	Aligned
	DNSH Criteria	***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 14		Aligned
Sustainable use and protection of water and marine resources	In case of construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC of the European Parliament and of the Council,[68] requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/8481[69] in relation to the relevant criteria and methodological standards for that descriptor.	As part of AIB's credit assessment due diligence, assets that are likely to have significant effects on the environment by virtue of their size, nature or location are required to undergo an environmental impact assessment (EIA) which is to be submitted to competent authorities when applying for project development. The following environmental indicators are assessed as part of the EIA for wind projects: • On-shore wind: Animal or plant life, climate and air, landscape and visual, aviation or army interests, or archaeological and cultural heritage receptors provided that embedded mitigation included in the assessment is adopted • Off-shore wind: physical processes, ornithology, airborne noise, benthic ecology, shipping and navigation, aviation and military interests or socioeconomics and tourism. Offshore windfarms which have undergone an EIA also comply with the assessment under Article 6(3) of the Habitats Directive. The guidance covers descriptors relevant to offshore wind energy such as maintaining biodiversity and sea floor integrity. The EIA must address issues of introduction of energy and underwater noise not affecting the local ecosystem. Additionally, standards are required when seeking approval for permits including monitoring underwater noise and effectiveness of control systems AIB wind power projects will be located at UK, Ireland, Portugal, France, Spain, Belgium, and Germany. AIB abides by all national regulatory requirements applicable in the above-mentioned countries. Including the Directive 2008/56/EC	Aligned

[68] Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive) (OJ L 164, 25.6.2008, p. 19)
[69] Commission Decision (EU) 2017/848 of 17 May 2017 laying down criteria and methodological standards on good environmental status of marine waters and specifications and standardized methods for monitoring and assessment and repealing Decision 2010/477/EU (OJ L 125, 18.5.2017, p. 43).

		("Marine Strategy Framework Directive") implemented in the United Kingdom (UK) by The Marine Strategy Regulations 2010. The Directive is wide-ranging and sets out 11 descriptors, including introduction of energy, including underwater noise, is at levels that do not adversely affect the marine environment ('descriptor 11' or 'd11').	
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	AIB has a rigorous due diligence on all project finance loans covering relevant circular elements. AIB's Project Finance Policy, approved by the Group Credit Committee, guides its climate-related lending assessments and decisions for long-term infrastructure, industrial projects, and public services. Within credit assessment due diligence, assets that are likely to have significant effects on the environment by virtue of their size, nature or location are required to undergo an environmental impact assessment (EIA) which is to be submitted to competent authorities when applying for project development. AIB also relies on analysis provided by external parties to support this assessment.	Aligned
Protection and restoration of biodiversity and ecosystems	In case of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity). Refer to the assessment set out in Appendix 3, Table 15.	The assets financed by AIB comply with the Marine Strategy Framework Directive and the Water Framework Directive 2000/60/EC which also translate into applicable national law and regulations. The MSFD Program for Marine protection aims at ensuring that projects are planned to achieve environmental targets, such as seas not polluted by contaminants, marine species and habitats unaffected by human activities, sustainable and environmental sound use of resources and seas not impacted by litter, anthropogenic energy and eutrophication.	Aligned

Table 10

Framework Activity assessed	Renewable Energy		
EU Activity	Cogeneration of heat/cool and power from bioenergy		
NACE Code	D35.11 D35.30		
EU Technical Screening Criteria		***Alignment with Technical Screening Criteria***	
Mitigation	1. Agricultural biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. Forest	While AIB does not have project in the pipeline currently, the Company commits to ensure that any new cogeneration project meets the TSC criteria.	Aligned

	biomass used in the activity complies with the criteria laid down in Article 29, paragraphs 6 and 7 of that Directive. 2. The greenhouse gas emission savings from the use of biomass in cogeneration installations are at least 80 % in relation to the GHG emission saving methodology and fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001. 3. Where the cogeneration installations rely on anaerobic digestion of organic material, the production of the digestate meets the criteria in Sections 5.6 and criteria 1 and 2 of Section 5.7 of this Annex, as applicable. 4. Points 1 and 2 do not apply to cogeneration installations with a total rated thermal input below 2 MW and using gaseous biomass fuels.		
	DNSH Criteria	***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 14		Aligned
Sustainable use and protection of water and marine resources	The activity assesses how environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed.	As part of AIB's credit assessment due diligence, assets that are likely to have significant effects on the environment by virtue of their size, nature or location are required to undergo an environmental impact assessment (EIA) which is to be submitted to competent authorities when applying for project development. AIB disclosed compliance with all national regulatory requirements applicable to all loans originated.[70] <u>UK</u> The Water Framework Directive (WFD) 2000/60/EC has been retained in UK law following the UK's exit from Europe. The WFD has been implemented by The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 in England and Wales, The Water Environment (Water Framework Directive) Regulations (Northern Ireland) 2017 in Northern Ireland and the Water Environment and Water Services (Scotland) Act 2003. The directive requires all member states to protect and improve water quality in all waters so that a good ecological status is achieved by 2015 or, at the latest, by 2027. It applies to rivers,	Aligned

[70] Note on the legislative framework in the UK: while the UK left the EU on 31 January 2020, a significant proportion of environmental legislation originates from EU law, which is directly applicable or implemented through national legislation.

		lakes, groundwater, and transitional coastal waters. The directive also requires that management plans be prepared on a river basin basis and specifies a structured method for developing these plans. <u>Ireland</u> The Water Framework Directive (WFD) 2000/60/EC was given legal effect in Ireland by the European Communities (Water Policy) Regulations 2003 (S.I. No. 722 of 2003).	
Pollution prevention and control	For installations falling within the scope of Directive 2010/75/EU, emissions are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set out in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for large combustion plants, ensuring at the same time that no significant cross-media effects occur. For combustion plants with thermal input greater than 1 MW but below the thresholds for the BAT conclusions for large combustion plants to apply, emissions are below the emission limit values set out in Annex II, part 2, to Directive (EU) 2015/2193. For plants in zones or parts of zones not complying with the air quality limit values laid down in Directive 2008/50/EC, results of the information exchange, which are published by the Commission in accordance with Article 6, paragraphs 9 and 10, of Directive (EU) 2015/2193 are taken into account. In case of anaerobic digestion of organic material, where the produced digestate is used as fertiliser or soil improver, either directly or after composting or any other treatment, it meets the requirements for fertilising materials set out in Component Material Categories (CMC) 4 and 5 in Annex II to Regulation (EU) 2019/1009 or national rules on fertilisers or soil improvers for agricultural use. For anaerobic digestion plants treating over 100 tonnes per day, emissions to air and water are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set for anaerobic treatment of waste in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for waste treatment. No significant cross-media effects occur.	As part of AIB's credit assessment due diligence, assets that are likely to have significant effects on the environment by virtue of their size, nature or location are required to undergo an environmental impact assessment (EIA) which is to be submitted to competent authorities when applying for project development. AIB disclosed compliance with all national regulatory requirements applicable to all loans originated.[71] While AIB does not have project in the pipeline currently, the Company commits to ensure that any new cogeneration project meets relevant DNSH criteria.	Aligned
Protection and restoration of	Refer to the assessment set out in Appendix 3, Table 15		Aligned

[71] Note on the legislative framework in the UK: while the UK left the EU on 31 January 2020, a significant proportion of environmental legislation originates from EU law, which is directly applicable or implemented through national legislation.

biodiversity and ecosystems		

Table 11

Framework Activity assessed	Renewable Energy		
EU Activity	Anaerobic digestion of bio-waste		
NACE Code	E38.21 F42.99		
	EU Technical Screening Criteria	***Alignment with Technical Screening Criteria***	
Mitigation	1. A monitoring and contingency plan is in place in order to minimise methane leakage at the facility. 2. The produced biogas is used directly for the generation of electricity or heat or upgraded to bio-methane for injection in the natural gas grid or used as vehicle fuel or as feedstock in chemical industry. 3. The bio-waste that is used for anaerobic digestion is source segregated and collected separately. 4. The produced digestate is used as fertiliser or soil improver, either directly or after composting or any other treatment. 5. In the dedicated bio-waste treatment plants, the share of food and feed crops used as input feedstock, measured in weight, as an annual average, is less than or equal to 10% of the input feedstock.	AIB's investments in this category would finance facilities that treat bio-waste through anaerobic digestion, with the resultant biogas used for electricity/heat generation. The Framework also mentions that energy crops and non-waste feedstock are excluded and that the relevant EU Taxonomy criteria for such installations will be respected.	Aligned
	DNSH Criteria	***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 14		Aligned
Sustainable use and protection of water and marine resources	The activity assesses how environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed.	As part of AIB's credit assessment due diligence, assets that are likely to have significant effects on the environment by virtue of their size, nature or location are required to undergo an environmental impact assessment (EIA) which is to be submitted to competent authorities when applying for project development. AIB disclosed compliance with all national regulatory requirements applicable to all loans originated.[72] UK	Aligned

[72] Note on the legislative framework in the UK: while the UK left the EU on 31 January 2020, a significant proportion of environmental legislation originates from EU law, which is directly applicable or implemented through national legislation.

		The Water Framework Directive (WFD) 2000/60/EC has been retained in UK law following the UK's exit from Europe. The WFD has been implemented by The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 in England and Wales, The Water Environment (Water Framework Directive) Regulations (Northern Ireland) 2017 in Northern Ireland and the Water Environment and Water Services (Scotland) Act 2003. The directive requires all member states to protect and improve water quality in all waters so that a good ecological status is achieved by 2015 or, at the latest, by 2027. It applies to rivers, lakes, groundwater, and transitional coastal waters. The directive also requires that management plans be prepared on a river basin basis and specifies a structured method for developing these plans. <u>Ireland</u> The Water Framework Directive (WFD) 2000/60/EC was given legal effect in Ireland by the European Communities (Water Policy) Regulations 2003 (S.I. No. 722 of 2003).	
Pollution prevention and control	For anaerobic digestion plants treating over 100 tonnes per day, emissions to air and water are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set for anaerobic treatment of waste in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for waste treatment. No significant cross-media effects occur. The produced digestate meets the requirements for fertilising materials set out in Component Material Categories (CMC) 4 and 5 for digestate or CMC 3 for compost, as applicable, in Annex II to Regulation (EU) 2019/1009, or national rules on fertilisers or soil improvers for agricultural use The Nitrogen content (with tolerance level ±25%) of the digestate used as fertiliser or soil improver is communicated to the buyer or the entity in charge of taking off the digestate. Confirm that the produced digestate meets the requirements for fertilising materials set out in Component Material Categories (CMC) 4 and 5 for digestate or CMC 3 for compost, as applicable, in Annex II to Regulation (EU) 2019/1009, or national rules on fertilisers or soil improvers for agricultural use.	While AIB does not have project in the pipeline currently, the Company commits to ensure that any anaerobic digestion project meets the TSC criteria.	Aligned

	Confirm that the Nitrogen content (with tolerance level ±25%) of the digestate used as fertiliser or soil improver is communicated to the buyer or the entity in charge of taking off the digestate.		
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 15		Aligned

Table 12

Framework Activity assessed	Clean Transportation		
EU Activity	Infrastructure enabling low-carbon road transport and public transport		
NACE Code	H49.10, N77.39, H49.20 N77.39		
EU Technical Screening Criteria		***Alignment with Technical Screening Criteria***	
Mitigation	1. The activity complies with one or more of the following criteria: (a) the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO_2 emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS); (b) the infrastructure and installations are dedicated to transhipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transhipment of goods; (c) the infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signalling systems for metro, tram and rail systems. 2. The infrastructure is not dedicated to the transport or storage of fossil fuels.	AIB will finance EV charging stations, hydrogen fuelling stations and electrified rail. AIB has confirmed if the infrastructure will not be dedicated to transport or storage of fossil fuels.	Aligned
DNSH Criteria		***Alignment with DNSH Criteria***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 14		Aligned
Sustainable use and protection of water and	The activity assesses how environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed.	As part of AIB's credit assessment due diligence, assets that are likely to have significant effects on the environment by virtue of their size, nature or location are required to undergo	Aligned

marine resources		an environmental impact assessment (EIA) which is to be submitted to competent authorities when applying for project development. AIB disclosed compliance with all national regulatory requirements applicable to all loans originated.[73] UK The Water Framework Directive (WFD) 2000/60/EC has been retained in UK law following the UK's exit from Europe. The WFD has been implemented by The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 in England and Wales, The Water Environment (Water Framework Directive) Regulations (Northern Ireland) 2017 in Northern Ireland and the Water Environment and Water Services (Scotland) Act 2003. The directive requires all member states to protect and improve water quality in all waters so that a good ecological status is achieved by 2015 or, at the latest, by 2027. It applies to rivers, lakes, groundwater, and transitional coastal waters. The directive also requires that management plans be prepared on a river basin basis and specifies a structured method for developing these plans. Ireland The Water Framework Directive (WFD) 2000/60/EC was given legal effect in Ireland by the European Communities (Water Policy) Regulations 2003 (S.I. No. 722 of 2003).	
Transition to a circular economy	At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material defined in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol[74]. Operators limit waste generation in processes related construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-	AIB disclosed compliance with all national regulatory requirements applicable to all loans originated. UK: Directive 2008/98/EC ("Waste Framework") is implemented in the UK by The Waste Regulations 2011, SI 2011/988Waste (Circular Economy) (Amendment) Regulations 2020, SI 2020/904. The diversion of large percentages of Construction Demolition & Excavation (CD&E) waste from landfill has become standard	Aligned

[73] Note on the legislative framework in the UK: while the UK left the EU on 31 January 2020, a significant proportion of environmental legislation originates from EU law, which is directly applicable or implemented through national legislation.
[74] EU Construction and Demolition Waste Protocol: https://ec.europa.eu/growth/content/eu-construction-and-demolition-waste-protocol-0_en).

	quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.	practice, with CD&E diversion rates now typically exceeding 90% in England.[75] The UK Government's collection of planning practice guidance includes a National Design Guide[76] which integrates principles of whole life carbon assessment, the circular economy, reducing embodied carbon and waste and maximizing reuse and recycling. <u>Ireland:</u> Under the Waste Framework Directive (2008/98/EC) Member States must achieve 70 per cent of material recovery of non-hazardous, non-soil and stone C&D waste, by 2020. Ireland achieved 77 per cent material recovery in 2018.[77]	
Pollution prevention and control	Where relevant, noise and vibrations from use of infrastructure are mitigated by introducing open trenches, wall barriers or other measures and comply with Directive 2002/49/EC. Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.	AIB abides by Environment Noise (England) Regulations, 2006 in UK which intends to reduce noise levels by noise mapping, providing information to public on environmental noise and its effects and adopting of actions plans to manage environmental noise. In Ireland AIB abides by Directive 2002/49/EC of EU which aims at creating a common language for assessment and management of environmental noise.	Aligned
Protection and restoration of biodiversity and ecosystems	Where relevant, maintenance of vegetation along road transport infrastructure ensures that invasive species do not spread. Mitigation measures have been implemented to avoid wildlife collisions. Refer to the assessment set out in Appendix 3, Table 15	AIB will follow the UK guidance - 'Stop invasive non-native plants from spreading'.	Partially aligned[78]

Table 13

Framework Activity assessed	Clean Transportation
EU Activity	Transport by motorbikes, passenger cars and light commercial vehicles
NACE Code	H49.32, H49.39 and N77.11

[75] UK Department for Environment Food & Rural Affairs, "UK Statistics on Waste", (2021), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002246/UK_stats_on_waste_statistical_notice_July2021_accessible_FINAL.pdf
[76] UK Ministry of Housing, Communities & Local Government, "National Design Guide", (2021), at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962113/National_design_guide.pdf
[77] Environmental Protection Agency, "Construction & Demolition Waste Statistics for Ireland" (2020), at: https://www.epa.ie/our-services/monitoring--assessment/waste/national-waste-statistics/construction--demolition/
[78] The criteria for maintenance of vegetation along road transport are not reflected in the regulation or in the Framework. Therefore, Sustainalytics considers the criteria to be partially aligned for the UK and Ireland.

EU Technical Screening Criteria		*Alignment with Technical Screening Criteria*	
Mitigation	For vehicles of category M1[79] and N1[80], both falling under the scope of Regulation (EC) No 715/2007: (i) until 31 December 2025, specific emissions of CO_2, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are lower than 50gCO_2/km (low- and zero-emission light-duty vehicles); (ii) from 1 January 2026, specific emissions of CO_2, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are zero.	AIB will finance electric vehicles with zero tail-pipe emissions.	Aligned
	For vehicles of category L[81], the tailpipe CO_2 emissions equal to 0g CO_2e/km calculated in accordance with the emission test laid down in Regulation (EU) 168/2013.		
DNSH Criteria		*Alignment with DNSH Criteria*	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 14		Aligned
Transition to a circular economy	Vehicles of categories M1 and N1 are both of the following: a. reusable or recyclable to a minimum of 85% by weight; b. reusable or recoverable to a minimum of 95% by weight[82] Measures are in place to manage waste both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein), in accordance with the waste hierarchy.	AIB disclosed compliance with all national regulatory requirements applicable to all loans originated.[83] UK Three sets of regulations implement the EU Directive 2000/53/EC on end-of-life vehicles (ELVs) in the UK: • End-of-Life Vehicles Regulations 2003 • End-of-Life Vehicles (Producer Responsibility) Regulations 2005 • Environmental Permitting (England and Wales) Regulations 2016 The 2003 and 2005 Regulations are complementary, implementing the requirements of the directive. The two sets of amendment regulations, the End-of-Life Vehicles (Amendment) Regulations 2010 and the End-of-Life Vehicles (Producer Responsibility) (Amendment) Regulations 2010,	Aligned

[79] Category M1 Vehicles designed and constructed for the carriage of passengers and comprising no more than eight seats in addition to the driver's seat, and having a maximum mass ("technically permissible maximum laden mass") not exceeding 3.5 tons (source: https://www.transportpolicy.net/standard/eu-vehicle-definitions/)
[80] Category N1: Vehicles for the carriage of goods and having a maximum mass not exceeding 3.5 tonnes (source: https://www.transportpolicy.net/standard/eu-vehicle-definitions/)
[81] Category L: Motor vehicles with less than four wheels (Mopeds, Motorcycles, Motor Tricycles and Quadricycles)
[82] As set out in Annex I of Directive 2005/64/EC of the European Parliament and of the Council of 26 October 2005 on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability and amending Council Directive 70/156/EEC (OJ L 310, 25.11.2005, p. 10).
[83] Note on the legislative framework in the UK: while the UK left the EU on 31 January 2020, a significant proportion of environmental legislation originates from EU law, which is directly applicable or implemented through national legislation.

		were introduced to make minor technical changes to the requirements. There are parallel regulations in Scotland and Northern Ireland covering Part 7 of the regulations on keeping and treating waste motor vehicles. These regulations are the End-of-Life Vehicles (Storage and Treatment) (Scotland) Regulations 2003 (SSI 2003 No. 593) and the Waste Management Licensing Regulations (Northern Ireland) 2003 (SR 2003 No. 493). Directive 2005/64/EC is implemented in the United Kingdom (UK) by The Motor Vehicles (EC Type Approval) (Amendment) Regulations 2007. <u>Ireland</u> Ireland is a member state of the EU, hence Directive 2000/53/EC and Directive 2005/64/EC can be assumed to be transposed into national legislation.	
Pollution prevention and control	Vehicles comply with the requirements of the most recent applicable stage of the Euro 6 light-duty emission type-approval[84] set out in accordance with Regulation (EC) No. 715/2007. Vehicles comply with the emission thresholds for clean light-duty vehicles set out in Table 2 of the Annex to Directive 2009/33/EC of the European Parliament and of the Council.[85] For road vehicles of categories M and N, tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 and as can be verified from the European Product Registry for Energy Labelling (EPREL). Vehicles comply with Regulation (EU) No 540/2014 of the European Parliament and of the Council.[86]	<u>UK</u> Regulation (EC) No. 715/2007 Fully electric vehicles will automatically comply with the emissions tests mentioned in this DNSH. Directive 2009/33/EC Fully electric vehicles will automatically comply with the emissions tests mentioned in this DNSH. External rolling noise requirements AIB will finance Tesla Model 3 and Nissan Leaf, for which the rolling noise in the range of 70 dB to 72 dB. Regulation (EU) No 540/2014 UK will still comply with Regulation (EU) No 540/2014 after Brexit.	Aligned

[84] Commission Regulation (EU) 2018/1832 of 5 November 2018 amending Directive 2007/46/EC of the European Parliament and of the Council, Commission Regulation (EC) No 692/2008 and Commission Regulation (EU) 2017/1151 for the purpose of improving the emission type approval tests and procedures for light passenger and commercial vehicles, including those for in-service conformity and real-driving emissions and introducing devices for monitoring the consumption of fuel and electric energy (OJ L 301, 27.11.2018, p. 1).
[85] Directive 2009/33/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean and energy-efficient road transport vehicles (OJ L 120, 15.5.2009, p. 5).
[86] Regulation (EU) No 540/2014 of the European Parliament and of the Council of 16 April 2014 on the sound level of motor vehicles and of replacement silencing systems, and amending Directive 2007/46/EC and repealing Directive 70/157/EEC (OJ L 158, 27.5.2014, p. 131).

		Ireland As an EU member state, Ireland is expected to transpose the Directive 2009/33/EC into legislation. In addition, Ireland has applied the following regulations: Regulation (EC) No. 715/2007 and Regulation (EU) No 540/2014. AIB will finance Tesla Model 3 and Nissan Leaf, for which the rolling noise in the range of 70 dB to 72 dB.	

Appendix 3: Criteria for Do No Significant Harm ("DNSH") to Climate Change Adaptation and Protection and Restoration of Biodiversity and Ecosystems

Table 14

Criteria for DNSH to Climate Change Adaptation		
DNSH Criteria	***Alignment with DNSH Criteria***	
The physical climate risks that are material to the activities mentioned above have been identified by the Issuer by performing a robust climate risk and vulnerability assessment.[87] The assessment must be proportionate to the scale of the activity and its expected lifespan, such that: • for investments into activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections; • for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments. The issuer has developed a plan to implement adaptation solutions to reduce material physical climate risks to the selected activities under this framework. • For new activities the Issuer ensures that adaptation solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. • For activities that involve upgrading or altering existing assets or processes, the Issuer must implement adaptation solutions identified within five years from the	To assess the climate-related risks that may impact AIB, the Bank used TCFD's transition and physical risk categorizations as well as qualitative scenario analysis for understanding the potential impacts of climate change on the Company's business over the medium (10-year) and longer term (30 year). Furthermore, AIB disclosed that sector specialists integrated these impact scenarios in their 3-year strategies. AIB's climate risk analysis is centred on its lending portfolio and is focused on the following carbon intensive sectors – Agriculture, Commercial/Residential Property, Transportation and Energy Industries. AIB has adopted a sector-based approach and included both physical and transition risks in the analysis. AIB is also working towards setting SBTs for its lending portfolio. Furthermore, as part of its Climate Strategy, AIB has identified adaptation and resilience strategies as climate change opportunities in sectors such as residential & commercial property, agriculture and road transport	Aligned

[87] The EU Delegated Act identifies several climate related risk and classifies them into chronic or acute risks, Chronic risks include -changing temperature (air, freshwater, marine water), changing wind patterns, changing precipitation patterns and types, coastal erosion, heat stress, ocean acidification, sea-level rise, and solifluction. Acute risks pertain to – heat/ cold wave, wildfire, cyclone, hurricane, tornado, storm, drought, landslide, flood, and glacial lake outburst. For a complete list of climate related risk please refer to Section 2 of Appendix E of EU's draft delegated regulation (Annex 1), at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW

start of the activity. In addition, selected adaptation solutions must not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts.		

Table 15

Criteria for the Protection and Restoration of Biodiversity and Ecosystems		
DNSH Criteria	***Alignment with DNSH Criteria***	
• An Environmental Impact Assessment (EIA) or screening has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards. • Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. • For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.	AIB's climate related lending assessments and decisions for long term infrastructure, industrial projects that are likely to have significant effects on the environment by virtue of their size, nature or location have to undergo an environmental impact assessment (EIA) which is then submitted to competent authorities while applying for project development. AIB has indicated compliance with UK's Legislation covering Environmental Impact Assessment, which addresses mitigation and compensation measures for protecting the environment. AIB also aims for full compliance with any mitigation and compensation measures arising from the EIA process. AIB has indicated compliance with UK's regulation governing the protection of sensitive area whereby the existing permitting process ensures that impacts on such areas are minimized or avoided. In particular, AIB is compliant with UK's Conservation of Habitats and Species Regulations 2017.	Aligned

Appendix 4: Certification Schemes for Green Buildings

	BREEAM	LEED	DGNB
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).	DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.
Certification levels	Pass Good Very Good Excellent Outstanding	• Certified • Silver • Gold • Platinum	• Bronze • Silver • Gold • Platinum
Areas of Assessment	• Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation	• Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority	• Environment • Economic • Sociocultural and functional aspects • Technology • Processes & Site
Requirements	Prerequisites depending on the levels of certification and credits with associated points This number of points is then weighted by item[88] and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREAAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Prerequisites independent of level of certification, and credits with associated points. These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	Percentage-based performance index. The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment. Depending on the total performance index, a DGNB award will be given to the project, starting from Silver. Bronze is awarded for existing buildings and is conferred as the lowest rank.
Performance display			
Qualitative Considerations	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognized internationally, and strong assurance of overall quality.	DGNB certification is based on current EU standards.

[88] BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item.

Appendix 5: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	AIB Group plc
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	AIB Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	December 15, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

ROLE(S) OF REVIEW PROVIDER

☒	Consultancy (incl. 2nd opinion)	☐	Certification
☐	Verification	☐	Rating
☐	Other *(please specify)*:		

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

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 eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11

Use of proceeds categories as per GBP:

☒ Renewable energy	☐ Energy efficiency
☐ Pollution prevention and control	☐ Environmentally sustainable management of living natural resources and land use
☐ Terrestrial and aquatic biodiversity conservation	☒ Clean transportation
☐ Sustainable water and wastewater management	☐ Climate change adaptation
☐ Eco-efficient and/or circular economy adapted products, production technologies and processes	☒ Green buildings
☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	☐ Other *(please specify)*:

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

AIB's ESG Bonds Working Group, a cross functional working group of relevant business areas within AIB, 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.

Evaluation and selection

☒ Credentials on the issuer's environmental sustainability objectives	☒ Documented process to determine that projects fit within defined categories
☒ Defined and transparent criteria for projects eligible for Green Bond proceeds	☒ Documented process to identify and manage potential ESG risks associated with the project
☐ Summary criteria for project evaluation and selection publicly available	☐ Other *(please specify):*

Information on Responsibilities and Accountability

☒ Evaluation / Selection criteria subject to external advice or verification

☐ In-house assessment

☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

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[89] 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.

Tracking of proceeds:

☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner

☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds

☐ Other *(please specify)*:

Additional disclosure:

☐ Allocations to future investments only

☒ Allocations to both existing and future investments

☐ Allocation to individual disbursements

☐ Allocation to a portfolio of disbursements

☐ Disclosure of portfolio balance of unallocated proceeds

☐ Other *(please specify)*:

4. REPORTING

Overall comment on section (if applicable):

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.

[89] AIB, "Socially Responsible Investment Bond Framework", (2020), at: https://aib.ie/content/dam/aib/personal/docs/sustainability/aib-sri-framework.pdf

Use of proceeds reporting:

☐ Project-by-project
☒ On a project portfolio basis
☐ Linkage to individual bond(s)
☐ Other *(please specify):*

Information reported:

☒ Allocated amounts
☐ Green Bond financed share of total investment
☐ Other *(please specify):*

Frequency:

☒ Annual
☐ Semi-annual
☐ Other (please specify):

Impact reporting:

☐ Project-by-project
☒ On a project portfolio basis
☐ Linkage to individual bond(s)
☒ Other (please specify):

Information reported (expected or ex-post):

☐ GHG Emissions / Savings
☐ Energy Savings
☐ Decrease in water use
☒ Other ESG indicators (please specify): Estimated ex-ante annual energy consumption in KWh/m2 or energy savings in MWh, Estimated annual reduced and/or avoided emissions in tons of CO2 equivalent, Total installed capacity in MWh, Estimated annual avoided emissions in tons of CO2 equivalent, Estimated annual reduced and/or avoided emissions in tons of CO2 equivalent, Number of vehicles financed

Frequency

☒ Annual
☐ Semi-annual
☐ Other (please specify):

Means of Disclosure

☐ Information published in financial report
☐ Information published in sustainability report
☒ Information published in ad hoc documents
☐ Other (please specify):

☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☐ Consultancy (incl. 2nd opinion)
☐ Certification
☐ Verification / Audit
☐ Rating
☐ Other *(please specify):*

Review provider(s): **Date of publication:**

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.

ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.