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 with 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 will be responsible for overseeing the process of selecting eligible green loans according to the criteria set in the Framework prepared by the AIB ESG 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 manage the net proceeds in a portfolio approach and allocate the proceeds from the green bonds to the Eligible Green Loan Portfolio. Pending allocation, AIB will hold or invest in its treasury liquidity portfolio in cash or other short term and liquid instruments or pay back a portion of its outstanding indebtedness. AIB intends to allocate the proceeds at issuance. 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 or full allocation. 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 third-party consultants. Sustainalytics views AIB's allocation and impact reporting as aligned with market practice.

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Second-Party Opinion

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Issuer Location	Dublin, Ireland

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EU Taxonomy

Sustainalytics has assessed AIB's Green Bond Framework for alignment with the EU Taxonomy. The Framework's three use of proceeds categories map to 12 EU activities. Sustainalytics is of the opinion that nine activities align and three partially align with the applicable technical screening criteria for substantial contribution (SC) to an environmental objective of the EU Taxonomy. Eight activities align and four partially align with the relevant "do no significant harm" (DNSH) criteria. 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.

[1] This document is an update to a Second-Party Opinion (SPO), originally published in August 2022. In August 2023, AIB engaged Sustainalytics to assess the alignment of its Green Bond Framework. The scope of Sustainalytics' update consists of assessing the Framework's use of proceeds, as well as confirming that the Framework is aligned to current market practice. Minor changes were made to the solar energy expenditure under the Renewable Energy category and Section 2 in this SPO.

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Introduction

AIB Group plc ("AIB" or the "Bank") and its subsidiaries form a financial services group 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 as AIB (NI).

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 refinance, in whole or in part, existing and future eligible green loans linked to projects which are expected to provide a positive environmental impact, such as 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 August 2023, and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).[2] The Framework has been published in a separate document.[3]

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

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[4] 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 credibility and anticipated positive impacts of the use of proceeds;
- The use of proceeds criteria alignment with the EU Taxonomy 2021 Delegated Act; 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 1.14, 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 its 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 and 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.

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

[2] The Green Bond Principles are administered by the International Capital Market Association and are available at: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf
[3] The AIB Green Bond Framework is available on AIB's website at: https://aib.ie/investorrelations/debt-investor/green-bonds
[4] 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.

responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, AIB is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

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 with 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 green 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.
  - Under the Green Buildings category, AIB may finance or refinance the construction, acquisition, or renovation of commercial and residential buildings that meet one of the following criteria.
    - Buildings in Ireland built before 31 December 2020 that fall in the top 15% low carbon buildings in the local context.
    - Buildings in Ireland built from 1 January 2021 that have a primary energy demand at least 10% lower than the local nearly zero-energy building (NZEB) standard.
    - Buildings in the UK that belong in the top 15% low carbon buildings in the local context.
    - Buildings in Ireland and the UK that received one or more of the following third-party green building certification levels: BREEAM (minimum Excellent), LEED (minimum Gold), and DGNB (minimum Gold).
    - Renovation of buildings that result in at least a 30% improvement in energy efficiency.

    Sustainalytics views the above criteria to be aligned with market practice.
  - Under the Renewable Energy category, AIB may finance or refinance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation, power storage, and energy transmission infrastructure. This may include the following.
    - Power generated from (i) solar energy, including photovoltaic, concentrated solar power and solar thermal where the total portion of fossil fuel backup generation would be limited to 15%, (ii) wind energy, including onshore and offshore, and (iii) geothermal energy where the life cycle emissions of the geothermal power plants are below 100 gCO_2e/kWh. This is in line with market practice.
    - Renewable energy power storage facilities, including compressed air, flywheels, synchronous condensers and batteries. This is in line with market practice.
    - Energy transmission and distribution infrastructure and equipment for systems that comply with the criteria of the EU Taxonomy, as well as the financing of interconnectors between such systems.[5]
      - AIB may finance grid expansion and maintenance anywhere on the interconnected European grid. Sustainalytics recognizes the benefits of investing in an expanded and resilient grid while also noting that, although the

[5] As per the EU Taxonomy Delegated Act, financed grids must either: (i) have an emissions intensity of more than 67% of newly enabled generation capacity not exceeding 100 gCO_2e/kWh, or (ii) have an average system grid emission factor that does not exceed 100 gCO_2e/kWh, or (iii) be part of the interconnected European system.

European grid meets the criteria of the EU Taxonomy, there are national-level segments of the grid that are not necessarily on a decarbonisation trajectory, and therefore investments in such areas may allow for the financing of the transmission of carbon-intensive energy in some countries within the EU.

  - Under the Clean Transport category, AIB may finance or refinance: i) zero emissions vehicles, including fully electric, hydrogen or zero emissions vehicles for the transportation of passengers by motorbikes, passenger cars and light commercial vehicles; and ii) supporting infrastructure, such as 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[6] across all its wholesale businesses units. This means these business units will no longer provide term finance or advisory services to customers who are deemed to engage in a defined list of Excluded Business Activities, which might cause irreversible environmental or social harm to society and the communities where the bank operates.
- Project Evaluation and Selection:
  - The Framework and its use of proceeds eligibility criteria were 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 executive committee members and senior officials from multiple departments will be ultimately responsible for the oversight of the Framework including the supervision of selecting eligible green loans to be financed by the Green Bonds. Correspondingly, GSC will report to the Sustainable Business Advisory Committee (SBAC), which consists of non-executive directors and members of the executive committee. The SBAC reports directly to the AIB board of directors.
  - Specific green loans will be evaluated by AIB employees based on compliance with the eligibility criteria under the Framework's use of proceeds and may rely on analysis provided by external advisors, in addition to AIB's own assessment, when necessary.
  - AIB utilizes internal environmental and social risk management processes to identify and mitigate material risks related to negative environmental and social impacts associated with all projects financed under the Eligible Green Loan Portfolio. Sustainalytics considers these environmental and social risk management systems to be adequate.
  - AIB's project evaluation and selection processes are aligned with market practice.
- 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 sections of the Framework. Treasury as part of finance division will oversee the internal tracking of fund transfers.
  - AIB intends to allocate the proceeds at issuance. 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.[7]
  - Based on the above, 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 green 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.

[6] AIB, "Excluded Activities", at: https://aib.ie/corporate/sector-expertise/excluded-activities
[7] AIB has confirmed to Sustainalytics that proceeds will not be used to repay existing indebtedness associated with carbon-intensive assets or activities.

- 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, renewable energy portfolio and clean transportation investments.[8]

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 criterion against the relevant technical screening criteria in the EU Taxonomy and determined their alignment with two of the Taxonomy's three sets of requirements. The results of this assessment are as follows:

1. Substantial Contribution to an Environmental Objective of the EU Taxonomy
   - The criteria defined in the Framework were mapped to 12 activities in the EU Taxonomy and were assessed as aligned with the applicable SC criteria of the EU Taxonomy.
2. "Do No Significant Harm" Criteria
   - A total of 44 individual DNSH criteria across all environmental objectives apply to the criteria defined in the Framework. The Framework criteria are aligned with 32 and partially aligned with 12 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 {ISSUER}'s Framework with the applicable SC criteria and DNSH criteria of the EU Taxonomy.

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

Framework Criterion	Alignment with Taxonomy Criteria		Alignment per EU Environmental Objective					
	SC	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	■	■		■	■	■	–	■

[8] 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.

Electricity generation from wind power	■	■		■	■	■	–	■
Electricity generation from geothermal energy	◘	◘		■	■	–	◘	■
Transmission and distribution of electricity	■	■		■	–	■	–	■
Storage of electricity	■	■		■	–	■	–	■
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	

Section 2: Sustainability Strategy of AIB

Contribution of the Framework to AIB's sustainability strategy

AIB includes ESG considerations into its business operations, including its lending and investment activities, having conducted an ESG materiality assessment in 2021, which identified the following three key material issues to its stakeholders: (i) climate & environment, (ii) economic & social inclusion, and (iii) future proof business.[9] Further, under its 'Sustainable Communities' strategic pillar, sustainability has been established as a stand-alone priority for the Bank.[10]

As part of its climate and environment strategy, AIB has established a EUR 10 billion climate action fund which has facilitated EUR 9 billion in "green lending" since 2019. As of 2023, the investment almost doubled its original allocation target set in 2019. The Bank also has a target for 70% of new lending to be green or transition by 2030 and financed emissions across its lending portfolio to be net zero by 2040. To achieve these goals AIB has committed to "ensure a climate resilient and responsive business", offer "products and services to address environmental issues", and focus on "responsible lending and investments".[11] With regard to its products and services to address environmental issues, the Bank provides financing for energy efficiency homes through its green mortgage products, with 23% of all mortgage drawdowns in 2021 qualifying under green mortgages. AIB has also set intensity-based emission reduction targets for 63% of its lending portfolio, including a 50-65% reduction linked to residential mortgages and commercial real estate by 2030. The Bank has also set internal emission reduction targets related to its financing of electricity generation, and had its financed emissions targets validated by SBTi to align with the Paris Agreement's target to limit global warming to 1.5°C in April 2023.[12]

In 2020 AIB published a Socially Responsible Investment Bond Framework to fund domestic and international projects aimed at "global sustainability", "carbon emission reduction" and "social improvement".[13] In 2022, a total of EUR 3.25 billion were issued under the Bank's Green Bond Programme.[14] Moreover, the Bank has launched a Sustainable Lending Framework to enable the classification of customer loans as green, transition

[9] AIB, "Sustainability Report", (2021), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/sustainability-full-report-2021.pdf
[10] AIB, "Annual Financial Report" (2021), at: https://aib.ie/content/dam/frontdoor/investorrelations/docs/resultscentre/annualreport/2021/aib-group-plc-2021-annual-financial-report-3-march-2022.pdf
[11] AIB, "Sustainability Report", (2021), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/sustainability-full-report-2021.pdf
[12] AIB, "AIB Sustainability Maintenance Targets", at: https://aib.ie/content/dam/aib/group/Docs/Press%20Releases/2023/aib-sustainability-maintenance-targets.pdf
[13] The framework was updated as of March 2022 and can be accessed at: https://aib.ie/content/dam/frontdoor/personal/sustainability/aib-sri-framework.pdf
[14] AIB, "Half-Yearly Financial Report" (2022), at: https://aib.ie/content/dam/frontdoor/investorrelations/docs/resultscentre/annualreport/aib-group-plc-half-yearly-financial-report-2022.pdf

and social.[15] AIB achieved EUR 2 billion in green financing as of 2021, with 19% of all new lending being classified as green.[16]

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 and environment targets.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that proceeds from the green bond instruments issued under the Framework will be allocated to eligible projects that are anticipated to have positive environmental impact. However, Sustainalytics is also aware that such eligible projects could lead to certain negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects could involve land use and biodiversity issues, emissions, effluents and waste generated in construction, and occupational health and safety (OHS). Furthermore, by offering lending and financial services, all banks face risks associated with controversial companies and projects they may finance, as well as the possibility of financing activities that have negative social or environmental impacts.

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

- To manage land use and biodiversity issues and emissions, the Bank has established an environmental management system in accordance with the international standard ISO 14001,[17] focusing on environmental protection and pollution. AIB's Environmental Policy requires the assessment and monitoring of environmental risks.[18]
- AIB is ISO 50001[19] certified for energy management and has developed an energy policy with the goal of reducing the Bank's carbon footprint and improving its overall energy performance.[20] As part of climate-related lending assessments and decisions for long-term infrastructure, industrial projects and public services, assets that might have significant effects on the environment by virtue of their size, nature or location must undergo an environmental impact assessment, which is submitted to authorities when applying for project development.[21]
- Regarding effluents and waste generated in construction, Ireland and the UK are recognized as Designated Countries under the Equator Principles, indicating the presence of robust environmental and social governance legislation systems and institutional capacity to ensure mitigation of common environmental and social risks.[22]
- To manage OHS risks, AIB's Health and Safety Policy adheres to the requirements for all national and European health and safety legislation, guidance and codes of practice. The Bank identifies workplace hazards and implements protective and preventive measures through a corresponding risk assessment process and has emergency response procedures in place to minimize the impact of incidents on employees. This policy is reviewed at least every two years to ensure that it remains relevant and appropriate.[23]
- To address the risk of lending activities involving controversial companies or projects, AIB has launched a list of excluded lending activities for which it will not provide term finance or corporate finance advisory services, as the listed activities can cause irreversible environmental and social harm to society and communities. The list covers exclusions under energy and climate action, animal welfare, ecosystem protection, amongst other topics.[24]
- AIB has developed a Code of Conduct that applies to all AIB's employees, agency staff and contractors.[25] Additionally, AIB requires suppliers, vendors, contractors, consultants and agents to meet the requirements for responsible business and sustainability set in the Bank's Responsible Supplier Code.[26]

[15] AIB, "Sustainability Report", (2021), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/sustainability-full-report-2021.pdf
[16] Ibid.
[17] ISO 14001: https://www.iso.org/iso-14001-environmental-management.html
[18] AIB, "AIB Environmental Policy", (2022), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/Environmental_Policy.pdf
[19] ISO 50001: https://www.iso.org/iso-50001-energy-management.html
[20] AIB, "AIB Group Energy Policy", (2022), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/energy-policy.pdf
[21] AIB, "Sustainability Report", (2021), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/sustainability-full-report-2021.pdf
[22] The Equator Principles, "Designated Countries", at: https://equator-principles.com/designated-countries/
[23] AIB, "AIB Health and Safety Policy", (2020), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/health-and-safety-policy.pdf
[24] AIB, "AIB Group Excluded Activities List", (2021), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/aib-group-excluded-activities-policy.pdf
[25] AIB, "Code of Conduct", (2021), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/code-of-conduct.pdf
[26] AIB, "Responsible Supplier Code", (2020), at: https://aib.ie/content/dam/aib/personal/docs/supplier/aib-responsible-supplier-code.pdf

- AIB is signatory to the Net Zero Banking Alliance[27] and the UN Global Compact.[28]
- AIB conducts disclosures via Taskforce on Climate-Related Financial Disclosures since 2019[29] and has obtained a CDP Climate Change A rating in 2021.[30]

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 declaration on Fundamental Rights and Principles at Work.

Human and Labour Rights

AIB has implemented the following policies and procedures on human and labour rights:

- AIB has a Human Rights Commitment[31] in alignment with the United Nations Guiding Principles on Business and Human Rights. AIB's Human Rights Commitment addresses issues like child labour, forced labour, discrimination, slavery and harassment, and embraces the right to association, right to privacy, fare pay, etc. AIB's Human Rights Commitment applies to the Bank's employees, its customers, suppliers and communities the Bank operates in. According to the Bank, its Code of Conduct[32] and Responsible Supplier Code[33] are aligned with the European Convention on Human Rights and EU Charter of Fundamental Rights for AIB's business in Ireland.
- In 2021, AIB conducted a pilot process to model the identification of its salient human rights issues, recognizing its responsibilities as an employer, a procurer of goods and services, and a provider of retail banking and corporate lending. The two key objectives of this process were to: (i) build internal awareness of human rights as an issue for the business, and (ii) identify priority salient human rights relevant to the bank for future action. Information was gathered through a combination of reviewing publicly available and internal documents and conducting 12 stakeholder interviews. In terms of due diligence, AIB aims to replicate this process periodically and incorporate new information on potential impacts as it becomes available.[34]
- AIB operates mainly in the Republic of Ireland and the United Kingdom and upholds all eight Fundamental Conventions of the International Labour Standards.[35] AIB has also set out minimum standards in relation to human rights, health safety and welfare, supply chain, diversity and inclusion for suppliers[36] in its Responsible Supplier Code, which requires suppliers to implement and enforce systems and controls to ensure modern slavery and human rights abuses are not taking place in their businesses and supply chains. AIB Modern Slavery and Human Trafficking Statement 2021[37] sets out steps to prevent slavery and human trafficking in AIB's business and supply chain in accordance with the UK Modern Slavery Act 2015.
- AIB commits to undertaking due diligence for all its projects, including the identification of impacts, dialogue with stakeholders, compensation for any adverse impact and strengthening capacity through training.[32] Moreover, AIB confirmed that the Bank applies an ESG questionnaire

[27] United Nations Environment Programme - Finance Initiative, Net-Zero Banking Alliance, at: https://www.unepfi.org/net-zero-banking/
[28] UN Global Compact, About the UN Global Compact, at: https://www.unglobalcompact.org/about
[29] Ibid.
[30] AIB, "Climate Change Response", (2021), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/cdp-2021.pdf
[31] AIB, "Human Rights Commitment", (2021), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/aib-human-rights-commitment-final.pdf
[32] AIB, "AIB Code of Conduct", (2021), at: https://aib.ie/content/dam/aib/personal/docs/sustainability/code-of-conduct.pdf
[33] AIB, "Responsible Supplier Code", (2020), at: https://aib.ie/content/dam/aib/personal/docs/supplier/aib-responsible-supplier-code.pdf
[34] AIB, "Sustainability Report", (2021), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/sustainability-full-report-2021.pdf
[35] 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
[36] The term "supplier" as used in the Responsible Supplier Code refers to suppliers, vendors, contractors, consultants, agents and other providers of goods and services that do or seek to do business with AIB Group.
[37] AIB," AIB Group Plc Modern Slavery and Human Trafficking Statement 2021", (2021), at: https://aib.ie/content/dam/aib/group/Docs/modern-slavery-statement-2021.pdf

(ESGQ) to assess borrowers in high-risk sectors where new money applications exceed EUR 300.000. As part of the ESGQ, the Bank will assess a borrower's compliance with minimum safeguard criteria, such as those combatting modern slavery and upholding human rights. AIB is planning to extend the amount of questions on social and governance as part of the questionnaire by end of 2022.

- AIB has a well-established process in place for employees and suppliers to report their concerns on wrongdoing or suspected wrongdoing, ensuring confidentiality and protection through the Bank's Speak Up Policy (whistleblowing), AIB's Integrity Line and external digital portal. AIB also has a grievance process in place.[39]
- 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 onboarding process. Shortlisted suppliers must undergo a more comprehensive risk assessment and are required to adhere to human rights requirements as part of their contract. This contract and the risk assessments are reviewed on an ongoing 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 and 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 bribery and corruption. To manage the associated risks to corruption, AIB has implemented two policies. The Anti-Bribery & Corruption (ABC) policy[38] covers bribery and corruption while the Conflicts of Interests (CoI)[39] policy governs 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 Bank operates.[40] In line with ABC and CoI Policies, all AIB's operations across the group are assessed for risks related to corruption and conflicts of interest.

The CoI policy provides the standards for the Bank on recognizing and preventing potential conflicts of interests, including how to manage conflicts of interests where they cannot be avoided. To monitor and govern compliance with the CoI Policy, the Bank uses the three lines of defence model, which 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 to CoI team. The Responsible Supplier Code sets out the expectations for the suppliers on bribery and corruption matters, including training and support, which is provided according to the suppliers' risk rating.

Under the CoI policy, gifts, benefits and hospitality given or received in excess of EUR 50 (including cumulative gifts received or given to or from one donor) are subject to prior approval from the employee's People Leader and are recorded on a central register. All business areas are responsible for completing a monthly risk assessment of all registered activities to demonstrate they are complying with the policy and to identify potential or perceived conflicts. The Bank's Board Audit Committee oversees compliance with the Group Code of Conduct and Conflicts of Interests policies by way of an annual update. New employees and suppliers are required to complete the anti-bribery and anti-corruption training within one month of joining AIB and all employees are required to complete it annually.

[38] AIB," AIB Anti-Bribery & Corruption", (2019), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/anti-bribery-and-corruption-policy.pdf
[39] AIB," AIB" Conflicts of Interests', (2019), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/Conflicts_of_Interest_Policy.pdf
[40] The Criminal Justice (Corruption Offences) Act, 2018 in Ireland, the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act.

Further as part of its re-designed ESGQ, the Bank has confirmed that it will assess its borrowers' compliance with minimum safeguard criteria, such as those relating to anti-bribery and anti-corruption.

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 against bribery and corruption in relation to the activities of the Framework. Sustainalytics is of the opinion that these measures appropriately safeguard against bribery and corruption in relation to the activities of the Framework.

Based on the above policies, standards and assessments, Sustainalytics is 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.

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 two below where the impact is specifically relevant in the local contexts.

Contribution of green buildings to climate change mitigation in Ireland and the UK

In 2021, the residential sector was responsible for almost 20% of GHG emissions in the UK and 11.4% in Ireland, representing respectively an increase of approximately 6% and a decrease of 5% compared to 2020.[41,42] Ireland intends to halve all GHG emissions by 2030 and achieve net zero emissions by 2050 through a sectoral decarbonization approach.[43] The UK aims to cut GHG emissions by at least 78% by 2035 from a 1990 baseline and achieve net zero emissions by 2050.[44]

Ireland's decarbonization pathway aims to reduce emissions from the built environment from 8 $MtCO_2e$ to 5-6 $MtCO_2e$ by 2030.[45] AIB's green bonds are expected to provide financing to projects that are expected to contribute to this reduction and Ireland's Climate Action Plan.[46]

The UK's National Energy and Climate Plan of 2020 set a commitment to achieve net zero greenhouse gas emissions for the UK economy by 2050.[47] To meet this target, emissions from buildings will need to be near zero by 2050, with a mid-term target of reducing all GHG emissions from buildings by 55% by 2035.[48]

Sustainalytics considers investments in the decarbonization of commercial and residential buildings in Ireland and the UK as contributing to the GHG reduction targets for the built environment in these countries and their respective national climate plans.

Advancing the transition to a low-carbon economy in Ireland

Global energy investments are set to increase by 8% in 2022, with the majority of these increases expected to come in the clean energy space.[49] Despite this growth, a 2022 report from IRENA described the global energy transition as being "far from being on track", noting that "radical action is needed to change its current

[41] Government of the UK, "2021 UK greenhouse gas emissions, provisional figures", (2022) at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1064923/2021-provisional-emissions-statistics-report.pdf
[42] EPA, "Ireland's Provisional Greenhouse Gas Emissions", (2022), at: https://www.epa.ie/publications/monitoring--assessment/climate-change/air-emissions/EPA-Ireland's-Provisional-GHG-Emissions-1990-2021_July-2022v3.pdf
[43] Government of Ireland, "Climate Action Plan", at: https://www.gov.ie/en/publication/6223e-climate-action-plan-2021/
[44] Government of the 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
[45] Government of Ireland, Department of Communications, Climate Action and Environment, "Climate Action Plan 2019", at: https://assets.gov.ie/10206/d042e174c1654c6ca14f39242fb07d22.pdf.
[46] Government of Ireland, "Climate Action Plan", at: https://www.gov.ie/en/publication/6223e-climate-action-plan-2021/
[47] Committee on Climate Change. "2022 Progress Report to Parliament", at: https://www.theccc.org.uk/wp-content/uploads/2022/06/Progress-in-reducing-emissions-2022-Report-to-Parliament.pdf
[48] Ibid.
[49] IEA, "Record clean energy spending is set to help global energy investment grow by 8% in 2022" at: https://www.iea.org/news/record-clean-energy-spending-is-set-to-help-global-energy-investment-grow-by-8-in-2022

trajectory" to achieve the Paris Agreement goal of 65% of global energy coming from renewable sources by 2050.[50,51]

In the European Union, the production and use of energy is the most significant contributor of GHG emissions, accounting for approximately 75% of the EU's total GHG emissions in 2021.[52] The EU has set an objective to achieve climate neutrality by 2050, with an interim target to reduce GHG emissions by 55% by 2030 compared to a 1990 baseline. In this context, increasing the share of renewables in the EU's energy mix while reducing end-user consumption has the potential to contribute significantly to the achievement of the EU's climate goals.[53] In 2018, the EU set a target to increase the share of renewable energy in its total energy use to 32% by 2030.[54] Subsequently, in 2021, the EU Commission proposed raising the target to 38-40%.[55] To achieve these objectives, the EU is focusing on a clean energy transition in key industries: electricity, heating and cooling, and transport.[56]

In Ireland, the energy sector accounted for 16.7 % of the country's GHG emissions in 2021, representing an increase of 17.6% compared to 2020.[57] The emissions intensity of electricity generation amounted to 331 gCO_2e/kWh the same year, an increase of almost 12% compared to 2020, mainly due to a tripling of coal and oil use in electricity generation.[58] In 2018, Ireland committed to increasing the share of electricity generated from renewable energy to 80% by 2030, by notably achieving 5 GW of onshore and offshore wind generation by 2030.[59]

In this context, Sustainalytics is of the opinion that AIB's lending to renewable energy generation facilities, as well as energy storage and transmission infrastructure to facilitate renewable energy usage, will further the expansion of clean power production and help advance European and Irish renewable energy targets.

Contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the AIB Green Bond Framework are expected to help advance the following SDGs and targets:

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

[50] IRENA, "World Energy Transitions Outlook: 1.5°C Pathway", at: https://www.irena.org/publications/2022/Mar/World-Energy-Transitions-Outlook-2022
[51] International Renewable Energy A" Renewable energy: a key climate solution", (2017) at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Nov/IRENA_A_key_climate_solution_2017.pdf?la=en&hash=A9561C1518629886361D12EFA11A051E004C5C98
[52] European Commission, "Questions and Answers -Making our energy system fit for our climate targets", at: https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3544
[53] European Commission, "European Green Deal", at: https://ec.europa.eu/clima/eu-action/european-green-deal_en
[54] European Commission, "Renewable energy directive 2018/2001/EU", at: https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en
[55] European Commission, "Proposal for an amending Renewable Energy Directive(EU) 2018/2001", at: https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en
[56] Eurostat, "Renewable energy statistics", at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable_energy_statistics#:~:text=The%20share%20of%20renewables%20in,compared%20with%209.6%20%25%20in%202004.
[57] Ireland Environmental Protection Agency, "Ireland's Provisional Greenhouse Gas Emissions", (2022), at: https://www.epa.ie/publications/monitoring--assessment/climate-change/air-emissions/EPA-Ireland's-Provisional-GHG-Emissions-1990-2021_July-2022v3.pdf
[58] Ibid.
[59] Government of Ireland, "National Development Plan 2021-2030", (2021), at: https://npf.ie/project-ireland-2040-national-planning-framework/

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

Conclusion

AIB has developed the AIB Green Bond Framework under which it intends to issue green bonds and use the proceeds to finance and refinance existing and future eligible green loans tied to projects related to green buildings, renewable energy and clean transportation. Sustainalytics considers that the projects funded are expected to reduce GHG emissions and support the energy transition in the EEA, UK and the US.

The AIB Green Bond Framework outlines a process for tracking, allocating and managing proceeds and makes commitments for AIB to report on their allocation and impact. Sustainalytics believes that the AIB Green Bond Framework is aligned with the overall sustainability strategy of the Bank and that the use of proceeds are expected to 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 in place to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Sustainalytics has assessed AIB's Green Bond Framework for alignment with the EU Taxonomy. The Framework's three use of proceeds categories map to 12 EU activities. Sustainalytics is of the opinion that of the 12 EU activities, nine have been assessed as aligned with the applicable Technical Screening Criteria, while three were assessed to be partially aligned. Regarding the Do No Significant Harm Criteria, eight activities were assessed as aligned and four as partially 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 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 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 for substantial contribution (SC) to an environmental objective of the EU Taxonomy and the applicable "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 activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one activity in the EU Taxonomy and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a specific activity in the EU Taxonomy. In such cases, Sustainalytics has mapped to the activity that is most relevant with respect to the primary environmental objective established in the EU Taxonomy.

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 EU Taxonomy. In other cases, some categories which are traditionally included in green bonds and loans may not be associated with a specific EU Taxonomy activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

Table 2 below displays Sustainalytics' mapping process for this report.

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 SC criteria and the 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 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 criteria, including the regulatory context in the geographical location of activities and projects. (See 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 relevant technical screening criteria. 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.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU Taxonomy Activity	Corresponding NACE Code	Environmental Objective	Refer to Table
Green Buildings	Green commercial and residential buildings	7.7 Acquisition and ownership of buildings	L68	Mitigation	Table 3
		7.1 Construction of new buildings	F41.1 F41.2 F43		Table 4
		7.2 Renovation of existing buildings	F41 F43		Table 5

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Renewable Energy	Renewable energy generation	3.1 Manufacture of renewable energy technologies	C25 C27 C28	Mitigation	Table 6
	Photovoltaics (PV)	4.1 Electricity generation using solar photovoltaic technology	D35.11 F42.22		Table 7
	Concentrated solar power (CSP)	4.2 Electricity generation using concentrated solar power	D35.11 F42.22		Table 8
	Onshore and offshore wind energy generation facilities	4.3 Electricity generation from wind power	D35.11 F42.22		Table 9
	Geothermal energy	4.6. Electricity generation from geothermal energy	D35.11 and F42.22		Table 10
	Energy transmission infrastructure	4.9. Transmission and distribution of electricity	D35.12 and D35.13		Table 11
	Power storage facilities	4.10. Storage of electricity	No dedicated NACE code		Table 12
Clean Transportation	Infrastructure to support zero emissions vehicles	6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11 F42.13 F71.1 F71.20	Mitigation	Table 13
	Fully electric, hydrogen or zero emissions vehicles	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.32 H49.39 N77.11		Table 14

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of the Framework criteria with the technical screening criteria for substantial contribution to an environmental objective and the DNSH for each relevant EU Taxonomy activity.

Table 3

Framework Activity assessed	Green Buildings		
EU Taxonomy Activity	7.7 Acquisition and ownership of buildings		
Corresponding NACE Code	L68		
SC Criteria		***Alignment***	
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 'Construction of new buildings'. 3. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.	<u>Ireland - Residential:</u> Built up to and including 31st December 2020: Residential buildings with at least a Building Energy Rating (BER)[60] 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.	Partially aligned

[60] 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.

		UK - Commercial: 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) 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 AIB has confirmed that large non-residential buildings operate efficiently through energy performance monitoring and assessment. 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. AIB has confirmed that Article 14 (4) and Article 15 (4) of Directive 2010/31/EU or equivalent are implemented in Ireland and in the UK. Therefore, Sustainalytics notes that where the building is a large non-residential building, it is efficiently operated through energy performance monitoring and assessment. AIB has confirmed that the majority of buildings financed under this activity are to be located in Ireland. Sustainalytics notes that in the UK, the criteria for NZEB is currently undefined, hence there is no practical method for verifying compliance with the EU Taxonomy for buildings built after 2021. Regarding the certification schemes, as of December 2021, the EU Taxonomy has not specified the conditions on which the schemes can align with it. Therefore, Sustainalytics considers the criteria to be partially aligned.	

	DNSH Criteria	Alignment
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 15	Aligned

Table 4

Framework Activity assessed	Green Buildings		
EU Taxonomy Activity	7.1 Construction of new buildings		
Corresponding NACE Code	F41.1, F41.2 and activities under F43		
	SC Criteria	***Alignment***	
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 integrity testing. 3. For buildings larger than 5000 m^2, 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.	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 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. UK - Commercial: 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

		or belonging to the top 15% low carbon buildings in the local context (i.e., England & Wales, Scotland and Northern Ireland) Ireland & UK: 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. 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 commercial buildings certified against third-party schemes i.e., BREEAM, LEED, and DGNB. AIB has confirmed that the majority of buildings financed under this activity are to be located in Ireland. 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.	
DNSH Criteria		***Alignment***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 15		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 the Annex (Please refer to the assessment set out in Appendix 3, Table 19):	AIB disclosed compliance with all national regulatory requirements applicable to all loans originated.[61] <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

[61] 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) 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. To avoid impact from the construction site, the activity complies with the criteria set out in Appendix B to the Annex. Please refer to the assessment set out in Appendix 3, Table 16.	As for Appendix B criteria, Sustainalytics notes that the Water Framework Directive (WFD) 2000/60/EC[62] has been retained in the UK law following the UK's exit from Europe. Ireland: 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. Moreover, AIB confirmed compliance with the EU Water Framework Directive (2000/60/EC).[63] 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. Moreover, AIB complies with the criteria set out in Appendix B to the Annex. However, Sustainalytics notes that AIB does not comply with all criteria pertaining to Appendix E to the Annex. Therefore, Sustainalytics considers this criterion to be partially aligned for the UK and Ireland.	
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-	AIB disclosed compliance with all national regulatory requirements applicable to all loans originated.[64] UK: Directive 2008/98/EC ("Waste Framework")[65] 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	Partially aligned

[62] EU Commission, "Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy- National transposition" at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060
[63] EU Commission, "Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy – National transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060
[64] 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.
[65] EU Commission, "Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives – National Transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32008L0098

	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.	practice, with CD&E diversion rates now typically exceeding 90% in England.[66] The UK Government's collection of planning practice guidance includes a National Design Guide[67] 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)[68] 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.[69] Sustainalytics notes that AIB relies on legislation 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.	
Pollution prevention and control	Building components and materials used in the construction complies with the criteria set out in Appendix C to the Annex. Please refer to the assessment set out in Appendix 3, Table 17. Moreover, 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	<u>UK:</u> The following EU regulations are applicable in the UK: For noise, dust and pollutant emissions, the UK Environment Agency has developed guidance for noise and vibration management.[70] Moreover, the Environment Agency has established guidance around controlling and monitoring emissions for environmental permit.[71] Regulation (EU) 2019/1021 on persistent organic pollutants is implemented in the UK by The Persistent Organic Pollutants	Partially aligned

[66] 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
[67] 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
[68] EU Commission, "Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives – National Transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32008L0098
[69] 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/
[70] Environment Agency, "Noise and vibration management: environmental permits", (2021), at: https://www.gov.uk/government/publications/noise-and-vibration-management-environmental-permits
[71] Environment Agency, "Control and monitor emissions for your environmental permit", (2021), at: https://www.gov.uk/guidance/control-and-monitor-emissions-for-your-environmental-permit#pollution

	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.	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[72] 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 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. <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 considers the criteria for Pollution prevention and control as partially aligned in the Irish context, due to the applicable regulations meeting the EU Taxonomy DNSH criteria except for those related to (i) formaldehyde emissions;	

[72] EU Commission, "Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment", at: https://eur-lex.europa.eu/legal-content/en/NIM/?uri=CELEX:32011L0065

		(ii) brownfield new site construction; and (iii) noise, dust, and pollutant emissions.	
Protection and restoration of biodiversity and ecosystems	The activity complies with the criteria set out in Appendix D to the Annex. Please refer to the assessment set out in Appendix 3, Table 18. 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 recognized 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: <u>UK</u> Guide to assessing development proposals on agricultural land;[73] the Building Regulations 2010;[74] protected species and development: advice for local planning authorities.[75] <u>Ireland</u> Biodiversity and the Planning Process.[76] Sustainalytics notes that AIB complies with the EU Taxonomy DNSH criteria set out in Appendix D to the Annex. 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.	Partially aligned

[73] Government of the UK, "Guide to assessing development proposals on agricultural land", (2021), at: https://www.gov.uk/government/publications/agricultural-land-assess-proposals-for-development/guide-to-assessing-development-proposals-on-agricultural-land
[74] Legislation of the Government of the UK, "The Buildings Regulations 2010", at: https://www.legislation.gov.uk/uksi/2010/2214/contents/made
[75] Government of the UK, "Protected species and development: advice for local planning authorities", (2022), at: https://www.gov.uk/guidance/protected-species-how-to-review-planning-applications
[76] Government of Ireland, "Ireland's 4th National Biodiversity Action Plan", at: https://www.npws.ie/sites/default/files/files/nbap-overview-for-conference.pdf

Table 5

Framework Activity assessed	Green Buildings		
EU Taxonomy Activity	7.2 Renovation of existing buildings		
Corresponding NACE Code	F41 and F43		
SC Criteria		***Alignment***	
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 ($kgCO_2/m^2/year$), such as the UK's EPC EI rating, the calculated emissions intensity can be used to establish a 30% improvement.	Aligned
DNSH Criteria		***Alignment***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 15.		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 (Please refer to the assessment of Appendix E set out in Appendix 3, Table 19): (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.[77] <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

[77] 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.

	(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.	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.[78] Ireland: AIB confirmed compliance with the Technical Guidance Document G-Hygiene and the EU Water Framework Directive (2000/60/EC). 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. In addition, Sustainalytics note that AIB does not fully comply with all criteria established in Appendix E to the Annex. Therefore, Sustainalytics considers this criterion to be partially aligned for the UK and Ireland.	
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	AIB disclosed compliance with all national regulatory requirements applicable to all loans originated. UK: Directive 2008/98/EC ("Waste Framework")[79] 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.[80] The UK Government's collection of planning practice guidance includes a National Design Guide[81] which integrates principles of whole life carbon assessment, the circular economy,	Partially aligned

[78] EU Commission, "Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy - National Transposition" at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060
[79] EU Commission, "Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives - National transposition" at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32008L0098
[80] 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
[81] 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

	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.	reducing embodied carbon and waste and maximizing reuse and recycling. Ireland: 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.[82] 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.	
Pollution prevention and control	Building components and materials used in the construction complies with the criteria set out in Appendix C to this Annex (Please refer to the assessment set out in Appendix 3, Table 17). 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 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.	UK: The following EU regulations are applicable in the UK: For noise, dust and pollutant emissions, the UK Environment Agency has developed guidance for noise and vibration management.[83] Moreover, the Environment Agency has established guidance around controlling and monitoring emissions for environmental permit.[84] 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.	Partially aligned

[82] 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/
[83] Environment Agency, "Noise and vibration management: environmental permits", (2021), at: https://www.gov.uk/government/publications/noise-and-vibration-management-environmental-permits
[84] Environment Agency, "Control and monitor emissions for your environmental permit", (2021), at: https://www.gov.uk/guidance/control-and-monitor-emissions-for-your-environmental-permit#pollution

		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[85] 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 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. <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. Through this, Sustainalytics considers the criteria for Pollution Prevention and Control in the Irish and UK contexts to meet the EU Taxonomy criteria except for those criteria related to (i) formaldehyde emissions and (ii) noise, dust, and pollutant emissions, which Sustainalytics does not consider to be adequately addressed by the referenced regulations. As such, this is considered to be partially aligned.	

[85] EU Commission, "Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment – National transposition", at: https://eur-lex.europa.eu/legal-content/en/NIM/?uri=CELEX:32011L0065

Table 6

Framework Activity assessed	Renewable Energy		
EU Taxonomy Activity	3.1 Manufacture of renewable energy technologies		
Corresponding NACE Code	C25 C27 C28		
SC Criteria		***Alignment***	
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***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 15.		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.[86] UK The Water Framework Directive (WFD) 2000/60/EC has been retained in UK law following the UK's exit from Europe.[87] 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	Partially Aligned

[86] 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.
[87] EU Commission, "Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy – National transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060

		a river basin basis and specifies a structured method for developing these plans. EU (Germany, Sweden, Portugal, Spain, France, Belgium, Ireland, Finland) The Water Framework Directive (WFD) 2000/60/EC were transposed into national law in the corresponding EU countries listed above.[88] Norway The Water Framework Directive (WFD) 2000/60/EC was given legal effect in Norway by the Water Management Framework Regulation.[89] US AIB is a member of the Equator Principles Financial Institutions (EPFIs). By adopting the Equator Principles, AIB ensures that the projects it finances are developed in a socially responsible way accompanied by environmental management practices. Environmental and Social Impact Assessment (ESIA) is an integral part of the Equator Principles for projects categories A and B. An ESIA is usually prepared for greenfield developments or large expansions with specifically identified physical elements, aspects, and facilities that are likely to generate significant environmental or social impacts. Furthermore, as Equator Principles are based on IFC's Environmental and Social Performance Standards, it can be assumed that AIB complies with IFC's Performance Standard on Resource Efficiency and Pollution Prevention. In addition, AIB gathers and reviews Technical Due Diligence reports on all major projects where it acts as a lender. These will typically address environmental concerns and where necessary would lead to more in-depth environmental reviews, which would also be gathered and reviewed as part of the credit approval process. Sustainalytics views this DNSH criterion to be aligned in the context of the UK, EU and Norway. In the US context	

[88] EU Commission, "Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy – National transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060
[89] Water management framework regulation in Norway, at: http://extwprlegs1.fao.org/docs/pdf/nor122859.pdf

		Sustainalytics considers this criterion to be partially aligned due to a lack of demonstrated intent to address risks related to preserving water quality and mitigating water stressors.	
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. Additionally, AIB abides by all national regulatory requirements applicable in Ireland and UK including EU legislation for Waste Electrical and Electronic equipment (EU Waste Electrical & Electronic Equipment Directive 2012/19/EU) which is built on waste hierarchy concept. The directive aims to reduce the amount of WEEE incinerated or sent to landfill sites. Under this directive extended producer responsibility is placed on the producers and suppliers to ensure collection, treatment, and recovery of WEEE. The directive covers wastes such wind turbines (Category 6 i.e., electrical and electronic tools) and solar panels (Category 14). Germany, Sweden, Portugal, Spain, France, Belgium, Ireland and Finland are member states of the EU. Hence, the EU Waste Electrical & Electronic Equipment (WEEE) Directive 2012/19/EU has been transposed into national law in the respective countries.[90] Norway In Norway, power production is overseen by Norwegian Water Resources and Energy Directorate (NVE) which emphasizes on preserving the environment. Further Norway has implemented a regulatory system for managing waste electrical and electronic equipment (WEEE) in 1999 called the regulations on recycling and treatment of waste (Waste Regulations).	Partially Aligned

[90] EU Commission, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) (recast) Text with EEA relevance – National transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32012L0019

		US AIB is a member of the Equator Principles Financial Institutions (EPFIs). By adopting the Equator Principles, AIB ensures that its financed projects are developed in a socially responsible way accompanied by robust environmental management practices. Environmental and Social Impact Assessment (ESIA) is an integral part of the Equator Principles for projects categories A and B. An ESIA is usually prepared for greenfield developments or large expansions with specifically identified physical elements, aspects and facilities that are likely to generate significant environmental or social impacts. Furthermore, as the Equator Principles are based on IFC's Environmental and Social Performance Standards, it can be assumed that AIB complies with IFC's Performance Standard on Resource Efficiency and Pollution Prevention. In addition, AIB gathers and reviews Technical Due Diligence reports on all major projects where it acts as a lender. These will typically address environmental concerns and where necessary would lead to more in-depth environmental reviews, which would also be gathered and reviewed as part of the credit approval process While Sustainalytics recognizes AIB's efforts to ensure that the financing of projects incorporates measures to identify and mitigate environmental risks, as part of the Bank's EPFI responsibilities, the adopted measures may not necessarily address all requirements of this criterion in the US context. Hence, Sustainalytics has assessed this criterion as partially 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).[91]	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	Partially Aligned

[91] 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[92] 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	

[92] EU Commission, "Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment – National Transposition", at: https://eur-lex.europa.eu/legal-content/en/NIM/?uri=CELEX:32011L0065

		enhancing the competitiveness of the EU chemicals industry. Germany, Sweden, Portugal, Spain, France, Belgium, Ireland, and Finland are member states of the EU; hence all the above-mentioned regulations can be assumed to be transposed into national regulation. Norway Norway's regulation on limitation of use of health and environmental hazardous chemicals and other products regulates various hazardous chemicals like Persistent Organic Pollutants, Mercury, Ozone Depleting Substance and align with EU regulations 2019/1021, 2017/852, 1005/2009 and 1907/2006. US AIB is a member of the Equator Principles Financial Institutions (EPFIs). By adopting the Equator Principles, AIB ensures that the projects it finances are developed in a socially responsible way accompanied by robust environmental management practices. Environmental and Social Impact Assessment (ESIA) is an integral part of the Equator Principles for projects categories A and B. An ESIA is usually prepared for greenfield developments or large expansions with specifically identified physical elements, aspects, and facilities that are likely to generate significant environmental or social impacts Furthermore, as Equator Principles are based on IFC's Environmental and Social Performance Standards, it can be assumed that AIB complies with IFC's Performance Standard on Resource Efficiency and Pollution Prevention. In addition, AIB gathers and reviews Technical Due Diligence reports on all major projects where it acts as a lender. These will typically address environmental concerns and where necessary would lead to more in-depth environmental reviews, which would also be gathered and reviewed as part of the credit approval process While Sustainalytics recognizes AIB's efforts to ensure that the financing of projects incorporates measures to identify and mitigate environmental risks, as part of the Bank's EPFI responsibilities, the adopted measures may not necessarily	

		address all requirements of this criterion in the US context. Hence, Sustainalytics has assessed this criterion as partially aligned.	
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 18.		Aligned

Table 7

Framework Activity assessed	Renewable Energy		
EU Taxonomy Activity	4.1 Electricity generation using solar photovoltaic technology		
Corresponding NACE Code	D35.11 F42.22		
SC Criteria		***Alignment***	
Mitigation	The activity generates electricity using solar PV technology.	Eligible by default.	Aligned
DNSH Criteria		***Alignment***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 15		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),[93] 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	Aligned

[93] EU Commission, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) – National Transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32012L0019

		panels in the EU, including setting minimum collection and recovery targets. 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 18		Aligned

Table 8

Framework Activity assessed	Renewable Energy		
EU Taxonomy Activity	4.2 Electricity generation using concentrated solar power		
Corresponding NACE Code	D35.11 F42.22		
SC Criteria		***Alignment***	
Mitigation	The activity generates electricity using CSP technology.	Eligible by default.	Aligned
DNSH Criteria		***Alignment***	
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. CSP projects located in the EU fall under Annex II of the Environmental Impact Assessment (EIA) Directive (2011/92/EU),[94] requiring the competent national authority to determine the need for an EIA. AIB disclosed compliance with	Aligned

[94] EU Commission, "Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment Text with EEA relevance – National Transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32011L0092

		all national regulatory requirements applicable to all loans originated.[95] UK The Water Framework Directive (WFD) 2000/60/EC has been retained in UK law following the UK's exit from Europe.[96] 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. EU (Portugal, Portugal, Spain, Ireland) The Water Framework Directive (WFD) 2000/60/EC was transposed into national law in the corresponding EU countries listed above.[97]	
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.	Aligned

[95] 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.
[96] EU Commission, "Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy – National Transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060
[97] Ibid

		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.[98]	
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 18		Aligned

Table 9

Framework Activity assessed	Renewable Energy		
EU Taxonomy Activity	4.3 Electricity generation from wind power		
Corresponding NACE Code	D35.11 F42.22		
SC Criteria		***Alignment***	
Mitigation	The activity generates electricity from wind power.	Eligible by default.	Aligned
DNSH Criteria		***Alignment***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 15		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,[99] 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[100] 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	Aligned

[98] EU Commission, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) – National Transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32012L0019
[99] 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)
[100] 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).

		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 in the UK, Ireland, Portugal, France, Spain, Belgium, Sweden, and Germany. AIB abides by all national regulatory requirements applicable in the above-mentioned countries. This includes the Directive 2008/56/EC ("Marine Strategy Framework Directive")[101], which has been implemented by all EU countries and 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'). <u>Norway</u> Norway has developed the basis for an integrated marine environmental policy based on the ecosystem approach. Norway fulfils the EU Directive 2008/56/EC's requirements on the development and implementation of marine strategies.	
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	Aligned

[101] EU Commission, "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) – National Transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32008L0056

		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.	
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 18.	AIB confirmed that assets that might have significant effects on the environment by virtue of their size, nature or location must undergo an environmental impact assessment, which is submitted to authorities when applying for project development.[102] Additionally, AIB excludes onshore and offshore exploration as part of the Company's Sustainable Lending Framework developed in 2021.[103] <u>UK:</u> The assets financed by AIB comply with the Marine Strategy Framework Directive and the Water Framework Directive 2000/60/EC which translates into applicable national law and regulations. The Marine Strategy Framework Directive was given legal effect in the UK by the Marine Strategy Regulations 2010 (S.I. No. 1627 of 2010). 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. <u>Ireland:</u> The Marine Strategy Framework Directive was given legal effect in Ireland by the European Communities (Marine Strategy Framework) Regulations 2011 (S.I. No. 249 of 2011). <u>EU and UK:</u> Moreover, the assets financed by AIB comply with the Directive 2008/56/EC, which applies to Ireland, Portugal, France, Spain, Belgium, Sweden, Germany and the UK.[104]	Aligned

[102] AIB, "Sustainability Report", (2021), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/sustainability-full-report-2021.pdf
[103] AIB, "Sustainable Lending Framework", (2021), at: https://aib.ie/content/dam/frontdoor/personal/sustainability/aib-sustainable-lending-framework.pdf
[104] EUR Lex, "Directive 2008/56/EC", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32008L0056

		Norway Norway has developed the basis for an integrated marine environmental policy based on the ecosystem approach. Norway fulfils the EU Directive 2008/56/EC's requirements on the development and implementation of marine strategies.	

Table 10

Framework Activity assessed	Renewable Energy		
EU Taxonomy Activity	4.6. Electricity generation from geothermal energy		
Corresponding NACE Code	D35.11 and F42.22		
SC Criteria		***Alignment***	
Mitigation	• Life-cycle GHG emissions from the generation of electricity from geothermal energy are lower than 100gCO_2e/kWh. • Life-cycle GHG emission savings are calculated using Commission Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018. • Quantified life-cycle GHG emissions are verified by an independent third party.	• AIB will finance geothermal power plants with life cycle emissions lower than 100g CO_2e/kWh • AIB expects the assets to comply with the criteria Although AIB can reasonably assume the relevant asset located in the US to comply with the life cycle emissions threshold (annual GHG emissions intensity of 37 gCO2/kWh), AIB is unable to explicitly confirm adherence to the life cycle emissions threshold, hence Sustainalytics has assessed this facility to be partially aligned.	Partially Aligned
DNSH Criteria		***Alignment***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 15		Aligned
Sustainable use and protection of water and marine resources	Refer to the assessment set out in Appendix 3, Table 16		Aligned
Pollution prevention and control	For the operation of high-enthalpy geothermal energy systems, adequate abatement systems are in place to reduce emission levels in order not to hamper the achievement of air quality limit values set out in Directive 2004/107/EC of the European Parliament and of the Council and Directive 2008/50/EC of the European Parliament and of the Council.	Ireland	Partially aligned

		Directive 2008/50/EC[105] and 2004/107/EC[106] were given legal effect by Air Quality Standards Regulations 2011 (S.I. No. 180 of 2011). In addition, Ireland developed a National Emissions Reduction Plan (NERP) under the Large Combustion Plants Directive (2001/80/EC) on the limitation of emissions of certain pollutants into the air to address emissions from 'existing plant'. NERP provides flexibility for plant operators to identify the most cost-effective abatement options available, across existing plant, while still achieving the environmental objective of the Directive. UK Directive 2004/107/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons and Directive 2008/50/EC on ambient air quality and cleaner air for Europe were given legal effect by the Air Quality Standards Regulations 2010 (S.I. No. 1001 of 2010) on ambient air quality assessment and management and limit values for air quality. 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. See below link for UK USA AIB is a member of the Equator Principles Financial Institutions (EPFIs). By adopting the Equator Principles, AIB ensures that the projects it finances are developed in a socially responsible way accompanied by robust environmental management practices. Environmental and Social Impact Assessment (ESIA) is an integral part of the Equator Principles for projects categories A and B. An ESIA is usually prepared for greenfield developments or large expansions with specifically identified physical elements, aspects, and facilities that are likely to generate significant environmental or social impacts Furthermore, as Equator Principles are based on IFC's Environmental and Social Performance Standards, it can be	

[105] EU Commission, "Directive 2008/50/EC of the European Parliament and of the Council of 21 May 2008 on ambient air quality and cleaner air for Europe – National Transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32008L0056
[106] EU Commission, "Directive 2004/107/EC of the European Parliament and of the Council of 15 December 2004 relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air – National Transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32004L0107

		assumed that AIB complies with IFC's Performance Standard on Resource Efficiency and Pollution Prevention. In addition, AIB gathers and reviews Technical Due Diligence reports on all major projects where it acts as a lender. These will typically address environmental concerns and where necessary would lead to more in-depth environmental reviews, which would also be gathered and reviewed as part of the credit approval process. Based on the directives implemented into national legislation, Sustainalytics considers the criteria to be aligned in the context of Ireland and the UK. However, Sustainalytics considers the criteria as partially aligned in the US context, due to the reason that the Equator Principles and the ESIA meet the EU Taxonomy criteria except for those related to adequate abatement systems to reduce emission levels in order not to hamper the achievement of air quality limit values. As such, this is considered to be partially aligned.	
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 18		Aligned

Table 11

Framework Activity assessed	Renewable Energy		
EU Taxonomy Activity	4.9. Transmission and distribution of electricity		
Corresponding NACE Code	D35.12 and D35.13		
SC Criteria		***Alignment***	
Mitigation	The activity complies with one of the following criteria: 1. The transmission and distribution infrastructure or equipment is in an electricity system that complies with at least one of the following criteria: (a) the system is the interconnected European system, i.e., the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems; (b) more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO_2e/kWh	1. AIB has confirmed that intension is to finance Interconnectors between transmissions systems, provided that the systems meet one of the following criteria: (a) the system is the interconnected European system, i.e., the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems; (b) more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO_2e/kWh measured on a life cycle basis in	Aligned

	measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; (c) the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO_2e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO_2e/kWh measured on a life cycle basis is not compliant. Installation of metering infrastructure that does not meet the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944 is not compliant. 2. The activity is one of the following: (a) construction and operation of direct connection, or expansion of existing direct connection, of low carbon electricity generation below the threshold of 100 gCO_2e/kWh measured on a life cycle basis to a substation or network; (b) construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport, subject to compliance with the technical screening criteria under the transport Section of the Climate Delegated Act Annex; (c) installation of transmission and distribution transformers that comply with the Tier 2 (1 July 2021) requirements set out in Annex I to the Commission Regulation (EU) No 548/20141 and, for medium power transformers with highest voltage for equipment not exceeding 36 kV, with AAA0 level requirements on no-load losses set out in standard EN 50588-1. (d) construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation; (e) installation of equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources, including: i) sensors and measurement tools (including meteorological sensors for forecasting renewable production); ii) communication and control (including advanced software and control rooms, automation of substations or feeders, and	accordance with electricity generation criteria, over a rolling five-year period; (c) the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO_2e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period AIB has confirmed that it does not intend to finance any direct connection (or expanding an existing direct connection) between a substation (or network) and a power production plant, as only interconnectors between grids are financed and/or intended to be financed. AIB does not to intend to finance and/or refinance any interconnector dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than $100gCO_2e/kWh$ measured on a life cycle basis AIB confirmed that investment does not include smart metering infrastructure.	

	voltage control capabilities to adapt to more decentralised renewable infeed). (f) installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council, which meet the requirements of Article 20 of Directive (EU) 2019/944, able to carry information to users for remotely acting on consumption, including customer data hubs; (g) construction/installation of equipment to allow for exchange of specifically renewable electricity between users; (h) construction and operation of interconnectors between transmission systems, provided that one of the systems is compliant. For the purposes of this Section, the following specifications apply: a) the rolling five-year period used in determining compliance with the thresholds is based on five consecutive historical years, including the year for which the most recent data are available; b) a 'system' means the power control area of the transmission or distribution network where the infrastructure or equipment is installed; c) transmission systems may include generation capacity connected to subordinated distribution systems; d) distribution systems subordinated to a transmission system that is deemed to be on a trajectory to full decarbonisation may also be deemed to be on a trajectory to full decarbonisation; e) to determine compliance, it is possible to consider a system covering multiple control areas which are interconnected and with significant energy exchanges between them, in which case the weighted average emissions factor across all included control areas is used, and individual subordinated transmission or distribution systems within that system is not required to demonstrate compliance separately; f) it is possible for a system to become non-compliant after having previously been compliant. In systems that become non-compliant, no new transmission and distribution activities are compliant from that moment onward, until the system complies again with the threshold (except for those activities that are always compliant, see above). Activities in subordinated systems may still be compliant, where those subordinated systems meet the criteria of this Section; g) a direct connection or expansion of an existing direct connection to production plants includes infrastructure that is indispensable to carry the associated electricity from the power generating facility to a substation or to the network.		

DNSH Criteria		Alignment	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 15		Aligned
Transition to a circular economy	A waste management plan is in place and ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.	AIB has confirmed that while providing project finance loans, there is a rigorous due diligence in place to cover relevant DNSH criteria. AIB's Project Finance Policy, approved by its 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 must undergo an environmental impact assessment (EIA) which will have to be submitted to competent authorities when applying for project development. AIB may rely on analysis provided by external parties to support this assessment. EU In the EU, the Waste Electrical and Electronic Equipment Directive (WEEE) regulates the treatment of electrical and electronic waste at the end of their life cycle. For all member states of the European Union, the EU Waste Electrical & Electronic Equipment (WEEE) can be assumed to be transposed into national regulation. EU has comprehensive regulatory package around waste management in the, see for example, Waste Framework Directive (2008/98)[107], Battery and Accumulators Directive (2006/66)[108], Landfill Directive (1999/31)[109] UK 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.	Aligned

[107] EU Commission, "Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives – National Transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32008L0098
[108] EU Commission, "Directive 2006/66/EC of the European Parliament and of the Council of 6 September 2006 on batteries and accumulators and waste batteries and accumulators and repealing Directive 91/157/EEC – National Transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32006L0066
[109] EU Commission, "Council Directive 1999/31/EC of 26 April 1999 on the landfill of waste – National Transposition", at:

		Since the publication in 2000 of the Waste Strategy for England and Wales, significant changes, largely driven by EU waste laws, have been made to how waste is produced and disposed of in the UK. Building on the gains of the 2000 policy and the subsequent 2007 Waste Strategy for England, the UK Department for Environment, Food & Rural Affairs ("Defra") published in 2013 a new Waste Management Plan for England. Wales, Scotland, and Northern Ireland also have equivalent waste strategies.	
Pollution prevention and control	Overground high voltage lines: a) for construction site activities, activities follow the principles of the IFC General Environmental, Health, and Safety Guidelines. b) activities respect applicable norms and regulations to limit impact of electromagnetic radiation on human health, including for activities carried out in the Union, the Council recommendation on the limitation of exposure of the general public to electromagnetic fields (0 Hz to 300 GHz) and for activities carried out in third countries, the 1998 Guidelines of International Commission on Non-Ionizing Radiation Protection (ICNIRP). Activities do not use PCBs polyclorinated biphenyls.	AIB has confirmed that expenditure excludes overground high voltage lines and hence marked this criterion as Not applicable	N/A
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 18		Aligned

Table 12

Framework Activity assessed	Renewable Energy		
EU Taxonomy Activity	4.10. Storage of electricity		
Corresponding NACE Code	No dedicated NACE code		
	SC Criteria	***Alignment***	
Mitigation	• The activity is the construction and operation of electricity storage including pumped hydropower storage.	• AIB has confirmed that the expenditure includes the activity is the construction and operation of electricity storage	Aligned

	• Where the activity includes chemical energy storage, the medium of storage (such as hydrogen or ammonia) complies with the criteria for manufacturing of the corresponding product specified in Sections 3.7 to 3.17 of this Annex. In case of using hydrogen as electricity storage, where hydrogen meets the technical screening criteria specified in Section 3.10 of this Annex, re-electrification of hydrogen is also considered part of the activity.	• Furthermore, AIB will finance battery chemical energy storage and excludes hydrogen and ammonia as the medium of storage.	
DNSH Criteria		***Alignment***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 15		Aligned
Sustainable use and protection of water and marine resources	In case of pumped hydropower storage not connected to a river body, the activity complies with the criteria set out in Appendix B to this Annex. In case of pumped hydropower storage connected to a river body, the activity complies with the criteria for DNSH to sustainable use and protection of water and marine resources specified in Section 4.5 (Electricity production from hydropower).	AIB has confirmed that expenditure excludes pumped hydropower storage and hence marked this criterion as Not applicable.	N/A
Transition to a circular economy	A waste management plan is in place and ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.	When providing project finance loans, there is a rigorous due diligence in place that covers relevant circular elements. AIB's Project Finance Policy, approved by its 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 must undergo an environmental impact assessment (EIA) which will have to be submitted to competent authorities when applying for project development. AIB may rely on analysis provided by external parties to support this assessment. <u>EU</u> In the EU, the Waste Electrical and Electronic Equipment Directive (WEEE) regulates the treatment of electrical and electronic waste at the end of their life cycle. For all member states of the European Union, the EU Waste Electrical & Electronic Equipment (WEEE) can be assumed to be transposed into national regulation. EU has comprehensive regulatory package around waste management in the, see for example, Waste Framework Directive (2008/98), Battery and	Aligned

		Accumulators Directive (2006/66), Landfill Directive (1999/31).[110] UK 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. Since the publication in 2000 of the Waste Strategy for England and Wales, significant changes, largely driven by EU waste laws, have been made to how waste is produced and disposed of in the UK. Building on the gains of the 2000 policy and the subsequent 2007 Waste Strategy for England, Defra published in 2013 a new Waste Management Plan for England. Wales, Scotland, and Northern Ireland also have equivalent waste strategies.	
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 18		Aligned

[110] EU Commission, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) (recast) Text with EEA relevance – National transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32012L0019

Table 13

Framework Activity assessed	Clean Transportation		
EU Taxonomy Activity	6.15 Infrastructure enabling low-carbon road transport and public transport		
Corresponding NACE Code	H49.10, N77.39, H49.20 N77.39		
SC Criteria		***Alignment***	
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***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 15		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.[111] Ireland	Aligned

[111] 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 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[112]. 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.	AIB disclosed compliance with all national regulatory requirements applicable to all loans originated. Ireland 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.[113]	Aligned
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 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. For additional information, please refer to the assessment set out in Appendix 3, Table 18.	Ireland has implemented a regulation for invasive species.[114] Sustainalytics considers the criteria for Protection and restoration of biodiversity and ecosystems to be aligned based on applicable guidance and regulation in the Irish context regarding invasive species. In the context of financing EV charging stations and hydrogen fuelling stations, we do not consider wildlife collisions as applicable.	Aligned

[112] EU Construction and Demolition Waste Protocol: https://ec.europa.eu/growth/content/eu-construction-and-demolition-waste-protocol-0_en).
[113] 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/
[114] Invasive species Ireland, "Latest Ireland Legislation", (2018), at: http://invasivespeciesireland.com/legislation/ireland/latest-ireland-legislation/

Table 14

Framework Activity assessed	Clean Transportation		
EU Taxonomy Activity	6.5 Transport by motorbikes, passenger cars and light commercial vehicles		
Corresponding NACE Code	H49.32, H49.39 and N77.11		
SC Criteria		***Alignment***	
Mitigation	For vehicles of category M1 and N1, 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. For vehicles of category L, 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.	AIB will finance electric vehicles with zero tail-pipe emissions.	Aligned
DNSH Criteria		***Alignment***	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 15		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 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. <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.	Aligned
Pollution prevention and control	Vehicles comply with the requirements of the most recent applicable stage of the Euro 6 light-duty emission type-approval 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. 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	<u>Ireland</u> 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.	Aligned

	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.		

Appendix 3: Criteria for Do No Significant Harm ("DNSH") to Climate Change Adaptation and Protection, Sustainable Use and Protection of Water and Marine Resources, Pollution Prevention and Control, Protection and Restoration of Biodiversity and Ecosystems, and Technical specifications for Water Appliances.

Table 15

Criteria for DNSH to Climate Change Adaptation		
DNSH Criteria	***Alignment***	
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.[115] 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 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.	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. Also, the Bank has confirmed that the adaptation solutions will be implemented by its borrowers within five years post assessment and 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. AIB also confirms that it intends to take out from the eligible pool any loans for which the identified physical climate risks have not been addressed within the five-year period.	Aligned

[115] 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

Table 16

Criteria for DNSH to Sustainable Use and Protection of Water and Marine Resources		
DNSH Criteria	***Alignment***	
• Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC of the European Parliament and of the Council and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders. • Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been 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. <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, 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>EU</u> The Water Framework Directive (WFD) 2000/60/EC was given legal effect in all the European Countries financed under this Framework.[116] <u>US and Norway</u> AIB is a member of the Equator Principles Financial Institutions (EPFIs). By adopting the Equator Principles, AIB ensures that the projects it finances are developed in a socially responsible way accompanied by robust	Aligned

[116] EU Commission, "Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy – National transposition", at: https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32000L0060

	environmental management practices. Environmental and Social Impact Assessment (ESIA) is an integral part of the Equator Principles for projects categories A and B. An ESIA is usually prepared for greenfield developments or large expansions with specifically identified physical elements, aspects, and facilities that are likely to generate significant environmental or social impacts In addition, AIB gathers and reviews Technical Due Diligence reports on all major projects where it acts as a lender. These will typically address environmental concerns and where necessary would lead to more in-depth environmental reviews, which would also be gathered and reviewed as part of the credit approval process. Though investments under this activity are directed towards projects based in non-EU nations including the US and Norway where EU Regulation (EU) 2020/852 and Directive such as 2000/60/EC, 2011/92/EU and 2000/60/EC are not transposed into the respective National laws or regulations, Sustainalytics notes AIB's intention to conduct EIAs as per EPFI requirements and hence assesses this category as aligned.	

Table 17

Criteria for DNSH to Pollution Prevention and Control regarding use and presence of chemicals		
DNSH Criteria	***Alignment***	
The activity does not lead to the manufacture, placing on the market or use of: a) substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council, except in the case of substances present as an unintentional trace contaminant; b) mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 of the European Parliament and of the Council; c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council; d) substances, whether on their own, in mixtures or in an article, listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council, except where there is full compliance with Article 4(1) of that Directive; e) substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006 of the European Parliament and of the Council, except where there is full compliance with the conditions specified in that Annex; f) substances, whether on their own, in mixtures or in an article, meeting the criteria laid down in Article 57 of Regulation (EC) 1907/2006 and identified in accordance	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.	Aligned

with Article 59(1) of that Regulation, except where their use has been proven to be essential for the society; g) other substances, whether on their own, in mixtures or in an article, that meet the criteria laid down in Article 57 of Regulation (EC) 1907/2006, except where their use has been proven to be essential for the society.	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[117] 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 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. <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.	

Table 18

Criteria for the Protection and Restoration of Biodiversity and Ecosystems		
DNSH Criteria	***Alignment***	
• 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,	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	Aligned

[117] EU Commission, "Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment", at: https://eur-lex.europa.eu/legal-content/en/NIM/?uri=CELEX:32011L0065

where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.	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. UK 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. Ireland Sustainalytics note that the Birds and Habitats Directives (2009/147/EC and 92/43/EEC) were given legal effect by the European Communities (Birds and Natural Habitats) Regulations 2011 (S.I. No. 477 of 2011) that provide, among other things, for: the appointment and functions of authorized officers; identification, classification and other procedures relative to the designation of Community sites; conservation objectives and measures, plans and other activities for, or affecting, the protection of European sites; appropriate assessment as referred to in Article 6(3) of 92/43/EEC and Natura Impact Statement; and the protection of wild fauna and flora. US and Norway Mapping against Equator Principles AIB is a member of the Equator Principles Financial Institutions (EPFIs) since 2021. By adopting the Equator Principles, AIB ensures that the projects it finances are developed in a socially responsible way accompanied by robust environmental management practices. Furthermore, as Equator Principles are based on IFC's Environmental and Social Performance Standards, it can be assumed that AIB complies with IFC's Performance Standard. Sustainalytics notes that there may not be a provision to transpose Directive 2011/92 of the EU Commission for non-EU Member States. However, AIB has confirmed that being a member of EPFI and, they are required to conduct EIA screening and mitigation process for the financed projects,	

	including the ones near the biodiversity sensitive areas. Given the above context, Sustainalytics has assessed this DNSH criteria as aligned.	

Table 19

DNSH Criteria related to technical specifications for Water Appliances		
DNSH Criteria	***Alignment***	
1. The flow rate is recorded at the standard reference pressure 3 -0/+ 0,2 bar or 0,1 -0/+0,02 for products limited to low pressure. 2. The flow rate at the lower pressure 1,5 -0/+ 0,2 bar is ≥ 60 % of the maximum available flow rate. 3. For mixer showers, the reference temperature is 38 ± 1 ℃. 4. Where the flow has to be lower than 6 L/min, it complies with the rule set out in point 2.	AIB was unable to confirm adherence to this DNSH criteria and hence was assessed as Not Aligned	Not Aligned

Appendix 4: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Allied Irish Banks
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:	August 29, 2023
Publication date of review publication: **Original publication date:**	November 18, 2022

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)*:

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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.

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 Group Sustainability Committee will be responsible for overseeing the process of selecting eligible green 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 manage the net proceeds in a portfolio approach and allocate the proceeds from the green bonds to the Eligible Green Loan Portfolio. Pending allocation, AIB will hold or invest in its treasury liquidity portfolio in cash or other short term and liquid instruments, or pay back a portion of its outstanding indebtedness. Sustainalytics considers this to be 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 or full allocation. 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 third-party consultants. Sustainalytics views AIB's allocation and impact reporting as aligned with market practice.

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): Installed renewable energy capacity; number of power storage facilities financed; number of interconnectors financed; number of vehicles financed; number of transportation infrastructure projects 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.

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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For more information, visit www.sustainalytics.com

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