Reporting period
1/1/2020 – 31/12/2020

DISCLOSURE INSIGHT ACTION

2021 CLIMATE CHANGE RESPONSE

CONTENTS

AIB Group Plc - Climate Change 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

AIB Group is a financial services group. Our main business activities are retail, business and corporate banking, mobile payments and card acquiring. These services are provided through well-recognised brands, including AIB, EBS, Haven and Payzone as well as AIB Merchant Services, which is a joint venture with Fiserv. The Group operates predominantly in Ireland and the United Kingdom with the exception of AIB Merchant Services, which is based in Ireland and serves a global customer base.

We are committed to supporting the transition to a low-carbon economy and backing sustainable communities. Our shares are quoted on the Irish and London stock exchanges and we are a member of the FTSE4Good index.

Our core segments are: Retail Banking; Corporate, Institutional and Business Banking (CIB), and; AIB UK. We also operate wholesale treasury activities along with control and support functions. Our purpose remains: to back our customers to achieve their dreams and ambitions.

We fully recognise the need to raise awareness of the role that finance plays in the required transition to a Net Zero carbon economy. Climate action remains a top priority focus of our sustainability strategy, confirming our commitment to continue to play a central role in Ireland's response to this issue.

In 2020, we set out our longer-term ambitions in relation to achieving Net Zero in our own operations and in our customer lending portfolio. We are currently defining science-based targets that will lay out our pathway to achieve these and will be updating on these targets in the short-term.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Ireland

United Kingdom of Great Britain and Northern Ireland

United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

EUR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which organizational activities does your organization undertake?

Bank lending (Bank)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Sustainable Business Advisory Committee ("SBAC") has been the overarching Board Advisory Committee responsible for the guidance of our sustainability agenda since 2016. The Committee was established by the Board to assist them in fulfilling their oversight responsibilities in relation to ESG matters. The SBAC is chaired by an independent Non-Executive Director of AIB Group and membership includes three other independent Non-Executive Directors. It also includes members of the Executive Committee including the Chief Executive Officer, Chief Risk Officer, Chief People Officer and the Director of Corporate Affairs, Strategy & Sustainability. As SBAC is an advisory Board, decisions are routed through our standard governance pathway. To ensure ongoing awareness of the work of the Committee by all Directors, the Committee Chair provides an update to the Board following each meeting on the key items discussed and considered by the Committee. The Committee met on seven occasions in 2020 – five of which were scheduled and two of which were out of course. Specifically, the Committee consider and advise on the key areas of focus as set out in the Sustainability Strategy (Climate Action, Economic & Social Inclusion and Future-Proof Bank). 2020 Examples: During the year, they advised on a number of key areas including: a) Setting our sustainability ambition and Net Zero targets, b) Agreeing the approach for defining the climate risks and opportunities by sector, c) Agreeing appropriate propositions to address and leverage the opportunity d) Supporting of our annual AIB Sustainability Conference and Climate Finance Week events.
Chief Executive Officer (CEO)	The CEO has set a vision for the group to become a sustainability leader. The CEO sits on the Board and is a member of our Sustainable Business Advisory Committee (SBAC). Sustainability and climate action are clearly highlighted across the organisation as a CEO-priority.
Other, please specify (Executive Committee Sustainability Leadership)	The ExCo is the most senior management committee of the Group and is accountable to the CEO. The Director of Corporate Affairs, Strategy and Sustainability is responsible for leading the groupwide sustainability agenda and reports directly to the Chief Executive Officer. The Director is a member of the Sustainable Business Advisory Committee (SBAC) and chairs our Group Sustainability Committee. The Group Sustainability Committee (the “Committee” or “GSC) is chaired by the Director of Corporate Affairs Strategy and Sustainability. The Committee is a sub-committee with full delegated authority from the ExCo of AIB Group (“the Group”). The primary purpose of the Committee is to act as the Group’s senior executive forum with responsibility for the governance, oversight and approval of aspects of the Group’s Sustainable Business Strategy including Environmental, Social and Governance (“ESG”) activities. This committee was established in May 2021 and replaced the Sustainability Implementation Group (SIG) that was established in 2019 to embed the sustainability and climate strategy in the business. The Director of Corporate Affairs Strategy and Sustainability has put in place a sustainability team, including Chief Sustainability Officer, to lead a programme of activity to embed sustainability across the organisation. A key objective for the team is to work with the business to continue to integrate Environmental, Social and Governance (ESG) principles across all AIB activities. This includes understanding, measuring and disclosing the impact of our activities on all AIB stakeholders, society and the environment. The Chief Sustainability Officer is a member of the Group Sustainability Committee and an attendee of SBAC.
Other, please specify (ExCo Members)	ExCo members leading our customer facing business are responsible for introduction of products and propositions to support our customers in the transition to net zero. These products include green mortgages and green personal loans for consumers as well as project finance for large infrastructure transactions such as renewable energy to support the transition to net zero. As the management of climate risk embeds across our businesses, these Exco members will have first line responsibility for origination and management of climate risk in our customer portfolios. The Managing Director of Corporate, Institutional and Business Banking (CIB) is a member of the Group Sustainability Committee. The Head of Climate Action, Energy and Infrastructure is a member of the CIB Senior Management Team and also sit on the SBAC board sub-committee. Note: The Managing Director Retail Banking, the Managing Director Corporate Institutional and Business Banking, the Managing Director AIB UK and the Director of Corporate, Institutional and Business Banking (CIB) are Exco members.

C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our bank lending activities Climate-related risks and opportunities to our investment activities Climate-related risks and opportunities to our other products and services we provide to our clients The impact of our own operations on the climate The impact of our bank lending activities on the climate	The "SBAC" Sustainable Business Advisory Committee advises the Board of Directors on sustainability, environment and climate change issues, including AIB's sustainable business strategy in accordance with the approved Group Strategic and Financial Plan. SBAC meets a minimum of 4 times a year and met six times during 2020 In addition to discussion at regular SBAC meetings, there have been a number of updates to the main board on Sustainability and Climate-related issues.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Sustainability committee	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Chief Operating Officer (COO)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	More frequently than quarterly
Chief Risks Officer (CRO)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Other, please specify (ExCo Members)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

i) Where in the organizational structure this position(s)/committee(s) lie

a) Within AIB, the organisational structure is as follows: Board of Directors -> Sustainable Business Advisory Committee (SBAC) -> CEO -> Executive Committees (ExCo) -> Group Sustainability Committee (GSC) -> ExCo (including COO, CRO, DCASS)

b) AIB recognises the need to take precautionary measures to anticipate, prevent or minimise the causes of climate change and mitigate its adverse effects. This means both continuing to focus on improving our own impact on the climate as well as providing the finance to support our customers as we transition to low carbon economies. Senior managers from AIB's business lines, in collaboration with the Sustainability Team, the GSC, and the Board's Sustainable Business Advisory Committee, together provide focused governance on this issue on an ongoing basis.

ii) Description of responsibilities

Climate change is one of the greatest challenges of our time, and the role of finance to support the transition to a low-carbon economy cannot be understated. In 2019, AIB placed climate action at the heart of our strategy, pledging to DO MORE in addressing climate-related issues.

The SBAC, Sustainable Business Advisory Committee, advises the Board of Directors on our sustainability and climate strategy, which is aligned to our strategic and financial plan. The SBAC includes members of the Executive Committee (the Chief Executive Officer, Chief People Officer and the Director of Corporate Affairs & Strategy) along with three Non-Executive Directors. SBAC focus is to ensure that sustainability and climate-related issues are embedded into how AIB is doing things, implementing the strategy into each business division and, to support the Board and the group in driving this agenda forward.

SBAC is supported by The Group Sustainability Committee (the “Committee” or “GSC). GSC plays a key role in linking the strategic agenda and climate related issues with operational delivery across AIB. The members are an integrated working group that support ongoing projects, executes and monitors AIB's ESG and climate change-related issues.

The CEOs has articulated a clear vision for the group to become a sustainability leader and has put in place a clear strategy to become net zero in the group’s own operations by 2030 and in our customer portfolio by 2040 (agriculture 2050). His role as a member of SBAC, as well as the Board and ExCo is to develop and own AIBs climate change and ESG-related strategy. To provide leadership and to ensure there is sufficient focus on sustainability and related climate issues, so that AIB delivers against the strategy, monitors and assesses climate related risks and opportunities and meets stakeholder expectations.

ExCo members are responsible for introduction of products and propositions to support AIB's net zero ambition. As the management of climate risk embeds across our businesses, members have first line responsibility for origination and management of climate risk in our customer portfolios.

The Director of Corporate Affairs, Strategy and Sustainability (DCASS) is also an ExCo member and is responsible for leading the group’s sustainability agenda. This includes putting in place a clear strategy, co-ordinating and integrate ESG activities, including climate-related issues across all areas and at all levels and to ensure effective reporting and monitoring. The DCASS has put in place a team to support this agenda and this centralised multidisciplinary team supports activity across the wider group. The DCASS is responsible for the group’s non-financial reporting including TCFD reporting and UNEP FI PRB reporting. These reporting is a key part of how AIB monitors, assesses and communicates on climate-related issues.

The Chief Risk Officer CRO) is responsible for identifying, assessing, measuring, monitoring and reporting climate risk as per the Risk Management Framework.

AIB has developed an Environmental and Energy Strategy lead by the COO. Operational climate-related issues inform this strategy which the Head of EEHS (reporting to COO) has a responsibility to monitor and assess. All AIB locations operate under an Integrated Management System (IMS) ISO 14001 and 50001. As part of the IMS KPIs, objectives and targets on waste, water, carbon and energy are reviewed on an annual basis. Progress is closely monitored and externally audited yearly. The team reports monthly to the Workplace Operations Management team and the COO, regular meetings are held with the CSO for updates.

AIB has committed to achieving Net Zero emissions within our own operations by 2030. In addition, AIB had a 2020 target to improve its energy efficiency by 33% from its 2009 baseline (achieved). Reports on progress against each of these emission categories (Scope 1, 2 and 3) and energy improvements are cascaded upwards from the COO and the DCASS to board level. This allows for board oversight on climate-related issues.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Energy manager	Monetary reward	Energy reduction target Efficiency target	a) Energy management objectives are assigned to AIB's Workplace Operations division and feed into the overall objectives for that business/department unit. An Energy team is established within the department under the management of the Head of EEHS. Obtainment of objectives are assessed through a formal Performance Review and business review system for appraisal during the year and at year end. The achievement of objectives and performance in the role determines the level of pay increase achieved. Management of climate change issues, including the attainment of targets, is managed through our career and performance development programme, Aspire. On the basis of each employee's objectives, which are set out at the beginning of every year, Aspire recognises and rewards both what was achieved during the year and how it was achieved. This encourages performance as well as behaviours in line with our Values. Recognition and reward is reflected in access to levels of salary progression. b) AIB are obliged to fulfil the obligations set out in the National Energy Efficiency Action Plan (NEEAP), and subsequent revisions, as originally published by the Irish Government in 2009. Accordingly AIB must work to meet the requirement of achieving 33% energy savings by 2020 and 50% energy savings by 2030 (from 2009 baseline). Shorter term targets are set based on these long term objectives. In 2020, AIB achieved a 47% energy reduction.
Environmental, health, and safety manager	Monetary reward	Emissions reduction target	a) Carbon and Energy reduction objectives are assigned AIB's Workplace Operations division and feed into the overall objectives for that business/department unit. An Energy & Environmental team is established within the department under the management of the Head of EEHS. Obtainment of objectives are assessed through a formal Performance Review and business review system for appraisal during the year and at year end. The achievement of objectives and performance in the role determines the level of pay increase achieved. Management of climate change issues, including the attainment of targets, is managed through our career and performance development programme, Aspire. On the basis of each employee's objectives, which are set out at the beginning of every year, Aspire recognises and rewards both what was achieved during the year and how it was achieved. This encourages performance as well as behaviours in line with our Values. Recognition and reward is reflected in access to levels of salary progression. b) In November 2020 AIB committed to our own operations being Net Zero by 2030, the first Irish bank to do so in this timeframe. Shorter term targets are set based on long term objectives. All AIB locations in ROI and UK are operated under the International Management Standards, ISO14001 (Environment) and ISO 50001 (Energy). A series of projects are planned and executed annually to reduce the amount of our operational emissions. Continual improvement and conformance with our ISO50001 & ISO14001 standards will play a key role in achieving AIB's Net Zero target.
Chief Operating Officer (COO)	Non-monetary reward	Emissions reduction target Energy reduction target Efficiency target	AIB does not provide variable pay or long-term incentives to senior management and therefore climate related incentives are not factored into pay and reward. However, a number of Sustainability targets and measurements appear on the Group Balanced Scorecard which is regularly reviewed and challenged quarterly by ExCo and at scheduled Board meetings. In addition, senior executives have ESG performance objectives in their scorecards.
All employees	Non-monetary reward	Other (please specify) (Peer to peer recognition & other rewards)	AIB has pledged to Do More and has encouraged all colleagues to embrace the challenge. Local working groups recognise local efforts and groupwide campaigns create energy and focus around this topic. "Appreciate" is AIB's on-line, bank-wide recognition programme that enables peer-to-peer recognition and empowers employees to recognise behaviours that align to our purpose and values. Recognition is given to colleagues and business teams that are contributing and supporting AIB's efforts to reduce its environmental impact. All full and part-time AIB employees are eligible to participate in Appreciate. A range of awards are available to recognise varying levels of employee contribution. Distribution of reusable cups and water bottles, GIY growing kits, special discounts for staff on residential waste management, free home electric charging unit for EVs, etc. are used as non-monetary rewards to incentivise sustainable behavioural change.
Other, please specify (Executive Committee)	Non-monetary reward	Emissions reduction project Emissions reduction target Efficiency target Behavior change related indicator	AIB does not provide variable pay or long-term incentives to senior management and therefore climate related incentives are not factored into pay and reward. However, a number of Sustainability targets and measurements appear on the Group Balanced Scorecard which is regularly reviewed and challenged quarterly by ExCo and at scheduled Board meetings. In addition, senior executives have ESG performance objectives in their scorecards.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	Yes, as the default investment option for some plans offered	ESG principles are taken into consideration in the passive equity options offered to scheme members. The Group provides a number of retirement benefit schemes. All defined benefit schemes were closed to future accrual from 31st December 2013 and all staff accrue pension benefits on a defined contribution basis from 1st January 2014. Each scheme member either selects their own investing strategy or avails of the default strategy. In either case, if equity funds are involved, ESG criteria is taken into consideration by the investment manager. Each scheme has a trustee board and AIB works with the trustees of each scheme to monitor the performance of investments. Although the Group has interaction with the trustees, it cannot direct the investment strategy of the schemes.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	
Medium-term	4	7	
Long-term	7		

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Through the Groups risk identification process, we identify the Principal Risks and Uncertainties, including the key Emerging Risk Drivers (including climate change – physical and transition risks), that could adversely impact our customers, our other stakeholders, our business and the delivery of our strategic objectives. Principal Risks are those risks that could have a material adverse effect on the Group. The Emerging Risk Drivers, should they occur, will materially impact on one or more of the Principal Risks. Further detail on the approach and the Principal Risks and Emerging Risk Drivers can be found in the Risk Management section of the AIB 2020 Annual Report.

In addition, the Group uses a materiality matrix to determine the impact (low, medium, high, critical) and likelihood (remote, unlikely, possible, likely, almost certain) of risks to the Group. The impacts are determined with reference to financial, customer, operations and reputational thresholds.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
AIB adopts an enterprise risk management approach to identifying, assessing and managing risks: The First Line of Defence (1LOD), have primary responsibility for risk management including; identifying, measuring, monitoring and controlling risks within their areas of accountability. They are required to establish effective governance and controls for their business to be compliant with Group policy requirements, regulatory and legal obligations, to maintain appropriate risk management skills, mechanisms and toolkits, and to act within Group Risk Appetite parameters. The 2LOD oversees the 1LOD, setting the Risk frameworks, policies and limits, and credit sanctioning consistent with the Group Risk Appetite to help ensure risk management processes and controls implemented by 1LOD are adequately designed and operate effectively. 2LOD is responsible for providing independent oversight and challenge to business line managers with regard to risk management. (For example, the Group Credit Risk Policy, which is set by Credit Risk, includes a section on sector exclusions, sets out the sectors in which the Bank does not have an appetite to lend. The Equity Investment Strategy includes a section on sustainability which is reviewed by the Financial Risk team as part of the 2LOD oversight process). The 3LOD assists the Board of Directors in carrying out its corporate governance responsibilities by providing an independent view on the key risks facing the Group, and on the adequacy and effectiveness of the system of governance, risk management and internal control within the first and second lines of defence in managing these risks. The Board of Directors has ultimate responsibility for the governance of all risk-taking activity at AIB. AIB uses a variety of approaches and methodologies to identify and assess its principal risks and uncertainties. a) The Material Risk Assessment (MRA) is performed at least annually to review AIB's material risks and their key drivers. A qualitative approach is used to assess risks (including those that could have a substantive financial or strategic impact), as part of this, AIB considers the impact of climate change (both physical and transition) as a key driver of AIB's material risk categories. The outcome of the MRA is a direct input to the Risk Appetite process. b) The Risk Appetite Statement (RAS) sets out the Group's appetite for risk taking in its pursuit of the Bank' strategic objectives. The RAS incorporates a qualitative statement for Credit risk setting out that the Group will take sustainability considerations into account in material lending decisions and a qualitative statement for Business Model risk setting out that the Group will take ESG considerations into account when formulating our strategy. RAS is monitored on an ongoing basis and reported on a monthly basis to the Group Risk Committee and Board Risk Committee. If RAS limits are breached, they are reported to the Board of Directors and our Regulators. c) Risk and Control Assessments (RCA) are undertaken on a periodic basis by all business areas across the Group in 1LOD and 2LOD. These focus on the nature of the risks facing each team, the adequacy of the internal control environment, and whether additional management action is required. RCAs are reviewed and approved by the head of the Business Unit on a semi-annual basis, and subject to independent oversight from the Operational Risk team. d) Qualitative Scenario Analysis (using NGFS framework and the TCFD methodology) was used to identify climate related R&O. Sustainable Communities is one of AIBs key strategic pillars with a clear direction for sustainable finance and climate action. The strategy addresses risks and opportunities (R&O) that may impact our business in the short term and we have reflected that right across our agenda for business and strategic investment. Regarding medium and long term risk and opportunities, AIB's Sustainable Business Advisory Committee and Sustainability Implementation Group support the business in identifying, assessing and responding to R&O and will advise on how to incorporate them as part of our future business strategy. AIB process for prioritizing climate-related R&O; a) Risks: A standard set of criteria, captured in the 'Group Materiality Matrix' is used to assess the significance of risk exposures and incidents to determine whether and how they should be reported and escalated. Worst estimate for any one of the following potential or actual impacts affecting Customers, Financial, Reputation or Operations will determine risk priorities. b) Opportunities: These align to our strategy pillars and our refreshed values. Market research, legal and stakeholder requirements and financial implications will be taken into account to prioritize the opportunity, within our strategic and investment planning process. CASE STUDIES: i) Physical Risk - Identified "extreme weather" as a risk to our operations and to our customer lending. A) Operations, AIB 1LOD identify this risk as per RCA process. Operational controls implemented: alignment of international standards with ISO 22301 or preventive maintenance measures (procuring flood barriers), will then reduce the likelihood and impact of the risk. B) Lending: We completed an analysis of our customer lending book to understand the physical risks posed by climate change. We utilised NGFS and TCFD methodology to identify and assess qualitative physical risks. In Residential & Commercial Property, increase in flood risks can negatively impacts vulnerable property values and/or lead to increased insurance costs. In order to develop appropriate responses to this risk, we intend to carry out a flood risk analysis of our residential property portfolio under different climate scenarios. ii) Transition Risk - Identified "Carbon pricing policy developments" as a risk to our operations and to our customer lending. A) Operations: Recently, the Irish Committee on Climate Action agreed a series of increases for the carbon tax from 2020 (from €20 per tonne of CO2 to €100 in 2030). This tax applies to certain fuels for heating and for transport purposes. This risk has been categorised under Compliance with Environmental Legislation on our risk management system. A Group Energy Management Strategy is supported by Snr Mgt. Milestones within the Energy Strategy are designed to reduce the impact and likelihood of this risk. This risk is monitored and evaluated on Shield by our EE Team within AIB Workplace Operations. ISO 14001 and ISO 50001 are the controls used to manage this risk as per RCA. B) Lending: We completed an analysis of our customer lending book to understand the transition risks posed by climate change. In agriculture, emissions caps and/or carbon tax increases can make certain farming activities prohibitive. Collaboration with industry partners is key to finding innovative ways to make farming in Ireland more sustainable.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	AIB's objective is to conduct its business in accordance with both the letter and the spirit of the relevant laws, regulations and codes which apply to its regulated activities, as well as AIB's internal compliance policies and standards and to act with integrity, honesty and fairly in dealing with its customers. Compliance is a key component of the Bank's internal control framework. The Regulatory Compliance Risk Management Framework sets out the internal control and governance structures in place in order to achieve the Group's regulatory compliance objectives. While the Board has ultimate responsibility for the governance of all risk taking activity in the Group, it has delegated risk governance responsibilities to various committees and key officers. The Group operates a Three Lines of Defence (3LOD) Model. Self-assessment of risk is completed at business unit level (1LOD, first line of defence). The 1LOD is responsible and accountable for the identification, assessment, management, monitoring and reporting climate-related risks in their areas of responsibilities. Example: AIB has energy savings reporting obligations under EAS (Ireland) and ESOS (UK) regulations. The 1LOD (AIB Workplace Operations) identifies as a risk the "non-compliance with current energy & environmental regulations" and assesses its gross impact using the materiality matrix. a) That division ensures that the right controls and assessments are in place to mitigate the impact of this risk. Such as: i) establishment of Energy and Environmental Policies that include a commitment to fulfil compliance environmental obligations. b) building a dedicated E&E Team who will make sure AIB meets ESOS/EAS obligations ii) implementation an Integrated ISO Management System (Energy & Environment) across AIB locations . c) After controls are in place the risk is given a Net Risk Value. All these processes are recorded using our Risk Management System (Shield). Any potential breach of compliance with ESOS/EAS is notified by Workplace Operations (1LOD) to AIB's second line of defence (2LOD). d) Risks and controls are reviewed on a regular basis and attested to twice per year.

	Relevance & inclusion	Please explain
Emerging regulation	Relevant, always included	Compliance is a key component of the Bank's internal control framework. The Regulatory Compliance Risk Management Framework sets out the internal control and governance structures in place in order to achieve the Group's regulatory compliance objectives. While the Board has ultimate responsibility for the governance of all risk taking activity in the Group, it has delegated risk governance responsibilities to various committees and key officers. The Group operates a Three Lines of Defence (3LOD) Model. Our Regulatory Compliance team is responsible for independently identifying and assessing current and forward looking compliance obligations, including regulation and guidelines in relation to climate change. Our Sustainability and Energy and Environment teams monitor regulatory and market sustainability updates to ensure that we are keeping pace with the rapidly evolving ESG landscape. Self-assessment of risk is completed at business unit level (1LOD, first line of defence). The 1LOD is responsible and accountable for the identification, assessment, management, monitoring and reporting climate-related risks in their areas of responsibilities. Example: Carbon pricing policy developments: the Irish Committee on Climate Action agreed a series of increases for the carbon tax from 2020 (from €20 per tonne of CO2 to €100 in 2030). This tax applies to certain fuels for heating and for transport purposes. This risk has been categorised under Compliance with Environmental Legislation and assessed on Shield by AIB's Workplace Operations (1LOD). To reduce the impact and likelihood of this risk, the team has established a series controls a) the implementation of an Energy & Environmental Strategy that will have measures in place to mitigate the impact of carbon pricing in our own operations, b) A compliance check and monitoring process of Energy & Environmental legislation by means of subscription to a web-based legal register. The register provides updates and notifications on emerging regulation. If new legal obligations are identified, risk implications are evaluated using the Risk Matrix and communicated to the relevant key officer who will introduce the information in Shield (our risk management system).
Technology	Relevant, always included	Our credit risk and business model risk frameworks have been adjusted to ensure that climate risks are considered in the development of our risk policies and business model. The impact of low carbon technology is considered as part of our risk assessment processes. New technologies and shifts on demand will influence of our financing decisions. We understand the benefits to the bottom line for businesses who introduce energy saving measures, and we factor those benefits into our credit decisions process. In 2019, AIB launched its Green Bond Framework, in line with the globally recognised International Capital Markets Association (ICMA) green bond principles. Through this framework, we are backing our customers in addressing the transition to a low-carbon economy and are showing our intent to our investors to lead the way in funding sustainable Irish business with an ambition that green products will account for 70% of all our new lending by 2030. Regarding technological risk, AIB has a specialist team within its business banking division dedicated to provide products for financing business involved in the energy sector. AIB has a dedicated funds for investing in large energy efficiency projects and start-up companies in the sustainable technologies sector. The Group's project finance policy sets out the rules for financing of long term infrastructure, industrial projects and public services. It identifies sectors which the Group is keen to support with project finance (e.g. Renewable Energy, Availability Based Energy/Projects, Waste to Energy) as well as sectors which are excluded (e.g. oil and gas exploration). As an example, to incentivise and accelerate Ireland's transition to lower carbon transport options, AIB in collaboration with a number of our distributor partners offers additional discounts to some of our existing car finance offerings for electric vehicles. AIB is supporting the adoption and growth of electric vehicles in the Irish market and our products will continue to develop as customers migrate to electric automobiles, which will be a key enabler in tackling Ireland's decarbonisation challenge. AIB is demonstrating a risk-based approach to technological risk by providing finance to the Irish economy and enabling alternative carbon efficient transport initiatives.
Legal	Relevant, always included	The legal and regulatory landscape in which AIB operates is constantly evolving. Regulatory compliance risk is defined by AIB as the risk of regulatory sanctions, material financial loss or loss to reputation which the AIB may suffer as a result of failure to comply with all applicable laws, regulations, rules, standards and codes of conduct applicable to its activities. The Regulatory Compliance function operates a risk framework approach that is used in collaboration with business units to identify, assess and manage key compliance risks at business unit level. These risks are incorporated into the RCAs (Risk and Control Assessments) for the relevant business unit. Regulatory compliance monitors relevant regulatory guidance relating to climate risk and complete impact assessment for all regulation which may impact the Group. AIB's definition of Legal Risk includes the risk of non-compliance with Laws outside the context of its regulated business, including failure to ensure that the Group complies with new or changed laws. Both the Legal and Compliance functions have dedicated Upstream teams, which work closely together to identify new law and regulation which impacts AIB Group including those which relate to environmental matters, and to ensure that business units assess and adapt to those impacts Example: AIB UK is required to consider the Prudential Regulatory Authority's policy (PS 11/19) and supervisory statement (SS3/19) on the financial risks of climate change and incorporate these within the context of the overall Group's objective of supporting customers to transition to a low carbon economy. Following the publication of the PS 11/10 and SS3/19 concerning the management of the financial risks from climate change. AIB UK submitted an action plan setting out how they plan to achieve the overall management of climate change risk. Regulatory Compliance report to the Chief Risk Officer and independently to the Board, through the Board Risk Committee, on the effectiveness of the processes established to ensure compliance with laws and regulations within its scope.
Market	Relevant, always included	The Group is exposed to market risk through the following wholesale market risk factors: interest rates, foreign exchange rates, equity prices, inflation rates and credit spreads. Changes in customer behaviours and the relationship between wholesale and retail rates give rise to changes in the Group's exposure to market risk factors and are also an important component of market risk. Climate change is increasingly a key risk driver of market prices, be that investor appetite for certain sectors or where weather events could begin to impact on government finances and thereby impact sovereign bond prices, for example. Market risk is identified and assessed using portfolio sensitivities, Value at Risk ("VaR") and stress testing An example of work is this area is a new expected loss model is being developed. This is a project requiring cooperation between the Financial Risk and credit Risk validation teams. The timeline to complete the validation is estimated for February 2022 and the model should be used for ICAAP & stress testing in Q1 2022. A credit risk working group was established to perform a high level portfolio review on the impact of climate change on the Group's portfolios.
Reputation	Relevant, always included	The Group's relationships with its stakeholders, including its customers, staff and regulators, could be adversely affected by any circumstance that cause real or perceived damage to its brands or reputation. Any damage to the Group's brands and/or reputation could have a material adverse effect on the Group's business, results of operations, financial condition or prospects. AIB may be adversely affected through the manifestation of physical risks (such as the impact on property from weather-related events) and transition risks (the financial risks as a result of the transition to a low-carbon economy). Failure to manage these risks would result in either financial and/or reputational impact from a lack of adherence to sustainable principles. Sustainable Communities is the 5th pillar of the AIB Group Strategy. AIB has undertaken an extensive body of work to understand the risks and opportunities that climate change presents and set out a clear roadmap of steps we need to take to quantify the risks and integrate ESG considerations into our processes. In September 2019, we became a Founding Signatory of the UNEP FI Principles for Responsible Banking and became a supporter of the Task Force for Climate-Related Financial Disclosures. We are making progress working to integrate Environmental, Social and Governance (ESG) considerations into our lending decisions. The Group's project finance policy identifies sectors which the Group supports with project finance (e.g. renewable energy) as well as sectors which are excluded (e.g. oil and gas exploration). In addition, a number of other sectors considered to be incongruent with the aims of sustainability were identified for exclusion from future lending, and these were incorporated into the Group Credit Risk Policy in 2020.
Acute physical	Relevant, always included	Physical risks arise from the physical effects of climate change on a customer's operations, assets, infrastructure, and workforce. These risks can result from acute physical risks, which are event-driven (e.g. increased severity of extreme weather events). The Group has 325 locations across Ireland and the UK some of them are located in coastal areas vulnerable to flooding or storm surges. Published work on Ireland's climate outlook predicts an increase in the severity, duration and/or frequency of extreme weather events. AIB is exposed to this risk through our operations and our customers. Our vulnerability to these events was exposed in 2018, when Ireland and UK were impacted by Storm Emma, a cold spell that caused the disruption of AIB's operations for several days due to unusually low temperatures and heavy snowfall. AIB Workplace Operations established a series of initiatives to ensure business operational continuity. A €100,000 emergency expenditure was approved to cover among others: weekend works, auxiliary visits to our branches, 24/7 specialist services to enable de-icing, anti-icing and snow clearing services. The learnings of these actions are now integrated on AIB's operational controls and business continuity management procedures and is helping us to reduce the impacts of this type of risk. Acute Physical risks might also affect the operations of our clients. For example, a) Changes in precipitation patterns leads to fodder shortages, crop damages and new diseases, b) Periods of drought impacts growing season and leads to volatility in agriculture and commodity prices.
Chronic physical	Relevant, always included	Physical risks arise from the physical effects of climate change on a customer's operations, assets, infrastructure, and workforce. These risks can result from chronic physical risks, which are longer-term shifts in climate patterns (e.g., sea level rise or chronic heatwaves). We also recognise the significant opportunities that climate change presents for our business and the importance of leveraging these opportunities to prepare our business for a low-carbon future. A) At an operational level, increases in the mean ambient temperature have resulted in increased running costs of our property portfolio. This has a direct effect on the energy costs associated with cooling of buildings and computer equipment as well as increase of the maintenance works budget to provide a comfortable working environment for our staff. Potential financial impact of extra maintenance and "fuel" operational cost has been estimated as €250,000. B) At portfolio level (residential and commercial property) an increase in flood risk due to extreme weather events, rising sea levels and changes in precipitation patterns: negatively impacts vulnerable property values; leads to increased insurance costs; and/or § leads to inability to insure highest risk properties and resulting stranded assets. Case Study: Dry and very warm temperatures in summer had a direct impact on our operations since 2017 onward. Based on data gathered by AIB Workplace Operations, raising temperatures have required 25% more A/C reactive maintenance services each summer period. Learnings from this type of events have been applied since and a new set of operational controls has been implemented to manage and reduce the impact of chronic risks in our daily operations. The new controls were really effective to handle the operation of our branches during the summer of 2018 in which Ireland and the UK experienced a period of unusually hot weather from the 22nd of June to the 7th of August 2018.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	Yes	We use scenario analysis to test AIBs portfolio against the potential impacts of climate change. The initial focus for these scenarios have been on where we believe we can have the biggest climate impact in terms of our lending portfolio. In doing so, we considered a) the highest emitting sectors in ROI/UK; and b) AIB's largest credit exposures. Based on these criteria, we focussed on the agriculture, mortgages, commercial property, transport and energy sectors. The findings have enabled us to understand the business environment in which those sectors are operating from a climate change perspective and how those sectors may need to adapt in order to mitigate the risks identified. For further information on scenario analysis please see section C. 3.2a. AIB has incorporated a section on ESG considerations into the Equity Investment Checklist and continue to explore opportunities and processes for implementing ESG factors into the overall strategy.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	This option is not applicable

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	Majority of the portfolio	Qualitative	The assessment of our portfolio exposure cover more than 50% of our portfolio and thus we have selected majority of the portfolio. Tools used to assess our portfolio exposure: In 2020, we completed a heat map of our customer lending portfolio to understand which sectors had the highest impact. We carried out a high-level baselining exercise of our loan book GHG footprint referencing our loan book at 31.12.2019 and utilizing the Partnership for Carbon Accounting Financials' (PCAF) Global Carbon Accounting Standard. PCAF is an industry-led initiative launched in September 2019. The Standard serves as an extension of the GHG Protocol, intended to provide further guidance for measuring GHG emissions from investment and lending portfolios ('financed emissions'). The work is aligned with available guidance, on a best endeavours basis. The heatmap will be reviewed annually to reflect any changes in sector exposure from year to year The heatmap focused on the highest emitting sectors in ROI/UK; and b) AIB's largest credit exposures. Based on these criteria, we focused on the agriculture, mortgages, commercial property, transport, energy and manufacturing sectors. The findings have enabled us to understand the business environment in which those sectors are operating from a climate change perspective and how those sectors may need to adapt in order to mitigate the risks identified. A second tool used is our exclusion list. Since July 2020, our wholesale business units in Corporate, Institutional and Business Banking will no longer provide term finance and/or advisory services to customers who are deemed to engage in a defined list of Excluded Business Activities, which we believe cause irreversible environmental and/or social harm to society and our communities. The list has since been incorporated into AIB's group credit risk policy, which supports the management of credit risk across the Group. The rules in the group credit risk policy prohibit providing new money for any term lending facilities to businesses, or any of their subsidiaries, involved in the excluded activities. The policy was approved by AIB's Board in October 2020 and since 29 January 2021 this rule applies to all business customers with a Gross Connected Exposure of >£/€300k and who are relationship-managed. AIB's Equity Capital (EC) team considers ESG as part of the due diligence process for new investments. A component of EC's strategy is to support 'responsible' or 'sustainable' investing, and incorporate ESG considerations into their investment decisions and overall portfolio management process. In recent years, there has been a transformational shift towards sustainability led investment strategies in the marketplace. EC will endeavour to be a responsible investor and strive to be part of this growing community which fosters a long term focus on company performance, investment returns and market behaviour. EC's strategy will evolve over time as it refines its approach to integrating material ESG issues into the investment decision making process. AIB has incorporated a section on ESG considerations into the Equity Investment Checklist and continue to explore opportunities and processes for implementing ESG factors into the overall strategy. Assessment of opportunities: AIB Treasury has established a Socially Responsible Investment (SRI) Bond portfolio to fund domestic and international projects aimed at global sustainability, carbon emission reduction, and social improvement, all under the over-arching themes of Environment, Social, and Governance (ESG). The SRI portfolio represents AIB Treasury's next step in contributing to sustainable economic development. AIB Treasury has designed four key Pillars of Sustainable Investment for our SRI Portfolio. 1) Focuses and Exclusions: a) Our SRI portfolio will focus on the project categories such as renewable energy, sustainable water management, pollution prevention, green buildings, energy efficiency and social projects. b) In order to ensure the SRI portfolio maintains a high standard of socio-economic and environmental contribution, we will exclude issuers in industries which we believe cause irreversible environmental and/or social harm to society and our communities. 2) Reporting: We require issuer reporting to align with the ICMA Green/Social Bond Principles reporting recommendations. 3) SRI Engagement: We will look more favourably upon issuers who actively engage on ESG issues and whose frameworks incorporate some of the UN Sustainable Development Goals (SDGs). 4) Living the Sustainable Way: Internal governance is a significant factor in our analysis of a sustainable bond issuer. Our SRI portfolio will focus investment on issuers who conduct themselves and grow in a socially responsible way. In terms of ESG issuer scoring, we rely on external ESG reviews to contribute to our investment decisions.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Unknown	Risks: In 2020, we took the important step of significantly increasing our understanding of the climate-related risks and opportunities we face as a business. Our analysis centred on our lending portfolio and we focused on the most carbon intensive sectors – Agriculture, Commercial/Residential Property, Transportation and Energy Industries. We adopted this sector-based approach in recognition of the fact that all sectors have their own carbon transition pathway and will require a focussed response from us. We used the TCFD's transition and physical risk categorizations. We also used qualitative scenario analysis to help inform our understanding of the potential impacts of climate change on our business. The following water-related physical risks were identified: 1) Residential & Commercial Property -> Increase in flood risk due to extreme weather events, rising sea levels and changes in precipitation patterns -> negatively impacts vulnerable property values -> leads to increased insurance costs; and/or -> leads to inability to insure highest risk properties and resulting stranded assets 2) Agriculture: -> Changes in precipitation patterns leads to fodder shortages, crop damages and new diseases -> Periods of drought impacts growing season and leads to volatility in agriculture and commodity prices 3) Road transport: -> Increased severity of extreme weather leads to disruption to public transport and freight routes -> Increased severity of extreme weather leads to damage to transport, property and infrastructure and increased insurance costs 4) Energy & Infrastructure: -> Increased exposure to storm damage leading to increased insurance and repair costs Looking to 2021, we intend to carry out a flood risk analysis of our residential property portfolio under different climate scenarios. Opportunities: a) AIB has committed to make five billion euros of funding available (one billion euro per annum) to support Ireland's transition to a lower carbon economy. Including initiatives related to water infrastructure. b) AIB Treasury's SRI portfolio investment criteria includes support for sustainable management of wastewater, such as efficient urban and rural drainage and environmentally friendly flood mitigation systems.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	This option is not applicable

C-FS2.2e

(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Unknown	Risks: a) We assess the risks associated with our forestry lending on a case by case basis as per BAU policies and processes. b) AIB Corporate, Institutional and Business Banking (CIB) has elected to implement a Sustainability Exclusion List across all its wholesale businesses units (https://aib.ie/corporate/excluded-activities). This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in a defined list of Excluded Business Activities, which we believe cause irreversible environmental and/or social harm to society and our communities. Such as activities involved in: i) Deforestation or the burning of natural ecosystems for the purposes of land clearance; ii) Timber from illegal trading or logging operations; iii) Production or trade in wood or other forestry products other than from sustainably managed forests; iv) Producing, processing animal fur. Opportunities: In 2019, AIB committed to make five billion euros of funding available (one billion euro per annum) to support Ireland's transition to a lower carbon economy. This funding was also available for propositions on the area of forestry in 2020.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	This option is not applicable

C-FS2.2f

(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?

	We request climate-related information	Please explain
Bank lending (Bank)	Yes, for some	a) In Real Estate Lending, All residential and commercial development loans are monitored to ensure that they are compliant with current building regulation. This ensures an 'A' rating for all units. This is now being moved to NZEB for both. All new CRE property applications seek a Building Energy Rating (BER) Number. These ratings are taken into account in both the commercial terms analysis and the credit analysis process. b) In all Renewable Energy Lending we carry out due diligence on compliance with various permitting requirements such as Planning Permission which can include an Environmental Impact Assessment. There is a section in each credit paper which discusses ESG aspects of the case. Finally, as part of the Green Bond process we calculate the quantity of tonnes of CO2 avoided for each case. c) Our Corporate Banking Business Unit has commenced providing Sustainability Linked Loans (SLLs). SLLs are used for general corporate purposes, however they are commonly aligned in the market with the sustainability-linked loan principles and enable lenders to incentivise the sustainability performance of the customer as well as support positive changes in environmental and/or social matters. Under these arrangements when the performance of the customer on climate-related matters is incentivised, customers would be required to provide climate related information both prior to sanction and on an ongoing basis during the term of the loan. Risk Assessment also includes Sustainability commentary and where appropriate an Environmental Protection Agency template is also factored into risk assessment. d) AIB's Equity Capital (EC) team considers ESG as part of the due diligence process for new investments. A component of EC's strategy is to support 'responsible' or 'sustainable' investing, and incorporate ESG considerations into their investment decisions and overall portfolio management process. In recent years, there has been a transformational shift towards sustainability led investment strategies in the marketplace. EC will endeavour to be a responsible investor and strive to be part of this growing community which fosters a long term focus on company performance, investment returns and market behaviour. EC's strategy will evolve over time as it refines its approach to integrating material ESG issues into the investment decision making process. They have incorporated a section on ESG considerations into the Equity Investment Checklist and continue to explore opportunities and processes for implementing ESG factors into the overall strategy. e) AIB Treasury's Socially Responsible Investment (SRI) Bond portfolio requires issuer reporting to align with the ICMA Green/Social Bond Principles reporting recommendations for both Allocation and Impact Reporting. We require the issuing framework to have a Second Party Opinion, as per the ICMA Green/Social Bond Principles. f) In July 2021, we introduced an ESG borrower questionnaire to support us in assessing ESG risk for customers in high risk sectors who are applying for material new lending. g) We have also begun to capture on our property valuations EPC / BER energy ratings and Geo codes, to enable us to apply flood risk data to better assess collateral valuations going forward.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	This option is not applicable

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation	Other, please specify (Energy & Carbon Savings reporting obligations)

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

Policy and legal risk

Company-specific description

Sustainability is at the heart of the Group's agenda and is the fifth pillar of the Group's strategy. The Group announced its commitment to net zero greenhouse gas emissions in its own operations by 2030, an ambition for net zero in customer portfolio lending by 2040 and in the agriculture sector by 2050. This is an ambitious commitment which places the Group at the forefront of Irish banks leading the way in supporting the transition to a low carbon economy in Ireland. The Group has energy savings reporting obligations under EAS (Ireland) and ESOS (UK) regulations. For its UK operations AIB is required to comply with ESOS, (Energy Service Obligation Scheme) and for its ROI operations via Irish legislation via the EAS (Energy Auditing Scheme - SI 426 of 2014). In addition, under SI 542 Energy Services Directive, AIB has been considered a Public Body under Energy Efficiency Legislation (since 2012) as the State holds 71.12% of the issued ordinary shares of AIB Group plc. As such the organisation had a stretch target of 33% energy savings by 2020 (target achieved) and is now required to improve energy efficiency by 50% by 2030 and reduce CO2 emissions by 30% by 2030. There is a financial risk associated with fines for non-compliance with these legal requirements. AIB is a customer driven organisation. Negative publicity will affect credit ratings and customer perception. The risk of legal or regulatory sanctions could result in material financial loss or reputational damage. The Group might experience reduced revenues from services and products due to customer negative perception.

Time horizon

Short-term

Likelihood
About as likely as not

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
270447.22

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We've used the addition of the below figures to estimate the financial impact. 1) There is a financial risk associated with fines for non-compliance with the schemes. Non-compliance with EAS is subject to a class A fine (€5,000). Fines for non-compliance with the mandatory Energy Savings Opportunity Scheme (ESOS) can reach: €50,830.32 for businesses that do not respond to enforcement notices; €50,830.32 for failure to notify the Environment Agency; €101,660.64 for failure to undertake an energy audit; €5,647.81 for failure to maintain records and €56,478.13 for false or misleading statements. 2) Other potential financial impact of this risk is not disclosed due to commercial sensibility.

Cost of response to risk
50000

Description of response and explanation of cost calculation
Our Energy and Environmental Policies, which are sponsored by our Chief Operating Officer, set out our commitment to energy efficiency and environmental protection, and guide the decisions we make in relation to our internal operations. AIB has a dedicated Energy & Environmental Team that's responsible for managing the Group's compliance of ESOS and EAS. The team is responsible for identifying, recording, reporting and managing the risks that current energy & environmental regulations could pose to AIB across its operations. The team mitigates the risk by ensuring that the right controls and assessments are in place (eg. adopting a continual improvement approach to increase our energy efficiency in our operations based on ISO 50001). CASE STUDY: The Energy team developed an Energy Management Strategy with a phased approach. a) Phase 1 (1st compliance period, Dec 2015) that prepared our ROI largest head offices to achieve ISO 50001 certification and programmed the required energy audits in the UK (signed off by a qualified auditor). Both methods warranted compliance with ESOS and EAS obligations. b) Phase 2 (second compliance deadline, Dec 2019) involved the roll out of its ISO 50001 across all ROI and UK locations. In 2018, AIB achieved such certification, an accolade that will serve to reduce its energy targets and as a method of compliance for EAS/ESOS 2019 requirements. AIB have demonstrated compliance with both EAS & ESOS, during 2020, with certification to ISO 50001:2018 which satisfies the requirements of both EAS & ESOS. The use of ISO 50001 underpins the approach of AIB to Energy Management across the jurisdictions under the EAS & ESOS schemes. In 2020, AIB was successfully re-certified to ISO 50001:2018 and added its new headquarters in Dublin to the scope of the management system. How the cost of management was calculated: a) Maintenance, surveillance audits and software requirements of AIB's ISO 50001&140001 cost approximately €50,000 a year (this excludes cost of implementing operational efficiency measures) b) Other costs would be incurred across the bank and business lines and would include the operation of the Energy & Environmental Team and its monitoring role; such costs are not separately identified in our reporting and would not be realised for reason of commercial sensitivity.

Comment

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Enhanced emissions-reporting obligations

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
Policy and legal risk

Company-specific description
The legal and regulatory landscape in which AIB operates is constantly evolving, and the burden of compliance with laws and regulations is increasing. AIB is exposed to this risk through our operations and our customers. a) Our Environmental Policy includes a commitment to fulfil environmental compliance obligations. An ISO 14001 process identifies new environmental requirements and the Energy & Environmental Team within AIB Workplace Operations ensures that the right controls and assessments are in place to mitigate the impact of this risk to our own operations. National and international reporting obligation have increased. An example of new disclosure requirement is UK's Streamlined Energy and Carbon Reporting. b) Ireland's Plan to tackle climate breakdown (The Climate Action Plan) was published in 2019 with sectoral target emission cuts for Energy, Transport, Built Environment, Enterprise and Agriculture. Non-compliance with the law would represent significant risk for customers operating in these sectors as it could have impacts on the environment, on their reputation and ultimately the cash flows underpinning their ability to repay debt. As set out in our general T&C of business lending, we require our customers to comply with all applicable laws relating to their business and property including laws relating to the environment and associated licences/authorisations. Failure to manage the risk of emerging regulation would result in a financial impact, such a non-compliance fines, from a lack of adherence to environmental obligations and, from a credit risk perspective, might leave the Group open to an increased level of risk where its customers are required to comply with changes in environmental regulation and inability to do so could affect their solvency.

Time horizon
Short-term

Likelihood
About as likely as not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)
15500000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
a) Our own operations, there is a financial risk associated offences for not adhering to certain environmental obligations. We've used the addition of penalties that are set up in Irish Law, such as a maximum of: €500,000 (Environmental Liability SI 547:2008) and €15,000,000 (EPA, Water Services and WMA Acts) to assess the potential impact of emerging regulations. Whilst there are no fixed penalties specified, as there are in ESOS, there are still consequences for non-compliance. Missing the filing deadline could lead to a civil penalty. b) Our customers: From a credit risk and indirect exposure aspect, AIB can leave itself open to an increased level of risk where its customers are required to comply with changes in environmental regulation. The potential financial impact of this risk is not disclosed due to commercial sensibility. The potential financial impact figure is the addition of all the figures disclosed above

Cost of response to risk
57500

Description of response and explanation of cost calculation
Our Regulatory Compliance team is responsible for independently identifying and assessing current and forwardlooking compliance obligations, including regulation and guidelines in relation to climate change. Our Sustainability and Energy and Environment (EE) teams monitor regulatory and market sustainability updates to ensure that we are keeping pace with the rapidly evolving ESG landscape. In addition, in terms of our lending portfolio, our sector, corporate and ECAI teams monitor the landscape at sectoral level, ensuring that we understand the environment in which our customers are operating, enabling us to engage with them in relation to the transition to a lower carbon economy. The Group recognises that climate change is an important concern for the financial industry and society as a whole, and the Group continues to take steps to incorporate climate risk into the Group's risk management policies and processes. The Group have implemented specific sector exclusions into the Group Credit Risk Policy. The policy sets out the sectors to which the Group does not have an appetite to lend from a sustainable finance lens. These sectors can be viewed on the Group's website. CASE STUDY: A web-based register provides updates and notifications on emerging environmental regulation and it's monitored by the EE Team. If changes are identified, risk implications are evaluated and communicated to the relevant key officer who will introduce the information in our risk management system. SECR, Streamlined Energy and Carbon Reporting, was introduced in April 2019 as a framework for energy and carbon reporting. Upon evaluation, the EE team identified AIB UK as qualifying company and worked in collaboration with AIB UK Finance to disclose energy and carbon information in the AFR of AIB Group (UK) for the year ended 31 December 2020. How the cost of management was calculated: a) Annual subscription to web-based register circa €7,500; b) Maintenance, surveillance audits and software requirements of AIB's ISO 50001 & 14001 approximately €50,000 a year (this excludes cost of implementing operational efficiency measures); c) Other cost would be incurred across the bank and business lines and would include the operation of the credit and EEHS teams and its monitoring role; such costs are not separately identified in our reporting and would not be realised for reason of commercial sensitivity.

Comment
AIB Workplace Operations ensures that all Energy & Environmental legislation is continually under review by means of subscription to a web-based legal register and that at least on an annual basis a compliance check is performed by the EEHS team to ensure that AIB remains in compliance with environmental regulatory obligations.

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
Please select

Company-specific description
As a financial institution operating within a local and global context, recent events have only served to reinforce how important it is that we build sustainable business that works for all. We are fundamentally committed to supporting the transition to a low-carbon economy, reducing our own carbon footprint and helping our customers to do the same. AIB Group has identified a number of driving factors pertaining to conduct risk and these are reviewed on an annual basis as part of the material risk assessment process. These include Climate change-related risks (both physical and transition) that may result in poor customer outcomes (e.g. products not aligned to climate risk drivers). We work with Amarach Research to produce the AIB Sustainability Index a unique research project that tracks the perception in Irish society of climate and environmental sustainability. The insights that the AIB Sustainability Index provides allows us to understand the relative importance of Sustainability to Irish society groups, so that we can ensure we are building products, partnerships and communications which will engage, support and guide customers to make some lifestyle changes that are more sustainable. Transitioning to a low-carbon economy is an imperative and an increased demand from employers is expected for graduates with knowledge of sustainable business practices. AIB firmly believes that we can all play a part and is collaborating with our partners including the Economic and Social Research Institute to support research in to climate action; Chambers Ireland to sponsor the Dublin Chamber Sustainability Academy and University College Cork (UCC) to fund the AIB Chair of Sustainable Business and support the AIB Sustainable Business Scholars Programme. We are contributing to ongoing dialogue on the climate agenda as lead sponsor for Climate Finance Week Ireland 2020 and recently announced our continued support for this initiative as lead sponsor for Climate Finance Week Ireland 2021. We also participate in industry level dialogue through our membership of and participation in the Banking & Payments Federation Ireland and UK Finance. In 2020, we announced our commitment to becoming the first Irish bank to operate as carbon neutral across our operations by 2030 and we pledge to use our local reach and influence to help society make that transition, ensuring a greener tomorrow by backing those building it today.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
346000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
AIB's Sustainability Index shows that people are planning to live more sustainably. If AIB does not expand green propositions to meet changing market demand, the group may suffer revenue losses. The potential financial figure disclosed above shows the value to AIB of the Green Mortgages drawdown in 2020. As per AIB Sustainability Report, AIB Green Mortgage launched in Ireland in November 2019. For financial year 2020, Green Mortgage lending equated to a total drawdown of €346m (€335m in Ireland and £9m in the UK) and equated to 14% of all new mortgage lending).

Cost of response to risk
250000

Description of response and explanation of cost calculation
Sustainable Communities was integrated as a fifth pillar of our strategy in 2020, with a specific focus on climate action. We identified risks and opportunities for key sectors using the TCFD's physical and transition risk categorisations and qualitative scenarios aligned to the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) recommendations. We have quantified opportunities to finance the transition to a low-carbon economy in certain business areas and launched a number of new propositions including our green mortgage, electric vehicle proposition and green consumer loan. We issued our first green bond in 2020 for €1bn as well as a number of sustainability linked loans (SLLs). We proactively engage with customers, employees, investors, society, regulators and suppliers. This engagement comprised set pieces, formal engagement & feedback, membership & representation and informal channels. All of these inform and guide our activities and sustainable and climate strategy. CASE STUDY - Partnerships to enable Low Carbon Economy and to create sustainable business knowledge. a) The Dublin Chamber Sustainability Academy, sponsored by AIB, has been set up to help businesses become more sustainable and to reduce their carbon footprint. Launched by the Chamber's President in 2020, the Academy was launched in response to a demand from companies in Dublin for help in preparing for a carbon neutral economy. The Academy offers participating businesses a comprehensive range of supports, including: training workshops, access to a dedicated series of sustainability events; green public procurement training; access to the Carbon Disclosure Project (CDP Ireland); support materials; and peer-to-peer idea sharing opportunities. b) Our partnership with UCC to fund The AIB Chair of Sustainable Business, the first of its kind in Ireland will help UCC efforts to prepare a next generation of leadership to galvanize business organizations to contribute towards mitigation of, and adaptation to, climate change. How the cost of management was calculated: a) AIB has pledged €1.25 million over five years (€ 250,000 per annum) to support the objectives of The AIB Chair of Sustainable Business, which will be based in the Cork University Business School (CUBS), Ireland's largest business school. b) Other costs would not be realised for reason of commercial sensitivity.

Comment

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
Please select

Company-specific description
The Group has 324 locations across Ireland and the UK some of them are located in coastal and river areas vulnerable to flooding or storm surges. As a result of climate change, according to a data and mapping analysis by Gamma Location Intelligence (GLI) of vulnerable coastal areas, our locations in Dublin, Louth, Limerick, Clare and Galway are the most vulnerable to flooding due to a single weather event. Furthermore, published work of Dr Paul Nolan of UCD and his work with Met Eireann on Ireland's climate outlook predicts an increase in the severity, duration and/or frequency of extreme weather events. AIB is exposed to this risk through our operations and our customers. a) Extreme weather events could affect AIB's business continuity, especially the activities at headquarters and the branch network. The presence of heavy rain and winds, snow and ice could prohibit customer and staff access to AIB locations. This risk scenario materialised in Oct 2017 with Hurricane Ophelia (the worst storm to affect Ireland in 50 years) and in 2018 with storm Emma, a cold spell that caused the disruption of AIB's operations across the country for several days due to unusually low temperatures and heavy snowfall. b) Acute Physical risks might also affect the operations of our clients and the residential and commercial properties. For example, i) changes in precipitation patterns can lead to fodder shortages or crop damages. Periods of drought impacts growing season and leads to volatility in agriculture and commodity prices; ii) increase in flood risk due can negatively impacts vulnerable property values, leads to increased insurance costs; and/or, leads to inability to insure highest risk properties and resulting stranded assets. AIB could face revenue loss and damage to daily business incomes if: a) there is an operational disruption of our services. Customers now expect these services to be available 365 days without disruption. b) client operations are adversely affected due to these events. Disruption of their activity may lead to clients being unable to repay loans or investments.

Time horizon
Short-term

Likelihood
About as likely as not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
1160000

Potential financial impact figure – maximum (currency)
1650000

Explanation of financial impact figure
Impact to own operations: i) An emergency expenditure of €100,000 to cover facilities works such as: auxiliary visits to our branches, 24/7 specialist services to enable de-icing, anti-icing and snow clearing services. ii) Works needed to repair physical damage caused to AIB buildings by this type of events, estimated on €60,000. iii) in case of severe damage to buildings which will cause AIB to secure alternative accommodation and workforce relocation might incur an estimated cost up to €1 million to €1.5 million The potential financial impact figures are the addition of all the figures disclosed above.

Cost of response to risk
300000

Description of response and explanation of cost calculation
a) In line with ISO 22301, AIB has suitable business continuity plans in place to cope with the risks associated with company outages which can occur due to unexpected disruptions or disasters, such as fires, floods, etc. Our Business Continuity Management (BCM) ensures that our services can withstand major operational disruptions and that we can continue to deliver our critical operations in the event of an unexpected event and promptly recover essential systems and technology with the aim of minimal disruption to our clients and customers. b) AIB Workplace Operations has specific procedures with facilities service providers to be executed in case of extreme weather events. c) Data gathered during extreme climate events is used to update AIB Workplace Operations response planning and maintenance practices d) Physical risk considerations are incorporated as part of due diligence for new properties managed by AIB Workplace Operations. e) The Group will incorporate climate risk considerations into customer credit assessments and will continue to monitor lending to exclude sectors. This will be further enhanced with the introduction of the European Banking Authority (EBA) Guidelines on Loan Origination and Monitoring which will be effective from 30 June 2021 for all new lending. CASE STUDY - Ongoing monitoring: Every year, AIB Workplace Operations is in charge of completing a winter pro-active maintenance plan, this ensures that all buildings are equipped to withstand severe winter weather. Roofs and building fabric are checked and upgraded if necessary. Flooding risk barriers are installed in buildings deem high risk. AIB Service Delivery within AIB Workplace Operations monitor weather and flooding alerts. Local maintenance partners are employed to service and deploy equipment as necessary in high risk areas. In lower risk locations, service partners, are in standby to deploy sand bags when necessary How the cost of management was calculated: The addition of a) Annual programme of maintenance checks across our state to ensure buildings are weather proof "Winter maintenance plan" €200,000, b) €100,000 budget for maintenance equipment to restore the situation (eg. de-icing equipment), c) Other cost would be incurred across the bank and business lines and would include the operation of AIB Service Delivery and its monitoring role; such costs are not separately identified in our reporting and would not be realised for reason of commercial sensitivity

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Other, please specify (Energy Efficiency Improvements)

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
AIB´s Energy and Environmental Plan is designed to minimise the environmental impact of our estate and our own carbon footprint. AIB started out on its journey towards best practice energy management in 2012 and embarked upon a coordinated energy reduction approach with ISO 50001 in 2014. The structured and systematic approach to energy management and performance measurement has provided savings on energy consumption and carbon savings through the identification of opportunities (eg: installation of LED lighting, external lighting controls or A/C and BMS systems upgrades) to reduce our energy consumption. Lower demand on energy has resulted in energy costs savings. In 2018 we achieved ISO 14001 and ISO 50001 certification across all our locations in UK and ROI. In 2020, following the 3 year cycle, AIB successfully renewed both international certifications. AIB's actions on Climate Change and these standards are closely inter-related as the Group environmental and energy strategies are key to reduce carbon emissions and energy consumption. This proactive strategy is an advantage to enhance AIB's "green" brand reputation, as well as a method of Climate Change awareness to our staff, shareholders, investors and customers.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)

1477000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The financial impact figure disclosed is based on the estimated savings to be generated from projects initiated during 2020 as part of the continual improvements required to meet the ISO 50001 energy management standard. Annual energy cost savings from the 2020 initiatives (installation of LED lighting, external lighting controls, A/C and BMS systems upgrades) are approx. €211,000. Over a medium term of 7 years, these savings will increase to € 1,477,000.

Cost to realize opportunity
300000

Strategy to realize opportunity and explanation of cost calculation
AIB a) holds third-party energy efficiency & environmental certification, ISO 14001 & ISO 50001 across is UK and ROI locations; b) sets environmental impact reduction targets, and assesses its performance against these targets annually. c) seeks energy efficient alternatives and initiatives to implement throughout its estate for new acquisitions, project upgrades, and retrofits. In 2020, we announced our commitment to becoming the first Irish bank to operate as carbon neutral across our operations by 2030. AIB Workplace Operations is establishing a road map to achieve Net Zero emissions by investigating low carbon energy consumption, energy efficient initiatives, exploring options for renewable energy including a Corporate Power Purchase Agreement and are considering how the hybrid model of remote/onsite working will evolve and its potential impact. Case Study: Key to our energy reduction programme, run by our Energy Team, is the implementation of an energy management systems (EnMS) across all our locations in ROI and UK. This EnMS meets the ISO 50001 criteria. Energy reviews are carried out to identify significant areas of energy use and consumption and prioritize opportunities for improving energy performance. The information gathered results in objectives and targets that are discussed annually at boardroom level. As part of the EnMS AIB is continually reviewing its operations and looking to make changes where required to reduce its carbon footprint and improve its energy efficiency. As an example, in 2020 an opportunity was identified to upgrade the existing lighting installations in a series of branches. A pilot project covering 10 no. ROI branch locations was implemented which will realise estimated savings of 142,816 kWh per annum. An expansion of the lighting upgrade projects across a further 16 no. ROI locations will realise estimated savings of 264,382 kWh per annum. The annual cost to realise opportunity is calculated as the addition of: a) Approx. €250,000 spent per annum to carry on viability studies to implement the energy efficient measures identified thanks to the Energy Management System. b) €50,000 for the management cost of the ISO system. Other cost would be incurred across the bank and business lines and would include the operation of the EE Team and its monitoring role; such costs are not separately identified in our reporting and would not be realised for reason of commercial sensitivity.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
In expansion of power generation from Renewable energy sources in Ireland, the UK and across Europe is being supported by government through pricing support scheme's namely REFIT & RESS in Ireland, CfD's in the UK and other similar schemes elsewhere. These scheme's support the provision of long term Project Finance to fund the construction and operation of generation capacity in the form of onshore and offshore wind capacity as well as biomass generation. As a result, according to Wind Energy Ireland, in 2020 wind energy met a record 36.3 per cent of Ireland's electricity demand – the world's highest for onshore wind, with eight new wind farms connected with a combined capacity of 135 MW. In 2017 AIB established an Energy, Climate Action and Infrastructure team in recognition that a centre of excellence was required in an essential growth sector. This team is now one of the largest in the Irish market and is supporting AIB's goal of playing a leadership role in assisting Ireland in delivering its sustainability and decarbonisation goals. The team manages a diverse portfolio and provides solutions to energy companies across both the conventional power and renewable energy mix (e.g. onshore & offshore wind, solar, and biomass). The Energy, Climate Action and Infrastructure portfolio continued to be one of the fasting growing lending books in AIB with net balance sheet growth of over 40% in 2020.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
1500000000

Potential financial impact figure – maximum (currency)
2500000000

Explanation of financial impact figure
Financial Impact range figures relate to the estimated size of the loan book by 2025 based on current growth rates and AIB's ambition.

Cost to realize opportunity
10000000

Strategy to realize opportunity and explanation of cost calculation
AIB has established a team of c. 30 professionals across our Dublin, London and Belfast offices with strong experience and expertise in providing long term finance to this sector. The Team has developed strong relationships with domestic and international investors in this segment as well as peer Banks and advisers which results in a strong pipeline of opportunities. This has led to AIB executing transactions in the onshore & offshore wind, biomass, solar and waste to energy asset classes. Relationships are maintained on an ongoing basis not just through our ability to execute transactions but by being members of industry associations, speaking at industry events and interacting with advisers and government on the ongoing development of policy in this area. Key 2020 transactions include the funding of assets underpinned by Ireland's growing corporate PPA market, continuing to support customers constructing renewables sites and new lending activity across the onshore and offshore wind sector. In 2020 we saw increased activity in sustainable lending principally through Sustainability Linked Loan facilities (SLL'S) to the Food and Agriculture, Manufacturing and Utilities sectors. A total of 6 SLLs were signed to date with a good 2021 pipeline. Illustrative projects funded in 2020 are: 1) Our Energy & Infrastructure team in London arranged a £62 million refinancing of a portfolio of eleven operational Anaerobic Digestion facilities with a total generating capacity of 29MW. The portfolio, is comprised of 4 large Gas-to-Grid assets, 2 local authority backed Combined Heat and Power assets, and 5 agricultural Combined Heat and Power assets. Feedstock for the plants includes food waste from local authorities, commercial waste from the hospitality and manufacturing sectors, agricultural crops and liquid waste from the manufacturing sector. The portfolio benefits from a range of UK government renewable energy subsidies. 2) Our Energy, Climate Action & Infrastructure team based in Dublin arranged a €50m financing of a new windfarm in Ireland. Consisting of 10 turbines the windfarm's revenues are supported by the REFIT 2 subsidy scheme for the first 15 years of operations. In carbon emission terms this Project equates to the equivalent of 9,558 avoided cars on the road and 14,582 trees being planted (over a 100 year period). Cost to realise the opportunity is a rough estimate based on number of employees working in the area and associated costs / overheads'

Comment
See C12.3c

Identifier
Opp3

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
As a financial institution operating within a local and global context, recent events have only served to reinforce how important it is that we build sustainable business that works for all. We are fundamentally committed to supporting the transition to a low-carbon economy, reducing our own carbon footprint and helping our customers to do the same. We announced our commitment to becoming the first Irish bank to operate as carbon neutral across our operations by 2030 and we pledge to use our local reach and influence to help society make that transition, ensuring a greener tomorrow by backing those building it today. The insights that the AIB Sustainability Index provides allows us to understand the relative importance of Sustainability to different customer groups, so that we can ensure we are building products, partnerships and communications which will engage, support and guide them to make some lifestyle changes that are more sustainable Aligned with our sustainability strategy, in 2019, AIB launched a Green Bond Framework which would allow AIB to issue green bonds and meet the demands of investors who are increasingly seeking to invest in green bonds. The Green Bonds will finance and / or refinance loans that meet the requirements as described in the AIB Green Bond Framework. The objective of AIB Green Bonds is to fund projects or assets that mitigate climate change by reducing emissions, protect ecosystems or otherwise have a positive environmental impact in support of the 10 strategic outcomes of the "Project Ireland 2040" - the Government's long-term overarching strategy to make Ireland a better country for all of its people, and Ireland's Climate Action Plan. Having published our Green Bond Framework in 2019, AIB became the first Irish bank to enter the growing green bonds market in September 2020. We were also only the second bank in Europe to issue subordinated Tier 2 green bonds, raising €1bn of capital to support lending towards sustainable projects and further strengthening our capital. This Tier 2 issuance was fully allocated from Day 1, following the portfolio approach for Green Bonds and we anticipate that this will be the first of many AIB/ESG bond issuances from AIB Group. In 2021, we issued our second Green Bond. Given AIB's leading presence in the Irish economy, the intended AIB Green Bond issuances serve as testament to AIB's leadership and commitment to sustainability and society.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
1750000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
To date there have been 2 green bonds issued by AIB. A €1bn T2 transaction in 3Q20 and a €750m Senior Non-Preferred in 2Q21

Cost to realize opportunity
1460000000

Strategy to realize opportunity and explanation of cost calculation
STRATEGY: Sustainable Communities was integrated as a fifth pillar of our strategy in 2020, with a specific focus on climate action. We identified risks and opportunities for key sectors using the TCFD's physical and transition risk categorisations and qualitative scenarios aligned to the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) recommendations. We have quantified opportunities to finance the transition to a low-carbon economy in certain business areas and launched a number of new propositions including our green mortgage, electric vehicle proposition and green consumer loan. We issued our first green bond in 2020 for €1bn as well as a number of sustainability linked loans (SLLs). And we have identified the lending portfolios where we need to update lending policies to achieve the lower-carbon-intensive metrics across our loan book CASE STUDY: In September 2020, we successfully launched, priced, and closed our inaugural Green Bond transaction on the first anniversary of the launch of our Green Bond Framework. A €1bn Tier 2 Capital instrument, with a maturity of 10.5 years callable after 5.5 years, was executed with

a coupon of 2 7/8%, 150 investors and investors and a total order book of Euro €2.24bn, more than twice oversubscribed. This was a strong result in what were volatile markets at the time and represents a solid endorsement from the investor community of our ambitions to build a sustainable balance sheet. It represents a further endorsement of the progress the bank is making across all areas. The supporting portfolio has increased to €2.27bn, and we anticipate that it will grow year on year as we grow our sustainable loan portfolio. How the cost to realize opportunity was calculated: To facilitate sustainable projects, the Group launched a € 5 billion Climate Action Fund in 2019 which supports renewable energy projects, low carbon offices and the construction of energy efficient homes, with a target of financing €5bn in green lending over five years. We have continued to grow our green lending, totalling €1.46bn in 2020 accounting for 16% of all new lending in 2020.

Comment

Identifier
Opp4

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
Sustainable Communities was integrated as a fifth pillar of our strategy in 2020, with a specific focus on climate action. We have quantified opportunities to finance the transition to a low-carbon economy in certain business areas and launched a number of new propositions including our green mortgage, electric vehicle proposition and green consumer loan. We issued our first green bond in 2020 for €1bn as well as a number of sustainability linked loans (SLLs). And we have identified the lending portfolios where we need to update lending policies to achieve the lower-carbon-intensive metrics across our loan book. We recognise we have a long-term role to play in providing the finance for Ireland's transition to a low-carbon economy. In 2019, we launched several products and services including €5bn Climate Action Fund and a Green Mortgage. In 2020, we have continued to build on our products and services to address environmental and social issues – with the addition of our electric vehicle proposition, our social housing fund, and the launch of our inaugural Green Bond. And in 2021 we kick-started the year with the introduction of our Green Consumer Loan.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
346000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
For financial year 2020, Green Mortgage lending equated to a total drawdown of €346m (€335m in Ireland and £9m in the UK) and equated to 14% of all new mortgage lending.

Cost to realize opportunity
1460000000

Strategy to realize opportunity and explanation of cost calculation
STRATEGY: We have a key role to play in helping to address the environmental and social issues where we operate. We do this through our support across a range of environmental and social issues, including a) providing finance to produce renewable energy lending – through our multi-disciplinary Energy, Climate Action & Infrastructure team; b) providing finance for energy efficient homes, through our Green Mortgage; c) supporting sector-specific initiatives to aid carbon transition, like the Teagasc Grass10 multiyear initiative for farmers; d) providing finance for the development and/or renovation of social housing; e) providing finance for retrofitting less energy efficient homes; f) supporting customers to move away from transport options reliant on fossil fuels; g) continuing to add to our Socially Responsible Investments (SRI) bond portfolio. CASE STUDY - Supporting Green Mortgage Lending: Aligned to our commitment to play a leading role in building sustainable communities, our Green Mortgage launched in Ireland in November 2019 as a key initiative to support customers who are dedicated to having a more energy efficient home. Both new and existing customers who meet the qualifying criteria can apply for the AIB Green 5-Year Fixed Rate either as part of their mortgage application (new customers) or via the Mortgage Rate Amendment process (for qualifying existing customers). Since the launch in November 2019, over 1,000 new customers and over 3,500 existing mortgage customers have availed of a Green Mortgage, demonstrating our support to customers who are seeking ways to have more energy efficient homes. In February 2020, AIB UK launched one of the first Green Mortgage offerings in the UK market and the first in Northern Ireland. Our speed to market on this innovative proposition was made so much easier given our recent rebranding to AIB in NI as we benefitted from the product design and the marketing creative that had been very recently deployed in Ireland. Our Green Mortgage performed strongly this year, with 14% of total mortgage drawdowns qualifying for a Green Mortgage. COST CALCULATION: To facilitate sustainable projects, the Group launched a € 5 billion Climate Action Fund in 2019 which supports renewable energy projects, low carbon offices and the construction of energy efficient homes, with a target of financing €5bn in green lending over five years. In 2020, we achieve €1.46bn in Green Lending.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, and we do not intend it to become a scheduled resolution item within the next two years	

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative, but we plan to add quantitative in the next two years

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 4.5	i. We used the NGFS 2x2 framework to develop a range of qualitative scenarios to test AIBs portfolio against the potential impacts of climate change. The axes were "physical impact" and "transition pathway". The primary scenario used was what we i. We used the NGFS framework to develop a range of qualitative scenarios to test AIB's portfolio against the potential impacts of climate change, from both a physical and transition risk perspective. The primary scenario used was the "Orderly Scenario - 2 degrees temperature outcome". This was based on the IPCC RCP 4.5 global model but adapted from the published work of Dr Paul Nolan, UCD, and his work with Met Eireann (which uses the RCP 4.5 scenario) to be specific for Ireland's climate outlook over the medium term (2030) and long term (2050). We used the TCFD framework to structure the scenario elements. Key elements on the physical environment included outlook for temperature, precipitation, heavy rainfall events, wind levels & sea level rise. On the wider transition environment we included policy and legal supports, technology developments, market and economic outlook and reputation/consumer engagement. AIB chose the 'orderly' scenario because it is specific to Ireland's climate outlook and thus should give the most accurate results for AIB since Ireland is the largest market for business operations. Under this scenario we expected to see the following: an increase in mean annual temperatures 0.9-1.7 degrees, with a particular increase in hot days, leading to an increase in the length of the growing season; precipitation levels to reduce by 0-20% but with increased heavier rainfall events; overall levels of wind to decline but with greater chances of high intensity storms; some increase in the level of flooding severity/frequency but also increased likelihood of droughts; and sea level rise of 55-60cm by 2100. ii. Using the above scenario, we considered the potential impacts of climate change on the sectors outlined at (iii) below over a 10 year period and how this might impact the business unit strategy over the next 3 years. The reason for this approach was to encourage a medium-term outlook, past the usual AIB 3 year planning cycle and longer term than typical 5 year lending cycles. iii. The initial focus for this scenario was on where we believe we can have the biggest climate impact in terms of our lending portfolio. In doing so, we considered a) the highest emitting sectors in ROI/UK; and b) AIB's largest credit exposures. Based on these criteria, we focused on the agriculture, mortgages, commercial property, transport and energy sectors. iv. We determined that there are potential risks facing all of the sectors reviewed as a result of climate change under this scenario and that further analysis was required in 2021 to consider the likelihood, severity and measurement of those risks, through climate risk sector heatmapping and quantitative scenario analysis. v. The key summary outputs of this exercise were reviewed by our Board Risk Committee and allowed us to develop a programme of work to fully integrate climate change into our climate strategy, risk management and decision-making processes over the next 3 years. This programme will take account of findings from this exercise as well as broader considerations (eg. regulatory, reporting etc). vi. In terms of a case study from the results of this exercise, it became clear that the agriculture, transport and energy sectors are likely to be impacted by the policy changes required under this scenario. As a result, the view is that it is likely that these sectors will require further analysis through quantitative transition risk scenario analysis, subject to verification through the heatmapping exercise. This work is currently underway as part of the 2021 programme of work.
RCP 6	i. AIB used a second "Disorderly" scenario to understand the impacts of a 2-3 degree rise in global temperatures based on the IPCC Representative Concentration Pathway RCP 6 model. The model was also made specific for Ireland's climate forecast. The key difference with this scenario is that it assumes a failure in public policy to address climate change in the earlier stages and therefore the market determines a range of outcomes in terms of technology adoption, consumer attitudes and preferences. However, in the latter part of the scenario, the policy position improves somewhat to limit the level of temperature rise and associated physical impacts. ii. Again using the TCFD framework and this second scenario, we considered the potential impacts of climate change on the sectors outlined at (iii) below over a 30 year period from both the physical and transition risk and opportunity perspectives. The reason for this approach was to start encouraging a longer term view for short, medium and longer-term strategy planning. The focus of this scenario was on a high level of sudden, unanticipated and disruptive transition risk, which would occur over the longer term due to inactivity in the shorter term. This allowed the business units to consider how the sector may need to adapt in order to mitigate the risks identified, which in turn fed into the potential opportunities that arise. iii. The initial focus using the above scenario has been on where we believe we can have the biggest climate impact in terms of our lending portfolio. In doing so, we considered a) the highest emitting sectors in ROI/UK; and b) AIB's largest credit exposures. Based on these criteria, we focused on the agriculture, mortgages, commercial property, transport and energy sectors. iv. We determined that there are potential risks facing all of the sectors reviewed as a result of climate change under this scenario and that further analysis was required in 2021 to consider the likelihood, severity and measurement of those risks, through climate risk sector heatmapping and quantitative scenario analysis. v. The key summary outputs of this exercise were reviewed by our Board Risk Committee and allowed us to develop a programme of work to fully integrate climate change into our climate strategy, risk management and decision-making processes over the next 3 years. This programme will take account of findings from this exercise as well as broader considerations (eg. regulatory, reporting etc). vi. In terms of a case study from the results of this exercise, it again became clear that the agriculture, transport and energy sectors are likely to be impacted by the policy changes required under this scenario. In addition, it became clear that flood risk was likely to be a key risk. As a result, the view is that it is likely that these sectors will require further analysis through both quantitative transition risk scenario analysis and quantitative physical risk scenario analysis, subject to the verification through the heatmapping exercise. This work is currently underway as part of the 2021 programme of work.
RCP 8.5	i. Finally, AIB used a "Hot House World" scenario to understand the impacts of a 4 degree rise based on the model RCP 8.5. This scenario was adjusted for Ireland specific climate forecasts as per work from Met Éireann and various Irish academics. In this scenario we continue as we are and greenhouse gas emissions increase with limited mitigation. The resulting physical disruption poses a real challenge to society and requires a level of adaptation. This scenario expects to see an increase in mean annual temperatures, leading to a significant increase in the length of the growing season from a temperature perspective. However, precipitation levels are expected to reduce quite significantly, but with increased heavier rainfall events in the winter and autumn due to higher temperatures. Overall the level of wind is expected to decline but with greater chances of high intensity storms and hurricanes. Increase in flooding severity and frequency but also increased likelihood of prolonged droughts. In addition to the general changes noted above, there is also an increased likelihood of climate shocks, leading to shorter term (likely less than a year) higher impact events e.g. droughts or prolonged rainfall. Finally, there is the greater potential from global impacts from, for example, reduced supply of water, that could impact on Ireland. ii. Again using the TCFD framework and this second scenario, we considered the potential impacts of climate change on the sectors outlined at (iii) below over a 30 year period from both the physical and transition risk and opportunity perspectives. The reason for this approach was to start encouraging a longer term view for short, medium and longer-term strategy planning. The focus of this scenario was on a high level of sudden, unanticipated and disruptive transition risk, which would occur over the longer term due to inactivity in the shorter term. This allowed the business units to consider how the sector may need to adapt in order to mitigate the risks identified, which in turn fed into the potential opportunities that arise. iii. The initial focus using the above scenario has been on where we believe we can have the biggest climate impact in terms of our lending portfolio. In doing so, we considered a) the highest emitting sectors in ROI/UK; and b) AIB's largest credit exposures. Based on these criteria, we focused on the agriculture, mortgages, commercial property, transport and energy sectors. iv. We determined that there are potential risks facing all of the sectors reviewed as a result of climate change under this scenario and that further analysis was required in 2021 to consider the likelihood, severity and measurement of those risks, through climate risk sector heatmapping and quantitative scenario analysis. v. The key summary outputs of this exercise were reviewed by our Board Risk Committee and allowed us to develop a programme of work to fully integrate climate change into our climate strategy, risk management and decision-making processes over the next 3 years. This programme will take account of findings from this exercise as well as broader considerations (eg. regulatory, reporting etc). vi. In terms of a case study from the results of this exercise, it became clear that flood risk for our property portfolio is a key risk under this scenario. As a result, the view is that it is likely that this risk will require further analysis through quantitative physical risk scenario analysis, subject to the verification through the heatmapping exercise. This work is currently underway as part of the 2021 programme of work.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Increased awareness of climate change by business and individuals is creating increased demand for financial products and services. In AIB, we recognise we have a long-term role to play in providing the finance for Ireland's transition to a low-carbon economy. Case Study - To support Ireland's transition to a lower-carbon economy, in 2020, we continued to offer our €5bn Climate Action Fund and launched a number of green products and services including: • Ireland's first Green bond (€1BN Green Bond Issuance, the first Green Bond issuance by an Irish Bank and only the 2nd Bank in Europe to issue a Tier 2 bond) • 0% finance for Green Vehicles in partnership with Nissan, to increase the number of EV drivers in Ireland, • During H2 2020 we designed a new Green Loan product (launched in February 2021) to support customers to retrofit their homes. • In February 2020, AIB UK launched one of the first Green Mortgage offerings in the UK market and the first in Northern Ireland, providing finance for energy efficient homes. • Due to strong take-up of our Green Mortgage during 2020, the product makes up 14% of overall mortgage lending since its launch in November 2019. • Providing finance to produce renewable energy lending through our multi-disciplinary Energy, Climate Action & Infrastructure team, funded 705,500,000 kWh2 Green Energy in 2020 Financial magnitude impact: High. In 2020, notwithstanding the impact of Covid-19, we surpassed our Climate Action Fund target of €1bn and funded a total of €1.46bn in Green Lending. This was an increase on 2019 performance when we funded €1.2bn in Green Lending.
Supply chain and/or value chain	Yes	Case study: In 2020 we launched our Responsible Supplier Code which applies to all Suppliers and now forms part of our RFP process when engaging with all new Suppliers. This Code identifies our expectations of all Suppliers, their stakeholders, employees, subcontractors and any other third parties, whilst detailing what they can expect from us in return. On Tuesday 20 October, over 280 of AIB's key third party suppliers and AIB colleagues attended a virtual event, jointly hosted by the Sustainability and Third Party Management teams. Our CEO opened the event with a passionate speech about AIB's Pledge to Do More in relation to Sustainability and how, by working collaboratively with our third party suppliers, we can make an impact by doing business responsibly and sustainably. The purpose of this event was to convey the importance of Sustainability in AIB to our suppliers; our achievement in this space to date which was presented by AIB's Chief Sustainability Officer; and finally, to inform our suppliers of the changes we're making in AIB to drive our Sustainability agenda. Third party suppliers are incredibly important to AIB and each play a different part. They help support our IT systems and banking platforms, give us professional advice, provide us with resources with specialised skills, operate our buildings and feed our colleagues. They are all essential to help AIB operate and achieve our purpose. They all play a part in helping back our customers to achieve their dreams and ambitions. We will be changing the way we evaluate our supply chain when it comes to competing for business. As part of our RFP process all Suppliers are being asked to adhere to our Responsible Supplier Code. Our time horizon is to be carbon neutral by 2030. This strategy is live since 2020 and we have been actively engaging with our Suppliers since then in relation to same.
Investment in R&D	Yes	Ireland's Climate Action Plan has set a 10 year ambition to decarbonise five key sectors of the economy – electricity, transport, built environment, industry and agriculture. We see a key role for AIB in helping to address the environmental issues where we operate and in providing finance to support our customers – existing and new and across all our operation – to decarbonise in these sectors. Sustainable Communities was integrated as a fifth pillar of our strategy in 2020, reflecting our ambition to be both a leading financial institution climate action and a meaningful part of the communities in which we operate. Case Studies: In May 2020, our Energy & Infrastructure team based in London arranged a £62 million refinancing of a portfolio of eleven operational Anaerobic Digestion (AD) facilities with a total generating capacity of 29MW. AD is a long-standing renewable technology in which organic waste material is broken down through a natural biological process in the absence of oxygen to produce a captive biogas and an organic fertiliser. Biogas can then be used to power an engine to generate electricity and heat or purified for injection into the National Grid. Financial Magnitude of impact: High - AIB established a Climate Action Fund, making €5bn available over five years to support Climate Action and our Green Mortgage. These additional initiatives are in addition to the finance we provide for renewable energy. Further information on this financial impacts cannot be disclosed due to commercial sensitivity. Time Horizon: Short to Medium Term, this is in line with the information disclosed in question 2.1 and is also linked to Project Ireland 2040 National Development Plan 2018-2027. Our aim is to fund projects or assets that mitigate climate change by reducing emissions, protect ecosystems or otherwise have a positive environmental impact in support of the 10 strategic outcomes of the "Project Ireland 2040" - the Government's long-term overarching strategy to make Ireland a better country for all of its people, and Ireland's Climate Action Plan.
Operations	Yes	From our own operations, there is a financial risk associated to offences for not adhering to certain energy and environmental obligations, for example AIB is a participant in Ireland's National Energy Efficiency Action Plan (NEEAP) which requires a 50% improvement in energy performance from a 2009 baseline by 2030. Lack of adherence to this regulations, might cause reputational damage. AIB may be adversely affected by a change in customer and market perceptions of the Group. The Group has also identified climate-related opportunities in relation to managing and operating its estate network. AIB can reduce operational costs due to implementation of International Standards such as ISO14001 and ISO50001. The Group has implemented an Energy (EnMs) & Environmental (EMS) Strategy with the objective of reducing its environmental impacts, improving energy efficiency and performance improvement across the Office Network and Estate. Designed to minimise the environmental impact of our estate and our own carbon footprint, AIB´s Energy & Environmental Strategy Plan is aligned with AIB's Group Strategy and is a key component of AIB's 5th pillar, "Sustainable Communities". Case Study: In November 2020 we committed to our own operations being Net Zero by 2030, the first Irish bank to do so in this timeframe. We completed a body of work to assist us in both the development of our Net Zero Strategy and an implementation plan that includes upcoming regulatory requirements and the groundwork to create a pathway to deliver our Net Zero ambition. Financial Magnitude of the impact: High. I t is estimated that the cost of de-carbonising our estimated is in the range of €5-10M. A study will be carried out in 2021 to determine the detailed investment cost required to fully meet the NZ target. Time Horizon - Medium term - To support Scope 1 & 2 emissions reduction we will continue to invest in energy efficiency projects to reduce our own footprint, are exploring options for renewable energy including a Corporate Power Purchase Agreement and are considering how the hybrid model of remote/onsite working will evolve and its potential impact.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital allocation Access to capital Assets	CASE STUDY: We recognise we have a long-term role to play in providing the finance for Ireland's transition to a low-carbon economy. With our Climate Action Fund we are embracing this opportunity. In June 2019 we announced a €5bn Climate Action Fund, made available for climate related and green products over the next five years. This fund will be available to customers through a number of products and incentives – from electric vehicles, energy-efficient homes, to production of renewable energy. In 2019 we funded a total of €1.2bn in green lending, and in 2020 we funded a further €1.46bn. 1 - Revenue: Our goal is to provide a full suite of financial solutions to our customers in a sustainable and responsible manner. We provide finance for the development of green commercial buildings, production of renewable energy lending – through our multi-disciplinary Energy, Climate Action & Infrastructure team and we support sector-specific initiatives to aid carbon transition. In 2019 we launched a new Green Mortgage product, offering a lower rate of interest for Private Dwelling Home (PDH) mortgage customers with a BER rating of between A1 and B3. In 2020, we launched our 0% finance proposition in partnership with Nissan for the purchase of electric cars and in 2021 we launched our Green Personal Loan. These products will provide added revenue from new and existing clients. Magnitude: Medium-High impact. Time Horizon: Medium term. 2 - Operating Costs: 1) Internal resources: We have a wide range of sector specialists in place, providing expert climate and ESG knowledge and insights, such as the Energy, Climate Action and Infrastructure team, the Agri Advisor team, the Sustainability or the Energy & Environmental teams. 2) Emphasis on operational control to reduce our environmental impact and our operating costs. The Group has a) integrated energy and environmental clauses on its maintenance contracts and b) implemented two international standards ISO14001 and ISO50001 to manage and minimise its environmental impact, resulting in emissions reduction and lower operating costs related to energy, water, waste, etc. Magnitude: Medium impact. Time Horizon: Medium term. 3 - Capital Allocation: AIB Workplace Operations allocates funds annually to upgrade the energy efficiency of our physical assets (boilers, lighting, HVAC systems, etc.) and reduce our associated carbon emission. Our buildings are operated with an ISO 50001 and energy expenditure is monitored. As part of ISO 50001 we maintain a list of energy opportunities that are assessed by the Energy Team and independent experts on a regular basis. Capital funding might be allocated to energy optimisation projects. Magnitude: High impact. Time Horizon: Short-Medium term. 4 - Access to Capital: As a bank, AIB has a meaningful contribution to make in addressing many of the pressing current and emerging societal issues, including advancing the transition to a low-carbon environment. Following the development of our Green Bond Framework in H2 2019, our inaugural Green Bond launched in September 2020 (€1bn Tier 2) and our second Green Bond was issued in 2021 (€750m Non-Preferred Senior). The objective of AIB Green Bonds is to fund projects or assets that mitigate climate change by reducing emissions, protect ecosystems or otherwise have a positive environmental impact in support of the 10 strategic outcomes of the "Project Ireland 2040" and Ireland's Climate Action Plan. Magnitude: Medium-High impact. Time Horizon: Medium term. 5 - Assets: The Strategy Division within AIB Workplace Operations plans and designs AIB's approach to current and new required properties. For the acquisition of new office buildings, a life cycle perspective of the property is considered and sustainable buildings are preferred. This strategy has seen AIB moving two non-efficient head offices into two new LEED buildings (Molesworth Street and Central Park) with a total 2,000 employee capacity. The project started in 2017 and finalised in March 2019. Magnitude: High impact. Time Horizon: Short term.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C-FS3.6

(C-FS3.6) Are climate-related issues considered in the policy framework of your organization?

Yes, we have exclusion policies for industries and/or activities exposed or contributing to climate-related risks

C-FS3.6b

(C-FS3.6b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Type of exclusion policy	Portfolio	Application	Description
Coal	Bank lending	New business/investment for new projects	In July 2020, we published our 'Excluded Activities list' to the Corporate, Institutional & Business Banking (CIB) Wholesale part of our business. This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in a range of excluded business activities, including: a) Coal fired power generation except where less than 25% of revenues are generated from this activity and only where there is a plan to move to sustainable fuels by 2025; b) Onshore/offshore exploration, extraction or refining of Coal. Since then the list has since been incorporated into AIB's group credit risk policy, which supports the management of credit risk across the Group. The rules in the group credit risk policy prohibit providing new money for any term lending facilities to businesses, or any of their subsidiaries, involved in the excluded activities. The policy was approved by AIB's Board in October 2020 and since 29 January 2021 this rule applies to all business customers with a Gross Connected Exposure of >£/€300k and who are relationship-managed.
Oil & gas	Bank lending	New business/investment for new projects	In July 2020, we published our 'Excluded Activities list' to the Corporate, Institutional & Business Banking (CIB) Wholesale part of our business. This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in a range of excluded business activities including: a) Natural Gas fracking; b) Oil fired power generation (other than emergency or stand by oil generation) except where less than 25% of revenues are generated from this activity and only where there is a plan to move to sustainable fuels by 2025; c) Onshore/offshore exploration, extraction or refining of Oil. Since then the list has since been incorporated into AIB's group credit risk policy, which supports the management of credit risk across the Group. The rules in the group credit risk policy prohibit providing new money for any term lending facilities to businesses, or any of their subsidiaries, involved in the excluded activities. The policy was approved by AIB's Board in October 2020 and since 29 January 2021 this rule applies to all business customers with a Gross Connected Exposure of >£/€300k and who are relationship-managed.
Other, please specify (Entities or their subsidiaries, involved in the activities listed in the comment box)	Bank lending	New business/investment for new projects	In July 2020, we published our 'Excluded Activities list' to the Corporate, Institutional & Business Banking (CIB) Wholesale part of our business. This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in a defined list of Excluded Business Activities, which we believe cause irreversible environmental and/or social harm to society and our communities. Regarding industries and/or activities exposed or contributing to climate-related risk, AIB CIB Wholesale will not provide term loan products or advisory services to any entities or their subsidiaries, involved in a range of excluded business activities including: a)Exploration, extraction and upgrading of oil sands projects; b)Nuclear Power Generation; c)Nuclear waste transportation, decommissioning and/or final disposal of high-level nuclear waste; d)Deforestation or the burning of natural ecosystems for the purposes of land clearance; e) Timber from illegal trading or logging operations; f) Production or trade in wood or other forestry products other than from sustainably managed forests. Since then the list has since been incorporated into AIB's group credit risk policy, which supports the management of credit risk across the Group. The rules in the group credit risk policy prohibit providing new money for any term lending facilities to businesses, or any of their subsidiaries, involved in the excluded activities. The policy was approved by AIB's Board in October 2020 and since 29 January 2021 this rule applies to all business customers with a Gross Connected Exposure of >£/€300k and who are relationship-managed.
Coal	Bank lending	New business/investment for existing projects	In July 2020, we published our 'Excluded Activities list' to the Corporate, Institutional & Business Banking (CIB) Wholesale part of our business. This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in a range of excluded business activities including: a) Coal fired power generation except where less than 25% of revenues are generated from this activity and only where there is a plan to move to sustainable fuels by 2025; b) Onshore/offshore exploration, extraction or refining of Coal. Since then the list has since been incorporated into AIB's group credit risk policy, which supports the management of credit risk across the Group. The rules in the group credit risk policy prohibit providing new money for any term lending facilities to businesses, or any of their subsidiaries, involved in the excluded activities. The policy was approved by AIB's Board in October 2020 and since 29 January 2021 this rule applies to all business customers with a Gross Connected Exposure of >£/€300k and who are relationship-managed.
Oil & gas	Bank lending	New business/investment for existing projects	In July 2020, we published our 'Excluded Activities list' to the Corporate, Institutional & Business Banking (CIB) Wholesale part of our business. This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in a range of excluded business activities including: a) Natural Gas fracking; b) Oil fired power generation (other than emergency or stand by oil generation) except where less than 25% of revenues are generated from this activity and only where there is a plan to move to sustainable fuels by 2025; c) Onshore/offshore exploration, extraction or refining of Oil. Since then the list has since been incorporated into AIB's group credit risk policy, which supports the management of credit risk across the Group. The rules in the group credit risk policy prohibit providing new money for any term lending facilities to businesses, or any of their subsidiaries, involved in the excluded activities. The policy was approved by AIB's Board in October 2020 and since 29 January 2021 this rule applies to all business customers with a Gross Connected Exposure of >£/€300k and who are relationship-managed.
Other, please specify (Entities or their subsidiaries, involved in the activities listed in the comment box)	Bank lending	New business/investment for existing projects	In July 2020, we published our 'Excluded Activities list' to the Corporate, Institutional & Business Banking (CIB) Wholesale part of our business. This means these business units will no longer provide term finance and/or advisory services to customers who are deemed to engage in a defined list of Excluded Business Activities, which we believe cause irreversible environmental and/or social harm to society and our communities. Regarding industries and/or activities exposed or contributing to climate-related risk, AIB CIB Wholesale will not provide term loan products or advisory services to any entities or their subsidiaries, involved in: a)Exploration, extraction and upgrading of oil sands projects; b)Nuclear Power Generation; c)Nuclear waste transportation, decommissioning and/or final disposal of high-level nuclear waste; d)Deforestation or the burning of natural ecosystems for the purposes of land clearance; e) Timber from illegal trading or logging operations; f) Production or trade in wood or other forestry products other than from sustainably managed forests. Since then the list has since been incorporated into AIB's group credit risk policy, which supports the management of credit risk across the Group. The rules in the group credit risk policy prohibit providing new money for any term lending facilities to businesses, or any of their subsidiaries, involved in the excluded activities. The policy was approved by AIB's Board in October 2020 and since 29 January 2021 this rule applies to all business customers with a Gross Connected Exposure of >£/€300k and who are relationship-managed.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2017

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2011

Covered emissions in base year (metric tons CO2e)
28855.7

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2025

Targeted reduction from base year (%)
57

Covered emissions in target year (metric tons CO2e) [auto-calculated]
12407.951

Covered emissions in reporting year (metric tons CO2e)
13738

% of target achieved [auto-calculated]
91.9134891953908

Target status in reporting year
Underway

Is this a science-based target?
Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition
2°C aligned

Please explain (including target coverage)
We have used the SDA Tool V8.0 available on Science Targets website to develop our medium term (ABS1) and long term (ABS2) SBT. We are committed to achieving carbon neutrality across our operations by 2030 using a net zero approach, and to aligning our customer lending portfolio to net zero carbon emissions by 2040 (with the exception of agriculture, which we are aligning to the Irish government's Climate Action Plan Building from our Net Zero commitment and ambition we have initiated a project to investigate, develop and commit to Science Based Targets for our own operations (Scope 1 & 2) and our customer loan book (Scope 3). This will put in place sector specific annual emissions reduction targets for AIB's emissions that are aligned with the Paris Climate Agreement. Note 1: Data from all our locations in ROI (AIB, Payzone and EBS), UK (FTB and AIB GB), as well as our US have been considered. Note 2: This is a company-wide target and there is no exclusions. Note 3: In 2020 we expanded our boundary to include emissions from our datacentre operations and Payzone (a new subsidiary of AIB Group) Note 4: This target meets the required 2.1% year-on-year emissions reductions between base year and target year. Note 5: Year on year, AIB achieved a 7.23 % reduction and is on is target to achieve a 57% reduction by 2025.

Target reference number
Abs 2

Year target was set
2017

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based)

Base year
2011

Covered emissions in base year (metric tons CO2e)
28855.7

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2036

Targeted reduction from base year (%)
78

Covered emissions in target year (metric tons CO2e) [auto-calculated]
6348.254

Covered emissions in reporting year (metric tons CO2e)
13738

% of target achieved [auto-calculated]
67.1675497966318

Target status in reporting year
Underway

Is this a science-based target?
Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition
2°C aligned

Please explain (including target coverage)
We have used the SDA Tool V8.0 available on Science Targets website to develop our medium term (ABS1) and long term (ABS2) SBT. We are committed to achieving

carbon neutrality across our operations by 2030 using a net zero approach, and to aligning our customer lending portfolio to net zero carbon emissions by 2040 (with the exception of agriculture, which we are aligning to the Irish government's Climate Action Plan. Building from our Net Zero commitment and ambition we have initiated a project to investigate, develop and commit to Science Based Targets for our own operations (Scope 1 & 2) and our customer loan book (Scope 3). This will put in place sector specific annual emissions reduction targets for AIB's emissions that are aligned with the Paris Climate Agreement Note 1: Data from all our locations in ROI (AIB, Payzone and EBS), UK (FTB and AIB GB), as well as our US have been considered. Note 2: This is a company-wide target and there is no exclusions. Note 3: In 2020 we expanded our boundary to include emissions from our datacentre operations and Payzone (a new subsidiary of AIB Group) Note 4: This target meets the required 2.1% year-on-year emissions reductions between base year and target year. Note 5: Year on year, AIB achieved a 7.23 % reduction and is on is target to achieve a 78% reduction by 2036.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Net-zero target(s)
Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2018

Target coverage
Country/region

Target type: absolute or intensity
Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Other, please specify	Other, please specify (Emission Reduction)

Target denominator (intensity targets only)
Other, please specify (Metric tons of CO2 per unit revenue)

Base year
2014

Figure or percentage in base year
9.58

Target year
2030

Figure or percentage in target year
4.79

Figure or percentage in reporting year
6.71

% of target achieved [auto-calculated]
59.9164926931106

Target status in reporting year
Replaced

Is this target part of an emissions target?
N/A

Is this target part of an overarching initiative?
Other, please specify (Low Carbon Pledge powered by Business in the Community Ireland's Leader's Group on Sustainability)

Please explain (including target coverage)
AIB signed up to the Low Carbon Pledge powered by Business in the Community Ireland's Leader's Group on Sustainability in Nov 2018. All signatory companies committed to reducing their Scope 1, 2 & 3 GHG emission intensity by 50% by 2030. In 2020, the Pledge commitment moved towards enabling business to adopt carbon reduction targets based on science, and ultimately achieve a net-zero economy by 2050. The Pledge called on businesses to work towards setting science-based emission reduction targets by 2024 at the latest. AIB Group is one of the signatory companies of the new Pledge. Notes for intensity target Note 1: Only data from our locations in ROI was considered Note 2: All Scope 1 and 2 sources included. Scope 3 included the following emission sources: business travel, waste generation & water consumption. Note 3: In March 2020, AIB reported its progress against the 2030 intensity target to Business in the Community. This information is disclosed here. This target is now replaced.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number
NZ1

Target coverage
Company-wide

Absolute/intensity emission target(s) linked to this net-zero target
Not applicable

Target year for achieving net zero
2030

Is this a science-based target?
Yes, but we have not committed to seek validation of this target by the Science Based Targets initiative in the next 2 years

Please explain (including target coverage)
We have committed to our own operations being Net Zero by 2030. Building from our Net Zero commitment and ambition we have initiated a project to investigate, develop and commit to Science Based Targets for our own operations (Scope 1 & 2). Work is progressing on defining science based targets which is the ground work to create a pathway with annual targets to deliver on our Net Zero ambition.

Target reference number
NZ2

Target coverage
Company-wide

Absolute/intensity emission target(s) linked to this net-zero target
Not applicable

Target year for achieving net zero
2040

Is this a science-based target?
Yes, but we have not committed to seek validation of this target by the Science Based Targets initiative in the next 2 years

Please explain (including target coverage)
By 2030, we have set out our ambition for green and transition lending to represent 70% of new lending and will be Net Zero by 2040 (with the exception of agriculture which will likely need greater support and so we are aligned to the Government of Ireland's Climate Action plan). We are working towards setting SBTs for our lending portfolio. This will inform our annual emissions reductions and enable targets to be set across our key sectors. We are currently defining science-based targets that will lay out our pathway to achieve these and will be updating on these targets in the short-term.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	3	2723
Not to be implemented	0	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Building controls and BMS & plant upgrades)

Estimated annual CO2e savings (metric tonnes CO2e)
345

Scope(s)
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
200761

Investment required (unit currency – as specified in C0.4)
1700000

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment
AIB have continues to reduce carbon emissions through reduction in energy consumption, through planned activities. Installation of small measures across various branch buildings including, water heater/boiler timers, upgrade of small BMS systems, installation of external lighting controls, installation of TRVs to radiators, additional controls to heating systems. Upgrades of heating systems. Upgrades of primary chiller & ventilation plant. LED lighting upgrades. These initiatives are delivering annual carbon savings of 345 tonnes of CO2. NB1: These initiatives exclude Payzone & Data Centres. NB2: AIB has seen a significant reduction in its carbon emissions relating from planned initiatives implemented and through the impact of the Covid 19 pandemic. This imposed major changes to normal business operations including temporary location closures and all but critical staff working from home. Increased awareness through staff on-line learning.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
21

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
53921

Investment required (unit currency – as specified in C0.4)
947000

Payback period
11-15 years

Estimated lifetime of the initiative
11-15 years

Comment
AIB have continues to reduce carbon emissions through reduction in energy consumption. AIB has replaced and upgraded a number of branch locations containing R22/R407C/R410a air conditioning systems and ongoing monitoring of HVAC systems. These initiatives are delivering annual carbon savings of 21 tonnes of CO2. NB1: These initiatives exclude Payzone & Data Centres. NB2: AIB has seen a significant reduction in its carbon emissions relating from planned initiatives implemented and through the impact of the Covid 19 pandemic. This imposed major changes to normal business operations including temporary location closures and all but critical staff working from home. Increased awareness through staff on-line learning.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
2357

Scope(s)
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
366538

Investment required (unit currency – as specified in C0.4)
7500000

Payback period
11-15 years

Estimated lifetime of the initiative
16-20 years

Comment
AIB under their Property Strategy project sees a rationalisation of existing property portfolio. This has reduced the number of properties occupied in the UK and Northern Ireland. Full exit of its former Headquarter campus and other premises. AIB has acquired a new Head Office building with LEED Platinum status, seeing staff decanted to AIB Molesworth Street, Dublin. The project is delivering annual carbon savings of 2,357 tonnes of CO2. In addition has created a workplace local strategy that reduces

commuting times by allowing staff to work from home or from hubs located on principal commuting routes. NB1: These initiatives exclude Payzone & Data Centres. NB2: AIB has seen a significant reduction in its carbon emissions relating from planned initiatives implemented and through the impact of the Covid 19 pandemic. This imposed major changes to normal business operations including temporary location closures and all but critical staff working from home. Increased awareness through staff on-line learning.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Our Sustainability and Energy and Environment teams monitor regulatory and market sustainability updates to ensure that we are keeping pace with the rapidly evolving ESG landscape. AIB Workplace Operations has implemented an integrated, Energy and Environment, management system to meet the ISO 50001 (Energy) & ISO 14001 (Environment) international standards. One of the primary cornerstones was an ability to actively measure/monitor environmental compliance obligations, and have the level of compliance expressed as a percentage. The IMS greatly facilitated AIB achieving full compliance with regard to its Trade Effluent Licences or the National Energy Efficiency Action Plan (NEEAP). Other environmental aspects that are to be complied with were GHG regulations, as well as ensuring the appropriate emergency response procedures were in place to deal with potential environmental incidents e.g. an oil leak entering storm drains etc. In 2020, we set out our ambitions in relation to achieving Net Zero in our own operations and in our customer lending portfolio. In support of our Net Zero ambition, it is our intention to continue to invest in energy-efficient projects to reduce our own footprint and to work to set SBTs for our lending portfolio.
Dedicated budget for other emissions reduction activities	AIB has a dedicated Energy Team which delivers the energy management strategy. In addition to having 100% renewable electricity supply across its locations, a biogas supply was procured during 2019 for its GB locations to further enhance the AIB commitment to sustainability and reduction of the carbon footprint from its operations. Every year AIB allocates a capital investment budget to the Energy Manager for investment in energy, reduction projects. Budgets are planned for 3 years in advance with a pipeline of projects maintained under the ISO 50001 energy opportunities register. Payback and projected savings are used to build a business case for investment. To support of our Net Zero ambition (Scope 1 & 2 emissions reduction) we will continue to invest in energy efficiency projects to reduce our own footprint, are exploring options for renewable energy including a Corporate Power Purchase Agreement and are considering how the hybrid model of remote/onsite working will evolve and its potential impact.
Employee engagement	Sustainability is the fifth pillar of AIB's Group Strategy has seen employees take a greater role in reducing carbon footprint on a day to day basis. Our Energy and Environmental Management Systems have detailed energy and environmental awareness plans. Our intranet page, as well as our dedicated blog has dedicated information aimed to increase behavioural change (carbon infographic, waste segregation tips, energy saving tips, etc.). In 2019, we launched a new "Environment and Climate Action" awareness course' designed to make staff more aware of their environmental / energy impacts. This digital course underpins employee engagement, and drives a sustainable, widespread culture change, helping our people make holistic changes that benefit their whole lives and the environment. In 2020, we developed sustainability training which is mandatory for all employees and is focused on ensuring an understanding of sustainability and its importance for business and for AIB. It outlines the role of banks and the financial sector in enabling the environmental and social objectives through sustainable finance. The course also covers AIB's sustainability strategy, our journey to date and areas of focus to integrate sustainability across the organisation. There is a specific module on climate change and climate risks, covering the urgency with which all stakeholders need to act, an overview of relevant climate policies, an outline of business risks as a result of climate change and prompting relevant ESG questions for consideration for customers in different sectors. Many working groups have been embedded across our business and are instrumental in supporting the delivery of our Sustainability Strategy. Currently we have working groups in the UK, the USA, Corporate, Institutional & Business Banking, Risk, Legal, Treasury and Retail Banking.
Financial optimization calculations	All energy expenditure and energy processes are reviewed annually to identify if savings can be made and where these savings can be made. Necessary investments and budget for energy and fuel efficiency projects are made based on supporting financial optimisation calculations as well as meeting and supporting the objectives of the organisations' Energy and Environment Policies.
Internal incentives/recognition programs	"Appreciate" is AIB's on-line, bank-wide recognition programme that enables peer-to-peer recognition and empowers employees to recognise behaviours that demonstrate our purpose and values. All full and part-time AIB employees are eligible to participate in Appreciate. A range of awards are available to recognise varying levels of employee contribution. AIB's Head of EEHS gives recognition to colleagues and teams that are contributing and supporting the team's actions to "green" AIB's operations. Our career and performance development programme, Aspire, was rolled out in 2016. On the basis of each employee's objectives, which are set out at the beginning of every year, Aspire recognises and rewards both what was achieved during the year and how it was achieved. This encourages performance as well as behaviours in line with our Values.
Internal finance mechanisms	Maximise efficiency of existing energy supplier arrangements/contracts. A business case is made for each initiative proposed based on financial optimisation calculations as well as supporting the objectives of the organisations' Environmental and Energy Policies.
Other	We were proud to be the lead sponsor of Ireland's Climate Finance Week 2020. Organised by Sustainable Nation Ireland and supported by the Department of Finance, Climate Finance Week took place virtually from the 2nd to 6th November. The week-long agenda saw over 5,100 attendees at c. 20 events taking place over five days. We opened the week with our fourth AIB Sustainability Conference virtually welcoming over 3,000 attendees inviting them to join a climate conversation with an expert line up. We saw a sixfold increase on our attendance last year, due to increased interest and the virtual setting making it more accessible, while also reducing the footprint of attending. In has been announced that AIB will continue as lead sponsor of Climate Finance Week in 2021.
Dedicated budget for energy efficiency	On an annual basis, a capital budget is allocated to the energy manager for energy reduction projects. A full measurement and verification programme is put in place to ensure savings are fully achieved.
Dedicated budget for low-carbon product R&D	Annually AIB explores the market for financing opportunities for new low carbon finance products. We launched our Climate Action fund in 2019, with a target of financing €5bn in green lending over five years. We had another strong year in 2020, with a further €1.46bn deployed, totalling €2.66bn provided over the last two years. This fund is available to customers through a number of products and incentives – from electric vehicles, energy-efficient homes, to production of renewable energy. We have dedicated capital budget which considers low carbon / energy efficiency propositions as part of our strategic investment process.
Internal price on carbon	AIB's internal carbon price is used when evaluating funding of energy efficiency projects and as a driver to reach the bank energy reduction targets: a) 33% energy efficiency savings by 2020 (target achieved), improve energy efficiency by 50% by 2030. This evaluating criteria has a significant funding impact on projects with lower return on investment but with a potential to reduce AIB's carbon footprint significantly.
Partnering with governments on technology development	In June 2019, AIB announced its commitment to make five billion euros of funding available (one billion per annum to be made available for climate related and green products) to support Ireland's transition to lower carbon economy. In addition, recognising the challenge the green transition presents for businesses and people all over Ireland, AIB will fund a body of research to be undertaken by the Economic and Social Research Institute on a range of climate-related questions. This recognises the ESRI's pre-eminent role in providing evidence for public policy in Ireland. The research will enable us to inform our customers on the social dialogue of how Ireland is embracing the challenges and opportunities that climate change brings. We were proud to be the lead sponsor of Ireland's Climate Finance Week 2020. Organised by Sustainable Nation Ireland and supported by the Department of Finance, Climate Finance Week took place virtually from the 2nd to 6th November. AIB is supporting ongoing work on a government-backed retro fit scheme.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Product

Description of product/Group of products

Green Residential Mortgages: In Ireland, our proposition is a 5-Year Fixed rate mortgage for new and existing AIB Private Dwelling Home Mortgage Customers whose property has a Building Energy Rating (BER) of between A1-B3 inclusively. Both new and existing customers who meet the qualifying criteria can apply for the AIB Green 5-Year Fixed Rate either as part of their mortgage application (new customers) or via the Mortgage Rate Amendment process (for qualifying existing customers). Since the launch in November 2019, over 1,000 new customers and over 3,500 existing mortgage customers have availed of a Green Mortgage, demonstrating our support to customers who are seeking ways to have more energy efficient homes. In February 2020, AIB UK launched one of the first Green Mortgage offerings in the UK market and the first in Northern Ireland. We are constantly working to enhance our range of sustainable finance options for our customers, and early in 2021 we launched our Green Consumer Loan to support our customers with finance for lower carbon alternatives and/or to enable them to avoid GHG emissions. This loan can be used to finance a range of purposes including the purchase of battery electric or plug-in hybrid electric vehicles and home charger units, and renewable energy systems, including heat pumps and solar panels.

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Climate Action Lending)

% revenue from low carbon product(s) in the reporting year
1

% of total portfolio value

Asset classes/ product types

Bank lending	Residential Mortgages

Comment
a) Please note that the information regarding revenue from low carbon products is not identified separately in our official reports and is not released for reasons of commercial sensitivity. Estimated at 1%. b) To facilitate sustainable projects, the Group launched a € 5 billion Climate Action Fund in 2019 which supports renewable energy projects, low carbon offices and the construction of energy efficient homes. For financial year 2020, Green Mortgage lending equated to 14% of all new mortgage lending.

Level of aggregation
Group of products

Description of product/Group of products
Renewable Energy Project Finance Facilities: Our Energy, Climate Action & Infrastructure team manages a diverse portfolio which includes investments in all asset classes across the power and energy sectors. We provide solutions to energy companies across both conventional power and renewable energy (e.g. wind, solar, hydro, biomass and waste to energy).

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Climate Action Lending)

% revenue from low carbon product(s) in the reporting year
1

% of total portfolio value

Asset classes/ product types

Bank lending	Project Finance

Comment
Please note that the information regarding revenue from low carbon products is not identified separately in our official reports and is not released for reasons of commercial sensitivity. Estimated at 1%. The Energy, Climate Action and Infrastructure portfolio continued to be one of the fasting growing lending books in AIB with net balance sheet growth of over 40% in 2020 To facilitate sustainable projects, the Group launched a € 5 billion Climate Action Fund in 2019 which supports renewable energy projects, low carbon offices and the construction of energy efficient homes. In 2020, new green lending represented 16% of all new lending. Renewable energy and Green commercial buildings represented 76% (€1.11bn) of new green lending in 2020

Level of aggregation
Product

Description of product/Group of products
Having published our Green Bond Framework in 2019, AIB became the first Irish bank to enter the growing green bonds market in September 2020. We were also only the second bank in Europe to issue subordinated Tier 2 green bonds, raising €1bn of capital to support lending towards sustainable projects and further strengthening our capital. The Green Bond will support lending to projects in energy-efficient building, renewable energy, CO2 reduction and other climate-related initiatives. The Framework defines eligibility criteria in three areas: 1. Green commercial buildings in Ireland and the UK 2. Green residential buildings in Ireland 3. Renewable energy assets located in Ireland, the UK and across the EU: a. Solar energy: photovoltaics (PV), concentrated solar power (CSP) and solar thermal facilities; b. Wind energy: onshore and offshore wind energy generation facilities and other emerging technologies, such as wind tunnels and cubes; c. Anaerobic digestion of bio-waste: treatment of bio-waste through anaerobic digestion (AD) with resulting production and energetic utilization of biogas (electricity / heat generation). Energy crops and non-waste feedstock are excluded

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Green Bond Principles (ICMA)

% revenue from low carbon product(s) in the reporting year
1

% of total portfolio value

Asset classes/ product types

Bank lending	Other, please specify (Sustainability linked loans and Green loans)

Comment
Please note that the information regarding revenue from low carbon products is not identified separately in our official reports and is not released for reasons of commercial sensitivity. Estimated at 1%. In 2020, under the Group's Green Bond Framework the Group successfully raised € 1 billion which contributes to the financing of projects with clear environmental and climate change benefits. To date there have been 2 green bonds issued by AIB. A €1bn T2 transaction in 3Q20 and a €750m Senior Non-Preferred in 2Q21

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2009

Base year end
December 31 2009

Base year emissions (metric tons CO2e)
11514

Comment

Scope 2 (location-based)

Base year start
January 1 2009

Base year end
December 31 2009

Base year emissions (metric tons CO2e)
21272

Comment

Scope 2 (market-based)

Base year start
January 1 2009

Base year end
December 31 2009

Base year emissions (metric tons CO2e)
3912

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
4213

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
1 - Our Scope 1 reported figure excludes any out of scopes emissions relating to biogas purchases. This is a total of 45 tCO2e. 2 - January - December 2020 Reporting Period

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
9525

Scope 2, market-based (if applicable)
114

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
January - December 2020 Reporting Period

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
472

Emissions calculation methodology
Water: Data supplied shows only water supplied to AIB. Emissions factors used are based on DEFRA 2020 guidelines. Paper: Total spend by AIB for Paper consumption was apportioned across AIB based on FTE. Total emissions for paper were estimated using an economic input-output model which has used emission factors from the CEDA 5.0 Database (Comprehensive Environmental Data Archive 5.0). Note: CEDA emission factors only account for the indirect emissions, not the emissions associated to the use of the product or service that may have already been accounted for in a different category of the footprint

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
AIB use supplier water bills, and total spend on paper consumption to calculate these emissions. The bank is analysing and studying the reliability and availability of more data related to this category to determine the incorporation of its emissions in subsequent years. In 2020 AIB joined the CDP Supply Chain Programme.

Capital goods

Evaluation status
Relevant, calculated

Metric tonnes CO2e
3557

Emissions calculation methodology
IT: Total spend by AIB for IT related consumption was apportioned across AIB based on FTE. Total emissions for IT were estimated using an economic input-output model which has used emission factors from the CEDA 5.0 Database (Comprehensive Environmental Data Archive 5.0). Note: CEDA emission factors only account for the indirect emissions, not the emissions associated to the use of the product or service that may have already been accounted for in a different category of the footprint.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
1 - Capital Goods is comprised of IT and office equipment. 2 - Due to Covid and requirement to work from home all staff were supplied with IT equipment, resulting in a large increase emissions in this category.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
3023

Emissions calculation methodology
Fuel and energy related activities includes all well-to-tank emissions and transmission and distribution loss emissions associated with all energy consumed by AIB. This was calculated using the Scope 1 and 2 fuel data (natural gas, diesel, kerosene, gas oil), Scope 2 electricity data, and Scope 3 business travel and commuting data, and applying the DEFRA 2020 Well-to-tank and transmission and distribution loss conversion factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
WTT & T+D emissions associated with AIB's energy use.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial institution, we are not involved in manufacturing activities. Our financial services are not physical products. These services are only linked to monetary transactions. Emissions related to upstream transportation and distribution are considered not material for the distribution of our services.

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
106

Emissions calculation methodology
Waste to landfill, waste recycled, waste recovered and waste composted were measured in tonnes on site. Relevant emissions factors sourced from DEFRA 2020 were used to calculate emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Waste data is provided by our waste service providers and the use of water bills allows us to calculate water treatment emissions. Waste calculated categories include data gathered from the following waste streams: MSW mixed municipal waste, dry mixed recyclables, food & compost waste, C&D waste, C&I waste, cardboard waste, timber waste, paper waste, metal waste, water treatment waste, WEEE waste, grease trap waste, waste refrigerant gases and used cooking oil.

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
884

Emissions calculation methodology
Business travel is divided into the following sections: air travel, bus travel, taxi, rail travel, ferry travel, car mileage and hotel stays. Relevant emissions factors sourced from DEFRA 2020 were used to calculate emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Business travel data is captured from suppliers and internal expenses management systems. As per best practice we have included hotel stays within the scope of business travel emissions.

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
2360

Emissions calculation methodology
AIB have developed an internal commuting model to estimate emissions from employee commuting. Benchmarks for the countries in which AIB offices are located (Ireland, United Kingdom and U.S.) have been used based on FTE to identify journey times, journey distances and modes of transport. For Ireland, the "Census of Population 2016 - Profile 6 Commuting in Ireland - Means of Travel to Work" census, as made available by the Central Statistics Offices, was used to estimate proportion of transport mode taken by employees in Ireland. Time and distance data also provided by the Central Statistics Office was used to determine journey times and distances. For the United Kingdom, the UK Government's Department of Transport's 2020 statistics indicating proportions of travel mode and duration and distance of commute, were used. For the U.S., U. S. Census Bureau, 2019 American Community Survey. The relevant emission factor for each transport type provided by DEFRA (2020) were used to estimate emissions based on resultant data.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
a) AIB actively works to minimise this type of commuting emissions. AIB facilitate staff who wish to work from flexible locations to enable a better work-life balance. Thanks to IT upgrades our staff is allowed to work remotely. AIB encourages the use of sustainable transport where possible; A bus service is operated 6 times per day servicing our head offices in Dublin. Bike racks, showers and drying areas are provided to encourage staff uptake. Electric car changing points are available at our main head offices. AIB staff in Dublin has access to a car sharing scheme and, Tax saver and bike to work schemes are available to all AIB staff. b) Due to Covid pandemic and working from home requirements, emissions in this category have decreased. c) Working from home emissions not included. AIB completed an exercise to calculate working from home emissions but due to incomplete data set and methodology, these emissions are not being reported. d) AIB will be moving to a hybrid working model to further reduce commute emissions.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Emissions associated from the operation of assets that are leased by AIB have been included in scope 1 and scope 2 disclosed in previous sections. We calculated the emissions from these renting properties as if it were AIB owned properties. A new disclosure in this section will lead to emissions being double-counted.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial institution, AIB is not involved in manufacturing activities. Our financial services are not physical products. These services are only linked to monetary transactions. Emissions related to downstream transportation and distribution are considered not material for the distribution of our services.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
AIB is a financial services provider. This scope 3 category is not applicable to us as we don't have any manufacturing operations. Our financial services are not physical products. These "products" are only linked to monetary transactions that do not require processing.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The reason to consider this category not material is that AIB is a financial services provider. We don't have any manufacturing operations. AIB financial services are not physical products. These "sold products" are online services or intangible products therefore making this source of emissions not relevant.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
AIB is a financial services provider. We don't have any manufacturing operations. AIB financial services are not physical products. These are online services or intangible products that don't require and end of life treatment, therefore making this source of emissions not relevant

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
AIB does not lease assets to a third party, therefore these emissions are considered not relevant.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
These scope 3 emissions are not applicable as AIB does not have any franchises.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
AIB has not identified any additional upstream emissions not already reported in other categories.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
AIB has not identified any additional downstream emissions not already reported in other categories.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
1.47

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
13738

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
9356

Scope 2 figure used
Location-based

% change from previous year
2.1

Direction of change
Decreased

Reason for change
Our FTE decreased by 5%, whilst our Scope 1 and 2 emissions decreased from 14,808 tCO2e to 13,738 tCO2e (7%). This resulted in a 2% decrease in emissions intensity, which is linked to emission reduction initiatives outlined in question 4.3b.

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	We are reporting location-based Scope 2 emissions, so renewables do not affect the total.
Other emissions reduction activities	2723	Decreased	18	The emissions total (2723 tonnes) is derived from the emissions reductions activities/projects implemented in C4.3b. These emissions are then divided by total Scope 1&2 from 2019 (14,808 tonnes) x100. 2723/14808*100 = 18% reduction
Divestment		<Not Applicable>		
Acquisitions	180	Increased	1	180 tCO2e is total Scope 1 and 2 (location-based) emissions from the acquisition of Payzone, added to AIB's Scope 1 and 2 footprint. These emissions are then divided by total Scope 1&2 from 2019 (14,808 tonnes)x100. 180/14808*100 = 1% increase.
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary	1950	Increased	13	1950 tCO2e is total Scope 1 and 2 (location-based) emissions from the addition of data centres to AIB's Scope 1 and 2 footprint, thus representing a change in boundary. These emissions are then divided by total Scope 1&2 from 2019 (14,808 tonnes) x100. 1950/14808*100 = 13% increase.
Change in physical operating conditions		<Not Applicable>		
Unidentified	477	Decreased	3	The emissions total (477 tonnes) is derived from remaining unidentified emissions ((1070-2723 + 180 + 1950) = 477 tonnes). These emissions are then divided by total Scope 1&2 from 2019 (14808 tonnes) x100. 477/14808*100 = 3% reduction. Note that YOY Scope1&2 difference is 1070 tonnes. These unidentified emissions are due to reductions related to the impact of Covid pandemic.
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	241	20706	20947
Consumption of purchased or acquired electricity	<Not Applicable>	37120	397	37517
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	37361	21103	58464

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Other, please specify (Scope 1 and 2 (location) tCO2e per unit of total revenue)

Metric value
0

Metric numerator
13,738

Metric denominator (intensity metric only)
2,371,000,000

% change from previous year
5

Direction of change
Increased

Please explain
Metric value is: 0.0000058 The increase in our tCO2e/revenue emissions intensity figure has been driven by a 12% decrease in our revenue, when compared with 2019. Our absolute Scope 1 and 2 carbon footprint has however decreased by 7%, linked to emission reduction initiatives outlined in question 4.3b.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
AIB ISO14064-3 Verification Statement.pdf

Page/ section reference
1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
AIB ISO14064-3 Verification Statement.pdf

Page/ section reference
1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
AIB ISO14064-3 Verification Statement.pdf

Page/ section reference
1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3 (upstream & downstream)

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
AIB ISO14064-3 Verification Statement.pdf

Page/section reference
1

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Other, please specify (Annual Primary Energy Consumption for AIB locations in ROI, activity metrics, annual energy management projects and energy management and energy management)	The information is submitted using SEAI's online monitoring & reporting (M&R) system (SEAI stands for Sustainable Energy Authority of Ireland). An SEAI-appointed Energy Expert carries out a Data Verification assessment (DVA) to ensure that the information submitted is robust and satisfies SEAI's data acceptability thresholds. The DVA process is a critical aspect of data validation in the M&R system, i.e. for ensuring, insofar as is practical, that the data which is submitted is robust and verifiable. However, it is also a means for SEAI to support organisations in improving how they gather and submit M&R data and for providing feedback on the M&R system. https://www.seai.ie/business-and-public-sector/public-sector/monitoring-and-reporting/data-quality/	Under NEEAP and the SI 426:2014 Regulations, AIB is required to: a) improve its energy efficiency, by 33% by 2020 (achieved) and by 50% by 2030, and, b) report to SEAI (The Sustainable Energy Authority of Ireland) its annual energy performance data using an online monitoring and reporting system (M&R). The following is reported on annual basis: a) primary energy consumption for all energy types, b) value that quantifies the level of activity undertaken by the organisation each year (activity metrics - energy performance indicators), c) detail on energy saving projects (annual savings from implemented and planned projects in kWh TPER) and d) summary of AIB's energy management programme.

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
No

C11.3

(C11.3) Does your organization use an internal price on carbon?
Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price
Drive energy efficiency

GHG Scope
Scope 1
Scope 2

Application
The internal carbon pricing mechanism along with a life cycle cost analysis applies to all energy efficiency projects. These projects are evaluated by the Energy and Engineering Services teams within AIB Workplace Operations. Both units are responsible for driving energy efficiency and managing the maintenance of throughout the organisations estate. The teams comprise of a wide range of skills and abilities from electricians and plumbers to facility managers, engineers and energy experts.

Actual price(s) used (Currency /metric ton)
20

Variance of price(s) used
Is an evolutionary pricing based on the Irish Carbon Tax that was introduced in Ireland in 2010. The Irish Committee on Climate Action agreed a series of increases for the carbon tax from 2020. This will continue to move towards €100 per tonne in 2030. From 1st May 2020, the tax is €26 per tonne of CO2 emitted. Due to uncertainties caused by Covid-19, AIB's internal carbon price remained as €20 per tonne in 2020.

Type of internal carbon price
Shadow price
Implicit price

Impact & implication
AIB's internal carbon price is used when evaluating funding of energy efficiency projects and as a driver to reach the Group's NEEAP energy reduction target (33% by 2020, 50% by 2030) and other voluntary carbon and energy targets. This evaluating criteria has a significant funding impact on projects with lower return on investment but with a potential to reduce AIB's carbon footprint significantly. An example on how this pricing affects our investment decisions is green energy supply or the prioritisation of optimisation projects in our estates.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers
Yes, our investee companies
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Engagement & incentivization (changing supplier behavior)

Details of engagement
Run an engagement campaign to educate suppliers about climate change

% of suppliers by number
100

% total procurement spend (direct and indirect)
100

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
All our suppliers must adhere to all legal obligations in each jurisdiction e.g. environmental, labour law etc. as well as any specific requirements of our Environmental and Energy Polices. AIB shows its commitment to environmental protection by establishing an Environmental and Energy Policies to which the organisation pledges to commit. The policy statements have been defined and agreed upon by top management and satisfy the requirements of the international standards ISO14001:2015 & ISO 50001:2018. The Environmental Policy reflects the commitment of the company to prepare its business to deal with the impacts of climate change by understanding the associated risks and opportunities, to protect the environment and prevent pollution and, to continually improve its environmental performance. The Energy policy states the organisation's commitment to achieving energy performance improvement and is designed to help AIB operate its businesses as energy efficiently as possible, reduce its carbon footprint and to achieve continuous improvement in energy performance by committing to implement energy conservation opportunities, provide energy awareness, set up energy targets and, consider energy efficiency as part of the life cycle cost during investment appraisal.

Impact of engagement, including measures of success
On Tuesday 20 October 2020, over 280 of AIB's key third party suppliers and AIB colleagues attended a virtual event, jointly hosted by the Sustainability and Third Party Management teams. Our CEO opened the event with a passionate speech about AIB's Pledge to Do More in relation to Sustainability and how, by working collaboratively with our third party suppliers, we can make an impact by doing business responsibly and sustainably. The purpose of this event was to convey the importance of Sustainability in AIB to our suppliers; our achievement in this space to date which was presented by AIB's Chief Sustainability Officer; and finally, to inform our suppliers of the changes we're making in AIB to drive our Sustainability agenda. Third party suppliers are incredibly important to AIB and each play a different part. They help support our IT systems and banking platforms, give us professional advice, provide us with resources with specialised skills, operate our buildings and feed our colleagues. They are all essential to help AIB operate and achieve our purpose. They all play a part in helping back our customers to achieve their dreams and ambitions. We will be

changing the way we evaluate our supply chain when it comes to competing for business. As part of our future procurement process, we will have a preference for those suppliers that align to our values, can demonstrate sustainable practices and have a commitment to a low carbon strategy. In support of these elements, AIB introduced two new initiatives at the event: 1. AIB's Responsible Supplier Code 2. Participation in the Carbon Disclosure Project. By engaging with CDP we want our measure of success and our progress to be visible.

Comment

Type of engagement
Innovation & collaboration (changing markets)

Details of engagement
Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number
100

% total procurement spend (direct and indirect)
100

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
All our suppliers must adhere to all legal obligations in each jurisdiction e.g. environmental, labour law etc. as well as any specific requirements of our Environmental and Energy Polices. AIB shows its commitment to environmental protection by establishing an Environmental and Energy Policies to which the organisation pledges to commit. The policy statements have been defined and agreed upon by top management and satisfy the requirements of the international standards ISO14001:2015 & ISO 50001:2018. The Environmental Policy reflects the commitment of the company to prepare its business to deal with the impacts of climate change by understanding the associated risks and opportunities, to protect the environment and prevent pollution and, to continually improve its environmental performance. The Energy policy states the organisation's commitment to achieving energy performance improvement and is designed to help AIB operate its businesses as energy efficiently as possible, reduce its carbon footprint and to achieve continuous improvement in energy performance by committing to implement energy conservation opportunities, provide energy awareness, set up energy targets and, consider energy efficiency as part of the life cycle cost during investment appraisal.

Impact of engagement, including measures of success
In AIB, we have made an external commitment that ‘We Pedge to Do More’; we want to lead Ireland’s transition to become a low-carbon economy. Sustainable Communities has been added as the fifth pillar in AIB’s 3 year Group Strategy (2020 – 2022). This means challenging ourselves to deliver meaningful social and economic value to our Customers and our Communities. We want to do business responsibly and sustainably, and to live by our economic, social, ethical, and environmental values. We want to focus on meeting the needs of the present without compromising the ability of future generations in meeting their needs. We want to support societal progress and an increase in the quality of life. We want to do business with suppliers that have the same values, and that operate in the same responsible and sustainable manner. We seek to work with likeminded suppliers to achieve these goals. In 2020 we launched our Responsible Supplier Code which applies to all Suppliers and now forms part of our RFP process when engaging with all new Suppliers. This Code identifies our expectations of all Suppliers, their stakeholders, employees, subcontractors and any other third parties, whilst detailing what they can expect from us in return.

Comment

Type of engagement
Compliance & onboarding

Details of engagement
Climate change is integrated into supplier evaluation processes

% of suppliers by number
5

% total procurement spend (direct and indirect)
20

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
In 2020 we asked our critical Suppliers (As per EBA standards) to attest to a number of our policies with include those that have an impact on climate as well as other sustainable impacts.

Impact of engagement, including measures of success
In 2020 all critical or important outsource Suppliers responded to our request to attest to the key policies which include climate and other sustainable relating matters.

Comment

Type of engagement
Compliance & onboarding

Details of engagement
Code of conduct featuring climate change KPIs

% of suppliers by number
25

% total procurement spend (direct and indirect)
5

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
Suppliers which have an effect on AIB's Scope 1 and 2 emissions have clauses relating to environment, energy and sustainability in their contracts, they must assist and work with AIB to reduce its carbon emissions from energy sources.

Impact of engagement, including measures of success
Supplier KPIs are measured by regular contract meetings and the receipt annually of agreed opportunities register from each relevant stakeholder. 2020 Case Study: AIB's maintenance service contract in ROI has specifications to identify energy saving opportunities. In 2020 our newly launched Responsible Supplier Code was implemented as part of our RFP on-boarding Supplier process.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

Portfolio coverage (total or outstanding)

All of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement

AIB Group recognise that supports are needed to help change all our behaviours, individually and societally, as we transition to a lower-carbon economy. A) In 2020 we publicly committed to being the first bank to operate as carbon neutral by 2030, a commitment underpinned by the green products and move to green lending in our loan book. We launched and promoted our Green Mortgage heavily to customers, with multi-channel advertising campaigns, and events designed to educate and engage with customers face to face, proving successful. B) AIB sponsored the Sustainability Academy with Dublin Chamber of Commerce. The Academy comprised a series of workshops designed to help participant companies gain a better understanding of where they are on their sustainability journey and what sustainability means for business, as well as enabling participants to develop a roadmap for future engagement and action. C) We want ALL our customers to know they have sustainable options when they bank with us and help them to make informed financial decisions that can have a positive impact on climate change. This commitment is evident also in the corporate partnerships that we support. Renewing our partnership for a further 3 years in 2021, we partnered with Foodcloud – a charity that is committed to eradicating food waste – to promote the impact of food waste in terms of environmental change through Radio, Press and Digital channels with hints and tips as to how to reduce food waste in Irish households. We also worked with Grow It Yourself to share monthly tips for customers around seasonal veg, and recipes to use them. AIB is also a partner of Picker Pals a unique school based litter-picking programme run by environmental NGO VOICE (Voice of Irish Concern for the Environment) which motivates and equips children with “Picker Packs” containing everything children need to go litter picking. At the end of the programme’s first year in operation over 2,800 children in 115 schools across 9 different local authority areas are involved in the programme.

Impact of engagement, including measures of success

Impact: Telling the truth, and speaking with humility resonated really well with our customers 1 - As part of our 'we pledge to do more' campaign, AIB has consistently communicated the ways in which we are bringing that to life to our customers and to encourage customer education and to drive engagement with the ways they can make a difference. AIB are raising awareness so that consumers can make better decisions, as well as holding ourselves publicly accountable for the commitments we make. 2 - AIB has a dedicated Energy, Climate Action and Infrastructure team. This team is one of the largest in the market and is supporting AIB’s goal of playing a leadership role in assisting Ireland deliver its sustainability and de-carbonisation goals The Energy, Climate Action and Infrastructure portfolio continued to be one of the fasting growing lending books in AIB with net balance sheet growth of over 40% in 2020. It also continued being one of the best performing loan books in the bank with nearly 100% of the book fully performing demonstrating the resilience of the renewables asset class. 3 - We have added Sustainable Communities as a pillar strategy for AIB Group. In essence, sustainable finance and climate action now have an elevated position as core strategic priorities and this is reflected right across our agenda for business and investment. Measure of success of our client engagement is the growth our lending for climate solutions. In fact, the resilience of green and sustainable lending was clearly evident throughout the COVID-19 crisis. In 2020 we continued to grow our green lending, exceeding our €1bn yearly target by almost €0.5bn, accounting for 16% of all new lending.

Type of engagement

Information collection (understanding customer behavior)

Details of engagement

Other, please specify (Collection of information from a representative sample of Irish consumers to understand both their behaviours, and their attitudes to Sustainability, particularly with regard to Climate, on an ongoing basis)

% of customers by number

1

% of customer - related Scope 3 emissions as reported in C6.5

Portfolio coverage (total or outstanding)

Unknown

Please explain the rationale for selecting this group of customers and scope of engagement

The AIB Sustainability Index (ASI) is ultimately focused on the issue of personal responsibility for sustainability. The following five key questions were asked of a nationally representative sample of 1,000 adults recruited by a retained 3rd party, since December 2019 twice yearly, with the pandemic impacting the 2020 surveys. Respondents were chosen to ensure a wide spread of age and gender across the island of Ireland. These questions are the most powerful in terms of capturing a wide spectrum of consumer sentiment about sustainability & for use in identifying distinct attitudinal groups based on variation in sentiment. We engage with 1000 customers in each wave of research, statistically significant as a representative population sample. The answers are added together to give an ASI score that is anywhere between zero (neither interested in nor practicing sustainability) and 100 (both interested in and practicing sustainability).

Impact of engagement, including measures of success

53% of adults, and 58% of AIB customers, recognise the role for banks in tackling climate change. AIB Sustainability Index (ASI) tracker consumer research uncovers insights related to Sustainability for different cohorts, so that we can ensure we are building products, partnerships and communications which will engage, guide and support our customers to make lifestyle changes. After 3 waves the overall index of 67 has remained stable. 53% of respondents said sustainability has become more important to them since Covid-19, but one barrier to living ‘more sustainably’ is finances. Notwithstanding, 40% of adults feel they are living sustainably. 52% of people reported attempting to reduce food waste, and 21% are growing their own vegetables more than before. AIB responded by 1) providing monthly tips and recipes from GIY on seasonal veg to our 500k+ social media followers across all channels, 2) promoting the impact of our partnership with Food Cloud (6,300T of surplus food redistributed). We are committed to helping our customers lower their carbon footprint by supporting them with products, finance and guidance. Personal customers benefit from our partnership with Nissan (0% PCP finance on the entire Leaf EV range) and over 1k new and 3.5k existing customers have availed of our Green Mortgage so it represented 14% of all new mortgage lending in 2020. For business customers sector-specific initiatives like the Teagasc Grass10 supports Agri, and our Green Bond, the first issued by an Irish bank, was twice oversubscribed. We communicated with customers throughout 2020, confirming our commitment to operate as Carbon Neutral across all channels including TV, delivering over 1m impressions. We promoted our sponsorship of Climate Finance Week (CFWI) 2020 and the AIB Sustainability Conference encouraging registrations. Resultant spikes in visitor numbers to our Sustainability webpages when active doubled web traffic, over the course CFWI (unique page views): +145% traffic-increase WoW, +65% traffic-increase YoY vs Nov19.

C-FS12.1c

(C-FS12.1c) Give details of your climate-related engagement strategy with your investee companies.

Type of engagement
Information collection (Understanding investee behavior)

Details of engagement
Included climate change in investee selection / management mechanism

% of investees by number
26.2

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

Portfolio coverage
Minority of the portfolio

Rationale for the coverage of your engagement
AIB has established a Socially Responsible Investment (SRI) Bond portfolio to fund domestic and international projects aimed at global sustainability, carbon emission reduction, and social improvement, all under the over-arching themes of Environment, Social, and Governance (ESG). The portfolio has 33 unique investees out of an overall investee base of 133. This represents 26.2%. While this currently represents a minority of the portfolio, it is likely, as more ESG issuers come to the market, that this percentage will grow steadily in the coming years. While many investees in our portfolio do not currently issue ESG debt, we expect this to change in the near future. AIB collects ESG related information to assess qualification criteria for the SRI bond portfolio. Investments are determined on (a) credit quality of the issuer, (b) the extent to which the investee utilises “green bond” issuance to fund projects and (c) on whether they investee meets the qualification criteria for the portfolio. Issuers are pro-actively communicated with and advised of AIB’s criteria for green bond investment detailed in AIB’s published Socially Responsible Investment Bond Framework. Climate-related projects that qualify for investment include: Renewable Energy, Sustainable Water Management, Pollution Prevention, Green Buildings and Energy Efficiency. A list of exclusions are also detailed in the Framework, principally related to nuclear and fossil fuels. We will look more favourably upon issuers who actively engage in the world of socially responsible investment. This includes sustainable bond roadshows, communication of ESG strategies and results, and creating a general awareness of the importance of socially responsible investing in finance. We also favour issuers whose frameworks incorporate some of the UN Sustainable Development Goals (SDGs). In order to measure the impact of our investment, we require issuer reporting to align with the ICMA Green/Social Bond Principles reporting recommendations for both Allocation and Impact Reporting. Allocation reporting should include: (i) the size of the eligible portfolio; (ii) the total amount of proceeds allocated to the eligible projects; (iii) details of the project where feasible and; (iv) the balance (if any) of unallocated proceeds. Impact reporting should include: (i) qualitative performance indicators such as energy consumption/Co2 saving and; (ii) metrics regarding projects’ environmental and/or social impacts where feasible. We are conscious of the risks of greenwashing . We require the issuing framework to have a Second Party Opinion, as per the ICMA Green/Social Bond Principles. We have also set minimum ESG scoring criteria from international agencies such as MSCI to determine eligibility for our portfolio. This criteria has resulted in a number of investment proposals being automatically rejected for failing to meet the required standards. We will not include bonds in our SRI portfolio where the issuer does not intend to publish any information, reports, or impact metrics regarding their sustainable bond issuance. The engagement strategy, specifically the publication of investment criteria in our SRI Investment Framework, has demonstrated to investees the standards required by AIB for ESG investment to be considered. Our measure success is an internal target to grow the balance invested in the SRI portfolio. For 2020, we set an internal target of >€800m for our SRI bond portfolio, which we exceeded. We are building towards a medium target of our SRI bond portfolio accounting for 10% of our overall bond portfolio.

Impact of engagement, including measures of success
In order to measure the impact of our investment, we require issuer reporting to align with the ICMA Green/Social Bond Principles reporting recommendations for both Allocation and Impact Reporting. Allocation reporting should include: (i) the size of the eligible portfolio; (ii) the total amount of proceeds allocated to the eligible projects; (iii) details of the project where feasible and; (iv) the balance (if any) of unallocated proceeds. Impact reporting should include: (i) qualitative performance indicators such as energy consumption/Co2 saving and; (ii) metrics regarding projects’ environmental and/or social impacts where feasible. We require the issuing framework to have a Second Party Opinion, as per the ICMA Green/Social Bond Principles. These reports allow us to demonstrate and contextualise the positive impact AIB’s investments are having throughout the world. We will not include bonds in our SRI portfolio where the issuer does not intend to publish any information, reports, or impact metrics regarding their sustainable bond issuance. The engagement strategy, specifically the publication of or SRI Investment Framework, has demonstrated AIB’s bona fide commitment to the green bond market. Our measure success is an internal target to grow the balance invested in the SRI portfolio. The value of which will not be disclosed for reason of commercial sensitivity. An example of the success of this engagement is AIB’s €14m participation in a Green Bond issued by an Irish corporate. Funds raised from this bond issue are to be utilised in four key Green project categories: Renewable Energy, Energy Efficiency, Clean Transportation and Green Buildings. The issuers target is to increase renewables to 50% of generation capacity by 2030 and a 50% reduction in carbon intensity by 2030. A sustainability report is published annually to outline how the issuer is performing against its sustainability targets.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

To understand the environmental issues of most concern of our stakeholders, we have ongoing engagement exercises that combine direct feedback with a revised survey of our stakeholder group. In this case "other partners" refers to staff, management, state agencies, shareholders, analyst, educational bodies, and non-governmental bodies. To simplify we have grouped all our stakeholders in 5 groups: Society, Customers, Investors, Regulators and Employees.

We continually engage with the above groups. Following are some of the ways we use to engage with them: Society (direct partnership, community initiatives, surveys, materiality exercise, other), Customers (materiality exercise, focus groups, AIB website, Ask AIB, net promoter score, others), Investors (materiality exercise, industry conferences, AGM and shareholder services, financial reporting, others), Regulators (site visits, regulatory reporting, materiality exercise, others) and Employees (iConnect engagement survey, team meetings, intranet, Six employee resources groups, materiality exercise, others).

We understand how important it is to listen to and to engage with our stakeholder groups. Their feedback and experiences inform and guide us, helping us to focus our actions so that we can improve our service. At the end of 2019 we undertook an extensive stakeholder engagement exercise, completing a materiality exercise with c. 800 stakeholders. It was clear from the materiality exercise that greater progress is needed to raise awareness of the role finance plays in addressing climate change. Climate change is the defining issue of our time, the impacts of which are already visible in local and global economies and society. Given the importance of finance in supporting the transition to a low-carbon economy, we have a fundamental role to play which is why we will continue to focus our efforts on this issue. In 2020, we continued to progress an active and vibrant programme of engagement – through virtual, online, and face-to-face activities with all our stakeholder set, adhering at all times to the COVID-19 relevant restrictions. This engagement comprised set pieces, formal engagement & feedback, membership & representation and informal channels.

We also fund collaborative projects to promote responsible consumption (see Case Study) and run campaigns to provide training to our staff regarding environmental awareness, energy efficiency and climate change impacts. Case Study: AIB has a key role to play in every community in which operates. Nissan and AIB have come together as the new driving force behind an ambitious initiative to put more Electric Vehicle (EV) drivers onto Irish roads and supporting the transition to a low-carbon economy. The 'Power of Zero' initiative was launched in 2020 and offers consumers the opportunity to buy a new Nissan LEAF with 0% finance and to avail of one year's free servicing. Customers who do so could save more than €13,000 in finance and running costs and 11 tonnes of CO_2 emissions over five years, which is equivalent to planting 181,887 trees. This offer supports the Government's Climate Action Plan and presents motorists who want to take the road to a sustainable, greener future with an all-encompassing offer that is the first of its kind in Ireland.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Funding research organizations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	The National Energy Efficiency Action Plan (NEEAP) was written into law in 2009 - Energy End-Use Efficiency and Energy Service Regulations 2009. In 2012, AIB was classified as a public sector organisation under Energy Efficiency Legislation (The State holds 71.12% of the issued ordinary shares of AIB Group plc). As such the organisation is required to fulfil the obligations as set out in NEEAP under this law.	Implement AIB's obligations under the law including: a) 2020 target: 33% energy saving (from 2007 - 2009 baseline) - Achieved b) 2030 targets: reduce CO2e emissions by 30% & improve energy efficiency by 50% c) Report in the Annual Report of energy efficiency actions and progress towards target. d) Compliance with guidelines for Green Public Procurement in the Public Sector. Green procurement meaning that energy considerations and life cycle costs should be taken into account in procurement decisions. e) Develop & implement energy management programmes appropriate to make incremental progress year on year. f) Publish a 3 year energy efficiency strategy and identify longer term initiatives to achieve transformational change. g) Implementation of ISO 50001 Energy Management System. h) Publish formal targets and objectives and report against them annually. i) Energy Certificates to be prominently displayed in all buildings with useful floor areas greater than 500m2 and frequently visited by the public.
Other, please specify (Mandatory energy reporting)	Support	Development of an ongoing relationship with the Sustainable Energy Authority of Ireland (SEAI) in support of a number of strategic initiatives including the submission of reports by AIB to the SEAI around Public Sector Energy Consumption, documenting progress on the requirement for AIB to meet energy savings by 2020 and 2030.	Submission of required energy details and: • Development and implementation of energy management programmes appropriate to make incremental progress year on year. • Publication of a 3 year energy efficiency strategy and identification of longer term initiatives to achieve transformational change. • Implementation of ISO 50001 Energy Management System. • Publication of formal targets and objectives and report against them annually.
Climate finance	Support	We take a proactive approach to the evolving regulatory agenda. In ROI we are contribute to the evolution of this regulation through consultation on proposed EU regulation for sustainable finance and we participate in industry level dialogue through the Banking and Payments Federation of Ireland. ("BPFI"). Through this participation, we have influenced European Banking Federation ("EBF") responses to various consultations, such as the EU's Renewed Sustainable Finance Strategy. In the UK, AIB UK is required to consider the Prudential Regulatory Authority's policy and supervisory statement on the financial risks of climate change and incorporate these within the context of the overall Group's objective of supporting customers to transition to a low carbon economy	a) Following the publication of the Prudential Regulatory Authority Policy Statement PS11/19 and Supervisory Statement SS3/19 concerning the management of the financial risks from climate change, AIB UK submitted an action plan setting out how they plan to achieve the overall management of climate change risk. b) In September 2019 we became a Founding Signatory of the UNEP FI Principles for Responsible Banking and a Supporter of the Taskforce on Climate-related Financial Disclosures (TCFD). We joined these partnerships as we believe they provide us with an opportunity to share our experiences with fellow members, to learn from theirs and to work collectively to progress on climate action. We are making strong progress in delivering on these commitments as we continue to embed environmental and social factors into our risk management processes with updated disclosures in 2020. c) Our non-financial statement in our Annual Financial Report is intended to comply with the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017
Other, please specify (Environmental Sustainability & Carbon Voluntary Reporting)	Support	AIB is a Member of Business in the Community Ireland (BITC), a not for profit group which supports CSR and sustainability. In 2019 AIB was awarded the Business Working Responsibly mark. Our CEO is a member the BITC Leaders Group on Sustainability. BITC advocates that action to address climate change is urgently required and a strong corporate response must be part of the solution. AIB supports BITC's efforts in this area.	Continue to work with BITC in relation to supporting their efforts - on behalf of large businesses in Ireland, in relation to environmental sustainability issues. AIB is signatory of the Low Carbon Pledge. All signatory companies commit to setting science-based carbon emissions reduction targets by 2024, which must include their entire carbon footprint (Scope 1, 2 & 3) and be in line with the Paris Agreement and the latest IPCC findings. The ultimate goal is to achieve carbon neutrality and these targets are the first step towards a net zero world by 2050.
Other, please specify (Addressing climate change through innovation)	Support	We recognise the role that financial services needs to play in addressing climate change. We take our responsibility in this areas seriously, and have a number of strategic initiatives and partnerships in place to support our role: - Sustainability is now the 5th pillar of our corporate strategy - Enhanced commitments made to include reporting to TCFD, UNEP FI Principles for Responsible Banking and Net Zero Banking Alliance and WEF Stakeholder Capitalism metrics / standards - Completion of customer lending 'heat map' using the PCAF standards - Continued engagement with key sectors including Agriculture where we partner with recognised experts and industry bodies to support the ongoing deliver of relevant solutions - Ongoing partnership with Sustainable Finance Ireland including Ireland's Climate Finance Week 2020 where attendance numbers for the week-long series of events increased by 150% and social media reach by 200% (vs 2019 figures)	We remain committed to partnering with like-minded third party organisations in our strategy to address the issue of Climate Change. Our external partnerships and commitments also demonstrate how we continually assess our progress and our held to account to ensure we deliver against our public commitments In 2020, green and transition lending accounted for 16% of overall AIB lending and remains one of the fastest growing sectors of our loan book. In 2020, green and transition lending accounted for 16% of overall AIB lending and remains one of the fastest growing sectors of our loan book.
Climate finance	Support	Climate disruption is already having diverse and wide ranging impacts on Ireland's environment, society, economic and natural resources. The Climate Action and Low Carbon Development (Amendment) Bill 2021 sets out the legal framework for Ireland's transition to a climate resilient, biodiversity rich, environmentally sustainable and climate neutral economy by no later than 2050. Aligned to the Paris agreement, the Bill will see Ireland seek to reduce our emissions by 51% by 2030 (from 2018 levels) For financial service providers, the plan reflects the approach of the Central Bank to climate risk and efforts underway in the EU (EBA) to re-purpose finance to support a de-carbonising economy.	AIB is fully committed to playing our part in ensuring that Ireland successfully responds to climate change in the coming years. Recognising the challenge the green transition presents for businesses and people all over Ireland, AIB has continued to invest in a dedicated piece of research which assesses Irish consumers / SMEs attitudes to the broad issue of Climate Action. This research has enabled us to respond the matters raised, and will continue to inform our approach in understanding how Ireland (and our customers) is embracing the challenges and opportunities that climate change brings.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association
Dublin Chamber

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Dublin Chamber is the largest and most influential B2B networking and lobbying organisation in Dublin. Dublin Chambers represent over 1,300 businesses throughout the Greater Dublin region, collectively employing 300,000 nationally. The Board of Dublin Chamber introduced Sustainability as a core support for the organisations membership. Dublin Chamber has a Sustainability Academy created with Sustainability experts in response to demand from companies in Dublin for help in preparing for a carbon neutral economy. The Academy was launched by the Chamber's President in 2020.

How have you influenced, or are you attempting to influence their position?
In February 2020, AIB's Head of Business banking Market was elected president of the Dublin Chamber. As part of the activities held in 2020 by Dublin Chamber, we sponsored a Sustainability Academy which over 80 businesses have participated in. The aims of the Academy are to provide meaningful support to members helping them to become more sustainable businesses, with Dublin Chamber developing a reputation as a key supporter and enabler of this objective. The Sustainability Academy achieves the following: § Provides an intensive modular Sustainability Training programme § Supports the Chamber's sustainability lobby § Supports businesses preparing to transition to new regulatory, finance, and tendering environment which is changing as part of the circular economy agenda. Participants had the opportunity to attend in depth training workshops on Corporate Sustainability, Carbon Foot printing, Circular Economy, Green Public Procurement, Energy Efficiency Training, and an Introduction to CDP Reporting. These modules were delivered by expert practitioners in the respective topics and enabled the participating businesses to learn new practices that they can apply in their own firms to enhance their Sustainability.

Trade association
BPFI - Banking & Payments Federation Ireland

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Banking & Payments Federation Ireland (BPFI) represents the banking, payments and fintech sector in Ireland. Together with its affiliates, the Federation of International Banks in Ireland and the Fintech & Payments Association of Ireland, BPFI has over 70 member institutions and associates, including licensed domestic and foreign banks and institutions operating in the Irish financial marketplace. BPFI supports the impetus of global initiatives to mobilise investment to make a transition to sustainable finance that will mitigate climate change.

How have you influenced, or are you attempting to influence their position?
AIB holds a position on the governance body of BPFI.

Trade association
WEI– Wind Energy Ireland

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
WEI is Ireland's leading renewable energy representative body and as such has an active interest in the potential for renewable energy, and in particular wind energy, in Ireland. WEI warmly welcomes the development of a National Climate Change Adaptation Framework and is firmly of the view that Irish wind energy as our leading renewable energy asset can, alongside other Irish renewables, make a continued valuable contribution to this national transition agenda and deliver a cost effective renewable option for Ireland's homes, communities and businesses.

How have you influenced, or are you attempting to influence their position?
AIB has provided input to WEI when they are formulating policy submissions as part of Government consultations. Also as a member we have nominated individuals for and voted in WEI Council Elections. We have also voted in the various categories for their annual awards event.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?
No

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

In 2020:

- We were proud to be the lead sponsor of Ireland's Climate Finance Week 2020. Organised by Sustainable Nation Ireland and supported by the Department of Finance, Climate Finance Week took place virtually from the 2nd to 6th November.
- Our fourth AIB Sustainability Conference virtually welcomed over 3,000 attendees inviting them to join a climate conversation with an expert line up. We saw a sixfold increase on our attendance last year, due to increased interest and the virtual setting making it more accessible, while also reducing the footprint of attending. Our speakers included Paul Polman ex CEO of Unilever, Ellen MacArthur founder of the HER foundation focusing on the circular economy and Christiana Figueres the Co-Chair of the 2015 Paris Climate talks. We also invited our employees to join an interactive session with our keynote speaker Christiana Figueres, who spoke about the power of personal contribution and how banks play an important role in the decarbonisation of our society and economy.
- We developed sustainability training which is mandatory for all employees and is focused on ensuring an understanding of sustainability and its importance for business and for AIB. It outlines the role of banks and the financial sector in enabling the environmental and social objectives through sustainable finance. The course also covers AIB's sustainability strategy, our journey to date and areas of focus to integrate sustainability across the organisation. There is a specific module on climate change and climate risks, covering the urgency with which all stakeholders need to act, an overview of relevant climate policies, an outline of business risks as a result of climate change and prompting relevant ESG questions for consideration for customers in different sectors. It is the first step in climate risk training which will be followed up with more in-depth training in the upcoming period for the various employee groups aligned to their role.
- While the manner of engaging with many of our stakeholders may have changed during 2020, our consideration of all stakeholders in decision making remained steadfast. As a bank with over 2.8m customers, 9,356 employees and 4,000 suppliers, we are part of the daily discourse of life in Ireland. We take our responsibility and position seriously, and therefore utilise both formal and informal, two-way communications channels to enquire, listen, understand and respond to the feedback we get from our many stakeholders. This is integral to our evolving sustainability and climate strategy.
- Shared our insight and expertise in energy management and climate action as conference speakers.
- Staff can keep track of sustainable information and topics, tips for a green office, green home and the latest updates on energy and environmental news at "Our Footprint Blog" or via dedicated company intranet pages. A carbon infographic is issued every year to generate widespread sustainable cultural change among staff and inform them of our own environmental impact.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

1) The Sustainability Team was established in January 2016 to advise and support AIB's Leadership Team and the Sustainable Business Advisory Committee (SBAC) on sustainability issues including our climate change strategy. The SBAC has been the overarching Board Advisory Committee responsible for the guidance of our sustainability agenda since 2016. The Committee is appointed by the Board to assist them in fulfilling its independent oversight responsibilities in relation to ESG matters. The SBAC is chaired by an independent Non-Executive Director of AIB Group and membership includes three other independent Non-Executive Directors. It also includes members of the Executive Committee including the Chief Executive Officer, Chief Risk Officer, Chief People Officer and the Director of Corporate Affairs, Strategy & Sustainability. As SBAC is an advisory Board, decisions are routed through our standard governance pathway. To ensure ongoing awareness of the work of the Committee by all Directors, the Committee Chair provided an update to the Board following each meeting on the key items discussed and considered by the Committee. The Committee met on seven occasions in 2020 – five of which were scheduled and two of which were out of course. Specifically, the Committee consider and advise on the key areas of focus as set out in the Sustainability Strategy.

In 2021, in an enhancement to our governance, the Group Sustainability Committee (the "Committee" or "GSC") has replaced the Sustainability Implementation Group. It has been established as a sub-committee of the Executive Committee ("ExCo") of AIB Group ("the Group"). The primary purpose of the Committee is to act as the Group's senior executive forum with responsibility for the governance, oversight and approval of aspects of the Group's Sustainable Business Strategy including Environmental, Social and Governance ("ESG") activities. The ExCo is the most senior management committee of the Group and is accountable to the CEO.

Many working groups have been embedded across our business and are instrumental in supporting the delivery of our Sustainability Strategy. Currently we have working groups in the UK, the USA, Corporate, Institutional & Business Banking, Risk, Legal, Treasury and Retail Banking.

2) In 2016 the Sustainability Team completed our first materiality analysis of key sustainability issues, which is updated every two years in line with best practice. AIB made a significant step in our commitment to sustainable banking in September 2019, when we became a Founding Signatory of the United Nations Environment Programme – Finance Initiative (UNEP FI) Principles for Responsible Banking and a Supporter of the Task Force on Climate-related Financial Disclosures (TCFD). In an evolution of our four-pillar 2017-2019 strategy, Sustainable Communities is now the fifth pillar of our 2020-2022 Group Corporate Strategy, ensuring that we maintain a simple and focused approach to our work. This new strategy reflects our ambition to be both a leading financial institution in climate action and a meaningful part of the communities in which we operate.

3) Internal monitoring, i.e. contract reviews associated with energy suppliers and choosing products that consume less energy, is carried out by the Services Delivery & EEHS teams within AIB's Workplace Operations who have been trained in all aspects of AIB's climate change strategy.

4) Our Energy and Environmental Policies, which are sponsored by our Chief Operating Officer, set out our commitment to energy efficiency and environmental protection, and guide the decisions we make in relation to our internal operations. Both policies are communicated to all relevant parties and are available to the public in https://aib.ie/sustainability. Our executive leadership teams are in charge of implementing them.

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In voluntary sustainability report

Status
Complete

Attach the document
aib-sustainability-report-2020.pdf

Page/Section reference
- Sustainable Communities Strategy - page 13 - Climate Action & emission targets - page 14 - Governance Structure - page 15 & 16 - Risks & Opportunities - page 27 & 28 - Emissions figures - page 34 & 99 - Responding to Climate Action - pages 24 to 43

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment
TCFD (reporting index) – page 91 UNEP FI Principles for Responsible Banking – Reporting & self assessment template –pages 92-97

Publication
In mainstream reports, incorporating the TCFD recommendations

Status
Complete

Attach the document
aib-group-plc-2020-annual-financial-report.pdf

Page/Section reference
Emissions targets (carbon neutrality) - Page 25 & 35 Other metrics - Green Finance, Reduction in Emissions: page 3 & 34 Governance - page 36 Strategy - page 36 Risk management - page 36 & 37 Risks & Opps - page 85 Emissions figures - page 37

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In mainstream reports

Status
Complete

Attach the document
aib-group-(uk)-p.l.c.-annual-financial-report.pdf

Page/Section reference
UK CO2 emissions - page 48 UK Energy use (kWh) - page 48 Total CO2e per FTE - page 48

Content elements
Emissions figures
Other metrics

Comment
Streamlined Energy and Carbon Reporting - from the operations in AIB UK

Publication
In voluntary sustainability report

Status
Complete

Attach the document
AIB_Infographic2020_v3_A4Landscape.pdf

Page/Section reference
Carbon infographic - page 1

Content elements
Emissions figures

Comment

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

	Industry collaboration	Comment
Reporting framework	Task Force on Climate-related Financial Disclosures (TCFD)	In September 2019, we became a Supporter of the Task Force for Climate-Related Financial Disclosures. Our alignment with these key initiatives will help us to continue to progress at pace on the climate action agenda. In our FY2020 Sustainability Report we reported for the first time on our progress implementing the recommendations of TCFD.
Industry initiative	UNEP FI Principles for Responsible Banking	In September 2019 we became a Founding Signatory of the UNEP FI Principles for Responsible Banking. We joined this partnership as we believe it will provide us with an opportunity to share our experiences with fellow members, to learn from theirs and to work collectively to progress on the climate action agenda. In our FY2020 Sustainability Report we reported for the first time on our progress implementing the Principles for Responsible Banking.
Commitment	Other, please specify (Net Zero Banking Alliance & Low Carbon Pledge)	A) Industry-led UN-convened Net Zero Banking Alliance - AIB announced our Net zero commitment and ambitions in 2020, and became a member of the Net Zero Banking Alliance in May 2021. The Alliance recognises of the vital role of banks in supporting the global transition of the real economy to net-zero emissions. B) Low Carbon Pledge - The pledge is a commitment by Irish businesses to invest time and resources into creating more sustainable operations – by being more energy efficient and reducing carbon emissions. The Low Carbon Pledge is powered by the Leaders' Group on Sustainability and it aims to support business to overcome the barriers and complexities of implementing a fair and just transition to a low carbon economy by working collectively to build business capacity and expertise, foster innovation, and critically show leadership by setting an ambitious common standard for business. The Group believes Irish industry will have a greater impact on sustainability by working together, sharing best practice in energy efficiency, by pooling resources and exchanging data – to help us improve our energy usage and that of our clients, supply chain and the communities in which we operate. The Low Carbon Pledge aims to practically demonstrate meaningful business commitment to reducing carbon emissions and act as a catalyst for wider and more far reaching complementary initiatives and actions. All signatory companies commit to setting science-based carbon emissions reduction targets by 2024, which must include their entire carbon footprint (Scope 1, 2 & 3) and be in line with the Paris Agreement and the latest IPCC findings.

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	Yes	Other, please specify (avoided carbon emissions)	AIB performs an impact analysis on its Green Bond Portfolio (GBP) in line with the reporting recommendations set out in the ICMA Green Bond Principles. Two years of impact reports are available on our website. The Asset classes that form part of the current GBP are: high energy efficiency commercial buildings in the Ireland and the UK, and renewable energy assets (wind, solar and anaerobic digestion only) in Ireland, UK and the EU. Not all lending from these assets classes is necessarily included in the GBP. The size of the pool was €2.24bn (31.12.21) and comprise only a portion of AIBs total lending. Our impact reports focus on annual avoided emissions for both renewables and buildings, with installed capacity also being reported for renewables and energy consumption for buildings (used and avoided). By 2040, our ambition is to align our customer lending portfolio across all sectors to Net Zero carbon emissions (with the exception of agriculture which will likely need greater support and so we are aligned to the Government of Ireland's Climate Action plan). As part of our Net Zero ambition, we completed a baseline analysis of our customer lending portfolio (Scope 3 Category 15 emissions) to analyse the emissions by sector as categorised by the NACE activity code. In support of our Net Zero ambition, it is our intention to continue to invest in energy-efficient projects to reduce our own footprint and to work to set SBTs for our lending portfolio.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	This option is not applicable

C-FS14.1a

(C-FS14.1a) What are your organization’s Scope 3 portfolio emissions? (Category 15 “Investments” total emissions)

Category 15 (Investments)

Evaluation status
Relevant, not yet calculated

Scope 3 portfolio emissions (metric tons CO2e)
<Not Applicable>

Portfolio coverage
<Not Applicable>

Percentage calculated using data obtained from client/investees
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Please explain
AIB performs an impact analysis on its Green Bond Portfolio (GBP) in line with the reporting recommendations set out in the ICMA Green Bond Principles. See C-FS14.1b for further details. (Note: The Green Bond Portfolio comprises only a portion of AIBs total lending.) In 2020, we completed a heat map of our customer lending portfolio to understand which sectors had the highest impact. We carried out a high-level baselining exercise of our loan book GHG footprint referencing our loan book at 31.12.2019 and utilizing the Partnership for Carbon Accounting Financials' (PCAF) Global Carbon Accounting Standard. As part of our Net Zero ambition, we completed a baseline analysis of our customer lending portfolio (Scope 3 Category 15 emissions) to analyse the emissions by sector as categorised by the NACE activity code. The analysis demonstrated that AIB has limited exposure to the fossil fuel industry and that as such, compared to a number of peer banks our back book is relatively clean. This sector level analysis focused on Agriculture, Energy, Manufacturing, Property and Construction and Residential Mortgages using Sector level methodologies, based on AIB’s exposure to those sectors. It formed the basis of our Net Zero ambition and subsequent Science Based Targets commitment work that is ongoing.

C-FS14.1b

(C-FS14.1b) What is your organization's Scope 3 portfolio impact? (Category 15 "Investments" alternative carbon footprinting and/or exposure metrics)

Metric type
Other, please specify (Estimated annual avoided emissions)

Metric unit
Other, please specify (tCO2/year)

Scope 3 portfolio metric
1228992

Portfolio coverage
More than 0% but less than or equal to 10%

Percentage calculated using data obtained from clients/investees
100

Calculation methodology
AIB performs an impact analysis on its Green Bond Portfolio (GBP) in line with the reporting recommendations set out in the ICMA Green Bond Principles. (Note: The Green Bond Portfolio comprises only a portion of AIBs total lending.) AIB has relied on the support of external specialised consultant Carbon Trust to assess the impact of the Green Buildings category and Guidehouse (Navigant) to assess the impact of Renewable Energy category. a) The method used to calculate the avoided GHG emissions for AIB's wind and solar portfolio is based on Chapter 3.4.3 of PCAF's Harmonising and implementing a carbon accounting approach for the financial sector and the IFI Approach to GHG Accounting for Renewable Energy Projects. The method used for anaerobic digestion is based on the EU Renewable Energy Directive II and Harmonised Calculations of Biofuel GHGs in Europe. Further information here: https://aib.ie/investorrelations/debt-investor/green-bonds/supporting-documents b) The AIB Impact tool has been developed by the Carbon Trust to allow the AIB's team to calculate and update the impact of the pool of current Green Commercial Loans by comparing the energy and carbon characteristics of the properties against the national average carbon and energy intensities of properties in the respective sector in Ireland and the UK. To calculate the impact the following steps were used: 1 - Determining the baseline carbon intensity (CO2/m2/yr) and, 2- Calculating the carbon impact (avoided CO2/year) of properties in AIB eligible commercial portfolio, against the baseline scenario. Further information here: https://aib.ie/investorrelations/debt-investor/green-bonds/supporting-documents

Please explain
The Eligible Green Project Portfolio is assessed regarding is assessed regarding the following environmental impacts: • Green Buildings: o Estimated annual energy consumption (in KWh/year) and estimated annual avoided energy consumption (in KWh/year) o Estimated annual avoided emissions (in tons CO2 equivalent/year) • Renewable Energy: o Total installed capacity (in MW) o Estimated annual avoided emissions (in tons of CO2 equivalent/year) As per GHG Protocol, any estimates of avoided emissions must be reported separately from a company's scope 1, 2, and 3 emissions, rather than included or deducted from the scope 3 inventory. Our estimated annual avoided emissions were 118,341,842 tCO2 (Portfolio date: 31.12.20). The avoided GHG metric allows AIB's teams a) to measure the climate impacts from AIB's renewable energy portfolio by calculating the avoided GHG emissions from projects financed by AIB and, b) to calculate and update the impact of the pool of current Green Commercial Loans by comparing the energy and carbon characteristics of the properties against the national average carbon and energy intensities of properties in the respective sector in Ireland and the UK. The Green Bond Principles recommend communicating on the expected impact of the projects, the metric is used as an impact indicator. https://aib.ie/investorrelations/debt-investor/green-bonds/impact-and-allocation-reports By 2040, our ambition is to align our customer lending portfolio across all sectors to Net Zero carbon emissions (with the exception of agriculture which will likely need greater support and so we are aligned to the Government of Ireland's Climate Action plan). As part of our Net Zero ambition, we completed a baseline analysis of our customer lending portfolio (Scope 3 Category 15 emissions) to analyse the emissions by sector as categorised by the NACE activity code. In support of our Net Zero ambition, it is our intention to work to set SBTs for our lending portfolio.

Metric type
Other, please specify (Estimated annual energy consumption)

Metric unit
Other, please specify (KWh/year)

Scope 3 portfolio metric
118341842

Portfolio coverage
More than 0% but less than or equal to 10%

Percentage calculated using data obtained from clients/investees
100

Calculation methodology
AIB performs an impact analysis on its Green Bond Portfolio (GBP) in line with the reporting recommendations set out in the ICMA Green Bond Principles. (Note: The Green Bond Portfolio comprises only a portion of AIBs total lending.) AIB has relied on the support of external specialised consultant Carbon Trust to assess the impact of the Green Buildings category. The AIB Impact tool has been developed by the Carbon Trust to allow the AIB's team to calculate and update the impact of the pool of current Green Commercial Loans by comparing the energy and carbon characteristics of the properties against the national average carbon and energy intensities of properties in the respective sector in Ireland and the UK. To calculate the impact the following steps were used: 1 - Determining the baseline carbon intensity (CO2/m2/yr) and, 2- Calculating the carbon impact (avoided CO2/year) of properties in AIB eligible commercial portfolio, against the baseline scenario. Further information here: https://aib.ie/investorrelations/debt-investor/green-bonds/supporting-documents

Please explain
The Eligible Green Project Portfolio is assessed regarding is assessed regarding the following environmental impacts: • Green Buildings: o Estimated annual energy consumption (in KWh/year) and estimated annual avoided energy consumption (in KWh/year) o Estimated annual avoided emissions (in tons CO2 equivalent/year) The estimated annual energy consumption metric allows AIB's teams to calculate and update the impact of the pool of current Green Commercial Loans by comparing the energy and carbon characteristics of the properties against the national average carbon and energy intensities of properties in the respective sector in Ireland and the UK. The Green Bond Principles recommend communicating on the expected impact of the projects, the metric is used as an impact indicator. https://aib.ie/investorrelations/debt-investor/green-bonds/impact-and-allocation-reports By 2040, our ambition is to align our customer lending portfolio across all sectors to Net Zero carbon emissions (with the exception of agriculture which will likely need greater support and so we are aligned to the Government of Ireland's Climate Action plan). As part of our Net Zero ambition, we completed a baseline analysis of our customer lending portfolio (Scope 3 Category 15 emissions) to analyse the emissions by sector as categorised by the NACE activity code. In support of our Net Zero ambition, it is our intention to work to set SBTs for our lending portfolio.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's Scope 3 portfolio impact?

	Scope 3 breakdown	Comment
Row 1	Yes, by asset class	AIB performs an impact analysis on its Green Bond Portfolio (GBP) in line with the reporting recommendations set out in the ICMA Green Bond Principles. The Asset classes that form part of the current GBP are; high energy efficiency commercial buildings in the Ireland and the UK, and renewable energy assets (wind, solar and anaerobic digestion only) in Ireland, UK and the EU. (Note: The Green Bond Portfolio comprises only a portion of AIBs total lending.) We are in the process of completing an SBTi aligned baselining exercise of our customer lending portfolio, including mortgages, commercial real estate and electricity generation. This will form the basis for understanding the impact of AIBs Scope 3 Category 15 emissions

C-FS14.2a

(C-FS14.2a) Break down your organization's Scope 3 portfolio impact by asset class.

Asset class	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Commercial real estate	Other, please specify (Estimated annual avoided emissions)	Metric tons CO2e	62368	We're providing partial disclosure for this asset class, as only details for our Green Commercial Buildings in the UK and Ireland is provided. AIB has relied on the support of external specialised consultant Carbon Trust to assess the impact of the Green Buildings category. The estimated 2020 annual avoided emissions of our green commercial buildings are 62,368 tCO2 (269,428,525 kWh/year). Further information here: https://aib.ie/investorrelations/debt-investor/green-bonds/impact-and-allocation-reports As per GHG Protocol, any estimates of avoided emissions must be reported separately from a company's scope 1, 2, and 3 emissions, rather than included or deducted from the scope 3 inventory. A certain amount of scope 3 emissions would be generated by green buildings within this asset class portfolio. We have calculated this information as energy consumption instead (see below). AIB estimates that this energy consumption (118,341,842 kWh) equates to 27,394 tCO2. Note that this figure has not been verified by Carbon Trust. An impact tool has been developed by the Carbon Trust to allow the AIB's team to calculate and update the impact of the pool of current Green Commercial Loans by comparing the energy and carbon characteristics of the properties against the national average carbon and energy intensities of properties in the respective sector in Ireland and the UK. To calculate the impact the following steps were used: 1 - Determining the baseline carbon intensity (CO_2/m2/yr) and, 2- Calculating the carbon impact (avoided CO_2/year) of properties in AIB eligible commercial portfolio, against the baseline scenario. Further information here: https://aib.ie/investorrelations/debt-investor/green-bonds/supporting-documents
Commercial real estate	Other, please specify (Estimated annual energy consumption)	Other, please specify (kWh/year)	118341842	We're providing partial disclosure for this asset class, as only details for our Green Commercial Buildings in the UK and Ireland is provided. AIB has relied on the support of external specialised consultant Carbon Trust to assess the impact of the Green Buildings category. Estimated annual energy consumption for our green commercial buildings is 118,341,842 kWh/year. Further information here: https://aib.ie/investorrelations/debt-investor/green-bonds/impact-and-allocation-reports AIB estimates that this energy consumption equates to 27,394 tCO2. Note that this figure has not been verified by Carbon Trust. An impact tool has been developed by the Carbon Trust to allow the AIB's team to calculate and update the impact of the pool of current Green Commercial Loans by comparing the energy and carbon characteristics of the properties against the national average carbon and energy intensities of properties in the respective sector in Ireland and the UK. Further information here: https://aib.ie/investorrelations/debt-investor/green-bonds/supporting-documents
Project finance	Other, please specify (Estimated annual avoided emissions)	Metric tons CO2e	1166624	We're providing partial disclosure for this asset class, as only details for Projects Finance of Renewables Projects in the UK and Ireland is provided. AIB has relied on the support of external specialised consultant Guidehouse (Navigant) to assess the impact of the Renewable Projects. The estimated annual avoided emissions of our green Renewables Projects (installed capacity of 11,068 MW) are 1,166,624 tCO2. Further information here: https://aib.ie/investorrelations/debt-investor/green-bonds/impact-and-allocation-reports As per GHG Protocol, any estimates of avoided emissions must be reported separately from a company's scope 1, 2, and 3 emissions, rather than included or deducted from the scope 3 inventory. The method used to calculate the avoided GHG emissions for AIB's wind and solar portfolio is based on Chapter 3.4.3 of PCAF's Harmonising and implementing a carbon accounting approach for the financial sector and the IFI Approach to GHG Accounting for Renewable Energy Projects. The method used for anaerobic digestion is based on the EU Renewable Energy Directive II and Harmonised Calculations of Biofuel GHGs in Europe. Further information here: https://aib.ie/investorrelations/debt-investor/green-bonds/supporting-documents

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	Yes	We are committed to achieving carbon neutrality across our operations by 2030 using a net zero approach, and to aligning our customer lending portfolio to net zero carbon emissions by 2040. As part of our Net Zero ambition, we completed a baseline analysis of our customer lending portfolio (Scope 3 Category 15 emissions) to analyse the emissions by sector as categorised by the NACE activity code. The analysis demonstrated that AIB has limited exposure to the fossil fuel industry and that as such, compared to a number of peer banks our back book is relatively clean. This sector level analysis focused on Agriculture, Energy, Manufacturing, Property and Construction and Residential Mortgages using Sector level methodologies, based on AIB's exposure to those sectors. It formed the basis of our Net Zero ambition and subsequent Science Based Targets commitment work that is ongoing. Our Energy , Climate Action and Infrastructure Business has funded renewable energy projects including Onshore & Offshore Wind, Solar and Anaerobic Digestion.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	This section is not applicable

C-FS14.3a

(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?

	We assess alignment	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	The Bank has updated its Credit risk policy to include consideration of ESG risks in borrower assessments for customers in high risk sectors. These considerations will include whether our customers strategies are aligned with a 'below 2-degree world'.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C-FS14.3b

(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	Yes, for some	Our Corporate Banking Business Unit has commenced providing Sustainability Linked Loans (SLLs). SLLs are used for general corporate purposes, however they are commonly aligned in the market with the sustainability-linked loan principles and enable lenders to incentivise the sustainability performance of the customer as well as support positive changes in environmental and/or social matters. Under these arrangements, the performance of the customer in achieving certain objectives (which could include science based targets) is incentivised.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer at AIB Group plc	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms

Verification statement

To the stakeholders of AIB Group p.l.c., (AIB)

Carbon Clear Limited trading as EcoAct was engaged by AIB Group plc of 10 Molesworth Street, Dublin D02 W260 to conduct limited verification of its 2020 carbon footprint, using the International Standard Organisation's 14064-3:2019 specification with guidance for the validation and verification of greenhouse gas statements.

Opinion

Based on the data and information provided by AIB and the verification processes followed, nothing has come to EcoAct's attention to indicate that the following GHG statements are not fairly stated and free from material error.

Scope 1 emissions	4,213 tCO_2e
Scope 2 emissions*	9,525 tCO_2e
Scope 3 emissions**	10,402 tCO_2e
Outside of scope***	45 tCO_2e

**Location based emissions factors were used to calculate the Scope 2 emissions for the group. When market-based factors are applied, Scope 2 emissions are 114 tCO_2e.*

***Location based emissions factors were used to calculate the Scope 3 emissions for the group. When market-based factors are applied to Scope 2, Scope 3 emissions are 7,428 tCO_2e*

****CO_2 emissions from biomass combustion*

Objective

The objective of this verification was to confirm whether the GHG statements as reported in AIB's 2021 CDP response were fairly stated and free from material error or omission in accordance with the criteria outlined below.

Criteria

The AIB carbon footprint was calculated using The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol); the UK Government's emission conversion factors for greenhouse gas company reporting (2020); the International Energy Agency electricity emissions factors (2020) and other emissions factors as required.

The organisational boundary of AIB is defined as the company's operations and activities in Ireland including data centres and Payzone, and in the UK and the US. Emissions were calculated from activities under AIB's operational control. Operations and activities in the carbon footprint boundary include fuels for heating and transport at offices, branches and business centers, refrigerant gases, purchased electricity, business travel, employee commuting, water use, waste production and disposal, IT provision, paper use, and fuel and energy related activities.

Description of activities

Data and calculations reviewed included those related to Scope 1 Emissions, (combustion of fuels, fugitive emissions), Scope 2 Emissions, (purchased electricity) and Scope 3 Emissions, (Categories 1-3, Categories 5-7, Category 12).

EcoAct's verification team identified emissions sources material to the carbon footprint and verified their activity data through the review and testing of consolidated data and evidence, along with the testing of a sample of data back to its primary source. We then verified the carbon footprint calculations and the GHG statements in accordance with the organisational and operational boundaries outlined above.

Amendments to the carbon footprint calculation, to correct minor data discrepancies, were made during the verification process by the calculation team. These discrepancies were not material to the data reported above.

Gavin Tivey
Principal Consultant

EcoAct Limited
London, July 2021

Statement of independence

EcoAct is an independent company specialising in carbon management consulting and in the calculation of carbon footprints, with extensive experience in the verification of carbon data, information, systems and processes.

The data required for the greenhouse gas emissions described in this statement were compiled by AIB. The greenhouse gas assertions described in this statement were calculated by AIB. No member of the verification team was involved in the carbon footprint calculation process. No member of the EcoAct team has a business relationship with AIB Group plc., its Directors or Managers beyond that required of this assignment. To our knowledge there has been no conflict of interest.