

## SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Social Bond Framework  
Allied Irish Banks  
4 June 2025

### VERIFICATION PARAMETERS

Type of instrument contemplated	<ul style="list-style-type: none"><li>Social bond instruments<sup>1</sup></li></ul>
Relevant standards	<ul style="list-style-type: none"><li>Social Bond Principles, ICMA, June 2023 (with June 2023 Appendix 1)</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>Allied Irish Banks' Social Bond Framework (as of May 6, 2025)</li><li>Allied Irish Banks' eligibility criteria (as of May 6, 2025)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>Valid as long as the cited Framework remains unchanged</li></ul>

<sup>1</sup> Senior bonds (preferred and non-preferred), subordinated bonds, medium-term notes.

## CONTENTS

---

SCOPE OF WORK.....	3
AIB OVERVIEW .....	4
ASSESSMENT SUMMARY .....	5
SPO ASSESSMENT.....	6
PART I: ALIGNMENT WITH THE SOCIAL BOND PRINCIPLES.....	6
PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA.....	8
A. CONTRIBUTION OF THE SOCIAL BOND INSTRUMENTS TO THE U.N. SDGs.....	8
B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA.....	15
PART III: CONSISTENCY OF SOCIAL BOND FRAMEWORK WITH AIB'S SUSTAINABILITY STRATEGY .....	22
ANNEX 1: METHODOLOGY .....	28
ANNEX 2: QUALITY MANAGEMENT PROCESSES.....	29
About this SPO.....	30

## SCOPE OF WORK

Allied Irish Banks (“the Issuer,” “the Bank” or “AIB”) commissioned ISS-Corporate to assist with its social bond instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. AIB’s Social Bond Framework (as of May 6, 2025), benchmarked against the International Capital Market Association’s (ICMA) Social Bond Principles (SBP).
2. The eligibility criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate’s proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of social bond instruments with AIB’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

## AIB OVERVIEW

Allied Irish Banks Plc operates as a holding company, which offers commercial banking, international banking, leasing, insurance and mortgage banking. AIB's four core operating segments are Retail Banking, Capital Markets, Climate Capital and AIB UK. The Retail Banking segment supports AIB's personal and business customers with a range of banking and financial services, delivered through the branch and digital channels with an expanded reach via EBS, Haven, Payzone, AIB life, AIB Merchant Services and Nifti. The Capital Markets segment, including Goodbody, serves the Group's large and medium-sized business customers, as well as the private banking customers, providing deep-sectoral expertise combined with a comprehensive product offering. The AIB UK segment operates in two distinct markets of Great Britain (AIB GB) and Northern Ireland (AIB NI). Across both regions, AIB supports corporate customers with sector-specific expertise. AIB NI offers full-service retail banking. The Climate Capital segment specializes in lending to large scale renewable and infrastructure projects, which are key drivers for sustainable economic growth, across Ireland, the UK, Europe and North America.

The company was founded on Sept. 1, 1966, and is headquartered in Dublin.

### *ESG risks associated with the Issuer's industry*


AIB is classified in the commercial banks and capital markets industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies<sup>2</sup> in this industry are business ethics, labor standards and working conditions, sustainable investment criteria, customer and product responsibility, and sustainability impacts of lending and other financial services/products.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

---

<sup>2</sup> Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within that industry.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>3</sup>
<p><b>Part I:</b></p> <p><b>Alignment with SBP</b></p>	<p>The Issuer has defined a formal concept for its social bond instruments regarding the use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept aligns with the SBP.</p>	<p><b>Aligned</b></p>
<p><b>Part II:</b></p> <p><b>Sustainability quality of the eligibility criteria</b></p>	<p>The social bond instruments will (re)finance the following eligible asset categories: Access to Healthcare, Access to Education, Social and Affordable Housing, SME Financing, and Affordable Basic Infrastructure.</p> <p>Product and/or service-related use of proceeds categories<sup>4</sup> individually contribute to one or more of the following SDGs:</p>  <p>The environmental and social risks associated with the use of proceeds categories and the financial institution are managed.</p>	<p><b>Positive</b></p>
<p><b>Part III:</b></p> <p><b>Consistency of social bond instruments with AIB's sustainability strategy</b></p>	<p>The Issuer clearly describes the key sustainability objectives and the rationale for issuing social bond instruments. All project categories considered align with the Issuer's sustainability objectives.</p>	<p><b>Consistent with Issuer's sustainability strategy</b></p>

<sup>3</sup> The evaluation is based on AIB's Social Bond Framework (May 6, 2025, version), on the analyzed selection criteria as received on May 6, 2025.

<sup>4</sup> Access to Healthcare (healthcare facilities, residential care facilities, "pure-play" companies in healthcare), Access to Education (education facilities, "pure-play" companies in education), Social and Affordable Housing (housing organizations, first home scheme, local authority affordable purchase scheme, cost rental scheme, mortgage to rent scheme), SME Financing (SME financing in socioeconomically disadvantaged areas, SMEs affected by socioeconomic crises), Affordable Basic Infrastructure (water, sanitation, broadband).

## SPO ASSESSMENT

### PART I: ALIGNMENT WITH THE SOCIAL BOND PRINCIPLES

This section evaluates the alignment of AIB’s Social Bond Framework (as of May 6, 2025) with the SBP.

SBP	ALIGNMENT	OPINION
1. Use of proceeds	✓	The use of proceeds description provided by AIB’s Social Bond Framework is <b>aligned</b> with the SBP. The Issuer’s social categories align with the project categories as proposed by the SBP. Criteria are clearly and transparently defined, and the evaluation process of the sustainability quality of the eligible deposits is described. Disclosure of an allocation period and a commitment to report by project category have been provided. Social benefits are described and quantified.
2. Process for project evaluation and selection	✓	The process for project evaluation and selection described in AIB’s Social Bond Framework is <b>aligned</b> with the SBP. The project selection process is clearly defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed appropriately. Furthermore, the selected projects align with the Issuer’s sustainability strategy and clearly show the intended benefit to the relevant population. The Issuer defines exclusion criteria for harmful project categories.  Moreover, the Issuer transparently and clearly defines the responsibilities of internal and external stakeholders, which is consistent with best market practices.
3. Management of proceeds	✓	The management of proceeds provided by AIB’s Social Bond Framework is <b>aligned</b> with the SBP.  The Issuer intends to ensure that the net proceeds collected will equal the amount allocated to eligible projects. These net proceeds are tracked appropriately and attested to through a formal internal process. The net

SBP	ALIGNMENT	OPINION
		<p>proceeds are managed on an aggregated basis across multiple social bonds (portfolio approach). Furthermore, the Issuer discloses the temporary investment instruments and their ESG criteria for unallocated proceeds.</p>
<p><b>4. Reporting</b></p>	<p>✓</p>	<p>The allocation and impact reporting provided by AIB’s Social Bond Framework is <b>aligned</b> with the SBP. The Issuer commits to disclosing the allocation of proceeds transparently and reporting with appropriate frequency. This reporting will be publicly available on the Issuer’s <a href="#">website</a>. AIB has disclosed the type of information that will be reported and clarifies that the expected reporting will be at the project category level. Moreover, the Issuer commits to report annually until the bond matures or the proceeds have been fully allocated.</p> <p>The Issuer is transparent regarding the level of impact reporting, the information reported, and further defines the duration, scope and frequency of the impact reporting, in line with best market practices.</p>

## PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

### A. CONTRIBUTION OF THE SOCIAL BOND INSTRUMENTS TO THE U.N. SDGs<sup>5</sup>

The Issuer can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being a responsible actor, working to minimize negative externalities in its operations along the entire value chain.


#### 1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as ISS ESG’s SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer’s products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU taxonomy Climate Delegated Act, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:





Each of the social bond instruments’ use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Access to Healthcare</b></p> <p><i>Healthcare facilities:</i></p> <ul style="list-style-type: none"> <li>Loans dedicated to the financing of the operation of healthcare facilities such as hospitals and primary care facilities, affiliated to the relevant national healthcare system and schemes and/or broadly accessible by the general population, including facilities to treat specific physical and cognitive deficit conditions, and</li> </ul>	<p><b>Contribution<sup>6</sup></b></p>	



<sup>5</sup> The impact of the UoP categories on U.N. SDGs is assessed with proprietary methodology and may therefore differ from the Issuer’s description in the Framework.

<sup>6</sup> The review is limited to examples spelled out in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>rehabilitation services for drugs and alcohol related conditions.</i></p> <p><i>Residential care facilities:</i></p> <ul style="list-style-type: none"> <li>Loans dedicated to the financing of the operation of residential care facilities for people with specific health conditions (such as learning or physically disabled people), affiliated with nursing home schemes.</li> </ul>	<p><b>Contribution<sup>7</sup></b></p>	
<p><b>Access to Healthcare</b></p> <p><i>Residential care facilities:</i></p> <ul style="list-style-type: none"> <li>Loans dedicated to the financing of the construction, maintenance, renovation and operation of residential care facilities for elderly people, such as assisted living facilities affiliated with national residential care.</li> </ul>		
<p><b>Access to Healthcare</b></p> <p><i>Healthcare facilities:</i></p> <ul style="list-style-type: none"> <li>Loans dedicated to the financing of the construction, maintenance and renovation of healthcare facilities such as hospitals and primary care facilities, affiliated to the relevant national healthcare system and schemes and/or broadly accessible by the general population, including facilities to treat specific physical and cognitive deficit conditions, and rehabilitation services for drugs and alcohol related conditions.</li> </ul> <p><i>Residential care facilities:</i></p> <ul style="list-style-type: none"> <li>Loans dedicated to the financing of the construction, maintenance and renovation of residential care facilities people with specific health conditions (such as learning or physically disabled people) affiliated with nursing home schemes.</li> </ul>		

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.



USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS	
<p><b>Access to Healthcare</b> <i>"Pure-play" companies in healthcare:</i><sup>9</sup></p> <ul style="list-style-type: none"> <li>Loans to "pure-play" companies in healthcare working on products and services in the medical and healthcare field such as:                             <ul style="list-style-type: none"> <li>Development of healthcare technology and medical specialty, diagnostic and emergency services, automation solutions to the healthcare sectors;</li> <li>Production of equipment for hospitals and care-homes as well as for private customers (such as customised wheelchairs, adaptive seating systems, and other mobility solutions for individuals diagnosed with permanent or long-term loss of mobility).</li> </ul> </li> </ul>	<p><b>Contribution</b><sup>10</sup></p>		
<p><b>Access to Education</b> <i>Education facilities:</i></p> <ul style="list-style-type: none"> <li>Loans dedicated to the financing of education provision such as the operation of schools.</li> </ul> <p><i>Student housing:</i></p> <ul style="list-style-type: none"> <li>Loans to student housing organisations and providers.</li> </ul>		<p><b>Contribution</b><sup>11</sup></p>	
<p><b>Access to Education</b> <i>Education facilities:</i></p> <ul style="list-style-type: none"> <li>Loans dedicated to the financing of education provision such as the construction, maintenance and renovation of schools.</li> <li>Loans dedicated to the financing of education provision such as the operation,</li> </ul>			<p><b>Contribution</b><sup>13</sup></p>

<sup>9</sup> "Pure-play" healthcare companies, as defined by the three-step process detailed in Appendix 1 of AIB's framework.

<sup>10</sup> The review is limited to examples spelled out in the Framework.

<sup>11</sup> Ibid.

<sup>13</sup> The review is limited to examples spelled out in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS	
<p><i>construction, maintenance and renovation of universities.</i></p> <ul style="list-style-type: none"> <li>Loans dedicated to the financing of education provision such as the operation, construction, maintenance and renovation of 3rd level education facilities and vocational training centres.</li> </ul> <p><i>"Pure-play" companies in education.<sup>12</sup></i></p> <ul style="list-style-type: none"> <li>Loans to "pure-play" companies in education such as providers of educational courses and materials including language courses and specific training.</li> </ul>	<p><b>Contribution<sup>15</sup></b></p>		
<p><b>Access to Education</b></p> <p><i>"Pure-play" companies in education.<sup>14</sup></i></p> <ul style="list-style-type: none"> <li>Loans to "pure-play" companies in education such as non-profit organisations.</li> </ul>		<p><b>Contribution<sup>17</sup></b></p>	
<p><b>Social and Affordable Housing</b></p> <p><i>Housing organisations:</i></p> <ul style="list-style-type: none"> <li>Loans to housing bodies, organisations and entities that enable the provision of affordable housing and provide greater access to social and affordable housing in accordance with accredited or registered social and affordable housing definitions, and/or contributes to enhanced access for low-income residents or marginalised communities.<sup>16</sup> Housing organisations are often not-for-profit charities.</li> </ul>			<p><b>Contribution<sup>21</sup></b></p>
<p><b>Social and Affordable Housing</b></p> <p><i>First Home Scheme:</i></p> <ul style="list-style-type: none"> <li>Loans to individuals that enable the purchase of new build primary dwelling homes on a shared equity basis, subject to approval of the individual(s) participation in</li> </ul>			

<sup>12</sup> "Pure-play" education companies, as defined by the three-step process detailed in Appendix 1 of AIB's framework.

<sup>14</sup> "Pure-play" education companies, as defined by the three-step process detailed in Appendix 1 of AIB's framework.

<sup>15</sup> The review is limited to examples spelled out in the Framework.

<sup>16</sup> Affordable rental housing generally targets individuals unable to afford private-sector rents or homeownership, as well as specific demographics such as seniors or the homeless. The Issuer commits that the rents will be below market value.

<sup>17</sup> The review is limited to examples spelled out in the Framework.


<sup>21</sup> The review is limited to examples spelled out in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>the scheme by the relevant authorised body. Eligibility being assessed in accordance with legislative requirements, including but not restricted to being a first-time buyer or "Fresh Starter," use of the property (primary dwelling only) and local authority property valuation thresholds.<sup>18</sup></i></p> <p><i>Local Authority Affordable Purchase Scheme:</i></p> <ul style="list-style-type: none"> <li><i>Loans to individuals that enable the purchase of local authority primary dwelling homes on a shared equity basis, subject to local authority approval of the individual(s) participation in the scheme. Eligibility being assessed in accordance with the relevant legislative and local authority requirements, including but not restricted to being a first-time buyer or "Fresh Starter," with maximum income thresholds and local authority property valuation thresholds. Where demand exceeds supply, each local authority applies a "Scheme of Priority," based on household size and housing needs to prioritise applicants to the scheme.<sup>19</sup></i></li> </ul> <p><i>Cost rental scheme:</i></p> <ul style="list-style-type: none"> <li><i>Loans to facilitate middle-income people which are above the threshold for social housing but have difficulty affording private rented accommodation. The rents for cost rental homes will be targeted at, at least 25% below regular market rents in an area, and are based on the cost of building, managing and maintaining the homes over a minimum of 40 years.<sup>20</sup></i></li> </ul>		

<sup>18</sup> First Home Scheme as described in the Irish government's [Housing for All](#) policy. "Fresh Starters" are those making a fresh start after a divorce, separation or bankruptcy.

<sup>19</sup> Local authority housing schemes as described in the Irish government's [Housing for All](#) policy. Eligibility is restricted to scheme providers authorized by the Minister for Housing, Planning and Local Government to operate the MTR Scheme.



<sup>20</sup> The [scheme](#) does not include any profit for developers and is delivered by approved housing bodies, local authorities and the Land Development Agency. These entities provide long-term security of tenure, enabling individuals to rent the same property indefinitely.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Social and Affordable Housing</b> <i>Mortgage to Rent Scheme:</i></p> <ul style="list-style-type: none"> <li>Loans to authorised scheme providers under the mortgage-to-rent scheme. The mortgage-to-rent scheme is only available for citizens whose mortgage is with a private lender. Under the scheme, people that cannot pay their mortgage have the opportunity to become social housing tenants with a right to have their housing needs met by the local authority indefinitely (including monthly affordable rent based on income).<sup>22</sup></li> </ul>	<p><b>Contribution</b><sup>23</sup></p>	
<p><b>SME Financing</b> <i>SME financing in socioeconomically disadvantaged areas:</i></p> <ul style="list-style-type: none"> <li>Loans dedicated to the financing of SMEs, meeting the following cumulative three criteria:                             <ul style="list-style-type: none"> <li>SMEs as per <a href="#">EU Commission definition</a>.</li> <li>SMEs are subject to negative screening as per Social Bond Exclusion List.</li> <li>SMEs and must be located in the most socioeconomically disadvantaged areas in Ireland. Socioeconomically disadvantaged areas are defined as areas ranking in the bottom 30th percentile in terms of the Irish Deprivation Index, which takes into account factors such as GDP per capita and unemployment rate (as defined in Appendix 2).</li> </ul> </li> </ul>		<p><b>Contribution</b><sup>24</sup></p>

<sup>22</sup> The [mortgage-to-rent scheme](#), as detailed in the Irish government’s Housing for All policy, is [offered](#) by AIB Group in partnership with iCare Housing and the Irish Mortgage Housing Organisation. It aims to allow customers experiencing mortgage difficulties, and who qualify for social housing, to remain in their homes.

<sup>23</sup> The review is limited to examples spelled out in the Framework.

<sup>24</sup> Ibid.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>SMEs affected by socioeconomic crises:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Loans dedicated to the financing of SMEs, meeting the following cumulative three criteria:</i> <ul style="list-style-type: none"> <li>▪ <i>SMEs as per <a href="#">EU Commission definition</a>.</i></li> <li>▪ <i>SMEs are subject to negative screening as per Social Bond Exclusion List.</i></li> <li>▪ <i>SMEs negatively impacted by the consequences of socioeconomic, political and natural disaster crises.</i></li> </ul> </li> </ul>	<p><b>Contribution</b></p>	
<p><b>Affordable Basic Infrastructure</b></p> <ul style="list-style-type: none"> <li>▪ <i>Projects that finance affordable basic infrastructure, and accessibility to affordable basic infrastructure including clean drinking water, sewers, sanitation for communities that currently have no access, limited access or poor-quality access.</i></li> </ul>		
<p><b>Affordable Basic Infrastructure</b></p> <ul style="list-style-type: none"> <li>▪ <i>Projects that finance affordable basic infrastructure, including broadband (including high-speed broadband) for communities that currently have no access, limited access or poor-quality access.</i></li> </ul>		

## B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA

The table below evaluates the eligibility criteria against issuance-specific KPIs. The entirety of the assets are and will be located in the EEA (including Ireland), the UK and the U.S.

### ASSESSMENT AGAINST KPIs

#### **Integration of ESG guidelines into the lending process**

The Issuer confirms that environmental aspects are considered across all sectors within the credit assessment due diligence process. While AIB does not have a systematic ESG screening process for all financed assets, those assets likely to have significant environmental effects due to their size, nature or location are required to undergo an environmental impact assessment (EIA). This assessment must be submitted to the relevant authorities when applying for project development.<sup>25</sup>

Furthermore, AIB gathers and reviews Technical Due Diligence (TDD) reports for all major projects where it acts as a lender.<sup>26</sup> These reports address environmental concerns and, where necessary, include in-depth environmental reviews, which are also gathered and reviewed as part of the credit approval process. An EIA or environmental and social impact assessment may be included in the TDD for a given project, and these are typically provided by the borrower.

For new lending applications, AIB applies an ESG questionnaire (ESGQ) when all of the following criteria are met: (i) the borrower is identified as carrying increased transitional, environmental, social and/or governance-related risk (as determined by sector), (ii) the new lending exceeds EUR/USD 1 million, and (iii) the borrower's sector is classified as a high or moderate transition risk sector, based on sector-specific internal rankings. As part of the ESGQ, AIB assesses a borrower's compliance with ESG factors, including adherence to minimum safeguard criteria (e.g., combatting modern slavery and upholding human rights). Starting in 2025, the questionnaire is also required for annual reviews of borrowers in high and moderate transition risk sectors with an exposure greater than EUR 10 million. Additionally, it is to be used for material waiver requests where the request relates to limits exceeding EUR 1 million in a high transition risk sector. Lending applications that do not meet all of the thresholds listed under (i), (ii) and (iii) are not subject to an ESGQ.

If a significant risk rating is determined for a borrower subject to the ESGQ, AIB provides adequate rationale and mitigation strategies to support the lending recommendation. In the case of property lending, external independent valuations must cover ESG building risks, and an AIB engineer is required to conduct a site/building visit to inform a credit approval opinion.

<sup>25</sup> EIAs are conducted for projects that meet the thresholds outlined in the [EU EIA Directive](#) or the UK Town and Country Planning (Environmental Impact Assessment) Regulations, or when EIAs are mandated by the relevant national law of the countries where the assets are located.

<sup>26</sup> There is no standard definition of "major projects" for TDD.

If the ESG risk is considered high, a re-assessment of the building proposal or recalibration of building costs would be required.

Every Capital Markets exposure in AIB requires Credit Committee approval, which necessitates a credit review written and presented by a bank official. The credit review includes a section on sustainability considerations, which is reviewed by the approval authority as part of the credit process.<sup>27</sup>

An [Excluded Activities List](#)<sup>28</sup> is applied to all business customers with a gross connected exposure greater than GBP/EUR 300,000 who are relationship-managed. With specific regard to assets financed under the Social Bond Framework, additional activities are excluded from financing, regardless of size threshold.<sup>29</sup>

### Labor, health and safety



As of Dec. 31, 2024, approximately 95% of the Bank's assets are located in Ireland and the UK, while the remaining assets are located in other EEA countries or the U.S. According to the Bank, the vast majority of its social bonds' proceeds will be allocated to assets located in the aforementioned countries. To the extent that all eligible assets have not yet been identified, the exact breakdown per location is not currently available; however, the Bank expects it to be consistent with its current portfolio.

As the vast majority of financed assets will be located in Ireland and the UK, high labor, health and safety standards are ensured for most assets financed under this Framework.

Furthermore, AIB's ESGQ assesses borrowers' compliance with minimum safeguard criteria, such as those combatting modern slavery and upholding human rights.<sup>30</sup>

### Biodiversity



As of Dec. 31, 2024, approximately 95% of the Bank's assets are located in Ireland and the UK, while the remaining assets are located in other EEA countries or the U.S. According to the Bank, the vast majority of its social bonds' proceeds will be allocated to assets located in the aforementioned countries. To the extent that all eligible assets have not yet been identified, the exact breakdown

<sup>27</sup> The Issuer disclosed that about 40% of the social bond pool comes from the Capital Markets division.

<sup>28</sup> This list has since been incorporated into AIB's Group Credit Risk Policy, which supports the management of credit risk across the Group.

<sup>29</sup> The following activities are additionally excluded: coal, oil, petrol, fossil fuels, genetically modified organisms in food and feed, tobacco, gambling, and alcohol.

<sup>30</sup> The ESGQ is incorporated into credit applications for new lending only when (i) borrowers are identified as carrying increased transitional, environmental, social and/or governance-related risk; (ii) the new lending exceeds EUR/USD 1 million; and (iii) the borrower's sector is classified as high and/or moderate transition risk, based on sector-specific rankings.

per location is not currently available; however, the Bank expects it to be consistent with its current portfolio.

As the vast majority of financed assets will be located in Ireland and the UK, both Equator Principles Designated Countries, high biodiversity standards are ensured for most assets financed under this Framework.

Furthermore, in line with AIB Group's [Excluded Activities List](#), AIB does not provide financing to activities threatening nature and biodiversity. This includes deforestation or the burning of natural ecosystems for land clearance, timber sourced from illegal trading or logging operations, and the production or trade in wood or other forestry products not originating from sustainably managed forests.

### Community dialogue



As of Dec. 31, 2024, approximately 95% of the Bank's assets are located in Ireland and the UK, while the remaining assets are located in other EEA countries or the U.S. According to the Bank, the vast majority of its social bonds' proceeds will be allocated to assets located in the aforementioned countries. To the extent that all eligible assets have not yet been identified, the exact breakdown per location is not currently available; however, the Bank expects it to be consistent with its current portfolio.

As the vast majority of financed assets will be located in Ireland and the UK, both Equator Principles Designated Countries, community dialogue is ensured as an integral part of the planning process for assets financed under this Framework.

### Inclusion



Regarding universal access to the service, within the Healthcare category, only financing for hospitals and primary care facilities affiliated with national healthcare systems is eligible. The eligible portfolio includes facilities in Ireland, the UK, France and Germany. Specifically, in Ireland and the UK, financing for public hospitals and private hospitals through National Treatment Purchase Fund (NTPF) or other agreements commissioned by the Health Service executive (HSE) or National Health Service (NHS), respectively, arranges for the provision of hospital treatment is eligible. In France and Germany, eligible hospitals must accept state health insurance (French Social Security or German state insurance). For nursing home-related financing, only nursing homes participating in the [Fair Deal](#) scheme are eligible. There are no hospital charges for public inpatient care or day service care, and costs for Fair Deal nursing home care are subsidized.

Within the Education category, only public (non-fee-paying) primary and secondary schools are eligible. Regarding university and other third-level education/vocational training, specifically in Ireland, accessibility for low-income students is facilitated through Student Universal Support Ireland (SUSI),<sup>31</sup> with eligibility subject to income thresholds.<sup>32</sup> In the UK, students can apply for living cost loans (as well as tuition fee loans), which are based on the university and relevant income. Outside the UK and Ireland, only institutions that are public, subsidized by the government or employer, or qualify for government grants and other affordability schemes are included.



In its [Human Rights Commitment](#), AIB ensures non-discrimination among customers based on gender, marital status, family status, age, disability, sexual orientation, race, religion, or any other grounds where discrimination is prohibited under local law (e.g., membership of the Traveller Community in Ireland). Furthermore, AIB maintains several policies to ensure accessibility to its services and products for all customers.

### Data protection and information security

The Issuer maintains [measures](#) to ensure that data collection processes for retail borrowers meet minimum requirements for data and information security, including data security in outsourced data processing. Specifically, AIB's requirements for its staff include completing annual training on data protection and complying with relevant policies and procedures established by the appropriate business units. Furthermore, AIB's Data Protection Office provides bespoke data protection training sessions as needed throughout the year.



The Issuer has a Data Protection Policy and an ePrivacy Policy, both of which are aligned with the EU General Data Protection Regulation and the requirements set out by the Irish Data Protection Act 2018 and the UK Data Protection Act 2018 and ePrivacy Regulations in ROI and UK Privacy and Electronic Communications Regulations (PECR) (Privacy and Electronic Communications) in the UK. Additionally, AIB's Information Security Policy establishes requirements for the identification, evaluation, management and oversight of information security risks, including cyber risks, across the Bank.

Regarding outsourcing, the Issuer has a structured mechanism for data management whenever third-party providers (TPPs) are involved. All TPPs, including outsourcing arrangements, are subject to the AIB Operational Risk

<sup>31</sup> [SUSI](#) is Ireland's authority for further and higher education grants. SUSI provides funding to eligible students pursuing approved full-time courses at Post Leaving Certificate (PLC), undergraduate and postgraduate levels. SUSI administers funding in accordance with the legislation outlined in the [Student Support Act 2011](#) and the annual [Student Grant Scheme](#) and [Student Support Regulations](#).

<sup>32</sup> The income threshold tables are available for [undergraduate](#), [PLC](#) and [postgraduate](#) students. Further information on income thresholds can be found on SUSI's [website](#).

Framework and governed by the Third-Party Risk Management Policy. Supporting this policy, several mechanisms are in place, such as the Third-Party Management (TPM) Framework, Group Outsourcing Strategy, and a suite of TPM Standards, which must be adhere to when engaging a TPP. A service assessment is completed for all third-party engagements, identifying the risks associated with engaging a TPP to undertake a service on behalf of AIB and the potential impact. Any proposal to engage a third party to provide critical outsourcing services on the Group's behalf must be approved by the Board Risk Committee, based on criteria outlined in the Third-Party Risk Management Policy. Approval for engagement with other third parties is determined via a risk-based approach. Following a thorough due diligence process, the selection of a third-party provider must be approved by the appropriate internal governance committee(s). A register of all third-party providers, including details of the relationship with AIB, is maintained by AIB. All wholly owned Group companies subject to financial regulatory authorization are required to undertake a risk assessment for any services provided by AIB Group.

### Responsible treatment of customers experiencing debt repayment problems

The Issuer has implemented various measures to responsibly address clients experiencing debt repayment challenges.



First, with regard to residential mortgage lending, AIB adheres to the Central Bank of Ireland's [macroprudential measures](#), which aim to ensure sustainable lending standards in the mortgage market. These measures establish limits on the amount individuals can borrow to purchase residential property utilizing loan-to-income and loan-to-value ratios, as well as deposit thresholds for buy-to-let investors.

Second, AIB provides debt counseling services, including a [helpline](#) for customers facing debt repayment difficulties and an [overview](#) of available options.

Finally, AIB maintains a Group Forbearance Policy and a Vulnerable Customer Policy, which provide [options](#) under non-detrimental conditions, and provisions regulating mortgage sales and foreclosures for retail clients.<sup>33</sup>

### Sales practices



The Issuer implemented systematic measures to ensure that assets financed under this Framework are subject to responsible sales practices.

<sup>33</sup> As outlined in AIB's [2024 Annual Financial Report](#).

Specifically, the Issuer maintains a training program for all employees involved in the development, distribution and fulfillment of products, and management monitors employee qualifications. The Product and Proposition Risk Policy outlines the approach for managing and mitigating risks associated with the development of products, propositions and services, as well as substantial changes to existing products.

The Issuer gives significant consideration to ethical factors in the calculation of commissions and bonus payments.<sup>34</sup> Measures are in place for evaluating agent competence and sales practices, conducting customer surveys to assess post-sale understanding of products and services, monitoring and assessing customer complaints, and providing training on responsible sales practices. Furthermore, the Issuer's policy affirms adherence to CBI legislation regarding sales practices.

### Responsible marketing



The Issuer is committed to transparency in its marketing activities. Specifically, when advertising or selling products, AIB discloses all relevant information to customers, including applicable charges, and its advertising includes warnings alerting customers to any potential negative consequences related to said charges. Furthermore, upon the launch of a new product, AIB conducts a post-launch review of its advertising campaigns to assess customer understanding of the campaign's purpose and key messages, including the clarity of communications and key message takeaways.

### Exclusion criteria

The Issuer's lending due diligence assessment includes a negative screening for Excluded Activities. For the purpose of the Social Bond Framework, the following sectors are further excluded: coal, oil, petrol, fossil fuels, genetically modified organisms in food and feed, tobacco, gambling, and alcohol. Furthermore, AIB intends to exclude any activity harmfully impacting the conservation of biodiversity and the sustainable management of living natural resources.

The AIB Group Excluded Activities List applies to all business customers at the company level with a gross connected exposure exceeding GBP/EUR 300,000<sup>35</sup> and who are relationship-managed.

Furthermore, AIB strives to act and conduct its business sustainably, including within its supply chain. It only engages with companies that adhere to its [Responsible Supplier Code](#), which outlines its expectations, including regarding responsible and ethical behavior. AIB has a

<sup>34</sup> As outlined on Page 4 of AIB's [Remuneration Policy](#).

<sup>35</sup> The EUR 300,000 threshold captures typical minimum business levels in the main Corporate and Business Banking units.

Financial Crime Framework in place (which includes the Financial Crime Policy and standards on Anti-Money Laundering/Countering the Financing of Terrorism, Fraud and Group Sanctions), delivered through the Three Lines of Defence Model<sup>36</sup> and subject to oversight by the board and externally by the CBI.

---

<sup>36</sup> The Three Lines of Defence Model, outlined in AIB's [Code of Conduct](#), encompasses people leader with support of HR, risk function and group internal audit.

## PART III: CONSISTENCY OF SOCIAL BOND FRAMEWORK WITH AIB'S SUSTAINABILITY STRATEGY

*Key sustainability objectives and priorities defined by the Issuer*

TOPIC	ISSUER APPROACH
<p><b>Strategic ESG objectives</b></p>	<p>The Issuer focuses on climate and environmental action, societal and workforce progress, and governance and responsible business. These sustainability pillars were defined through a double materiality assessment.</p>
<p><b>ESG goals/targets</b></p>	<p>To achieve its strategic ESG objectives, the Issuer has established the following goals.</p> <p>Climate and environmental action:</p> <ul style="list-style-type: none"> <li>▪ Lend responsibly and steer the portfolios toward net zero by 2050.</li> <li>▪ Reach net zero in own operations by 2030.</li> <li>▪ 70% of new lending to be green and transition by 2030.</li> <li>▪ Increase consideration and management of climate and environmental risks, setting both Sectoral Decarbonisation Approach and Portfolio Coverage Approach targets accounting for 75% of the loan book in 2021. Specifically, the Issuer aims to:                             <ul style="list-style-type: none"> <li>▪ Increase loan volume covered by emissions targets from 12% to 54% by 2030, compared to a 2021 baseline, for corporate portfolio coverage.</li> <li>▪ Hit 58% and 67% reduction in emissions intensity required by 2030, compared to a 2021 baseline, for residential mortgages and commercial real estate, respectively.</li> <li>▪ Maintain electricity generation at or below 21 gCO<sub>2</sub>/kWh.</li> </ul> </li> <li>▪ Contribute to protecting nature and safeguarding natural ecosystems/habitats.</li> </ul> <p>Societal and workforce progress:</p> <ul style="list-style-type: none"> <li>▪ Put its customers first, always treating them fairly and with respect.</li> <li>▪ Continue to proactively contribute to a robust and sustainable economy and society, targeting EUR 6 billion of cumulative new lending to first-time buyers in ROI by 2026.</li> </ul>

TOPIC	ISSUER APPROACH
	<ul style="list-style-type: none"> <li>▪ Empower its workforce and foster a safe, inclusive and supportive work environment.</li> <li>▪ Support its communities and local initiatives in a sustainable way, setting a Community Fund of EUR 1 million, part of its EUR 11.3 million Community Investment.</li> </ul> <p>Governance and responsible business:</p> <ul style="list-style-type: none"> <li>▪ Facilitate a culture that promotes its values and fosters engagement.</li> <li>▪ Ensure that the board and management work to the highest standards to deliver long-term value.</li> <li>▪ Operate responsibly at all levels, while managing cyber security, data security and operational resilience risks.</li> <li>▪ Target between 40% and 60% of female representation in Executive Committee and management. In addition, AIB has an ongoing target for board of a minimum of 40% female representation.</li> </ul> <p>These goals are public and monitored annually within AIB’s sustainability reporting.</p>
<p><b>Action plan</b></p>	<p>The Issuer has implemented several initiatives to achieve its goals:</p> <ul style="list-style-type: none"> <li>▪ Climate and environmental action: AIB has increased its Climate Action Fund from EUR 10 billion (by the end of 2023) to a cumulative EUR 30 billion by 2030, with EUR 5.1 billion in new lending in 2024. Thirty-five percent of new lending was classified as green and transition in 2024, aligning with its target of 70% by 2030. To decarbonize its loan book, AIB offers green products to its clients, provides green and transition financing to support climate action (AIB’s Climate Action Fund and Climate Capital segment), and educates its customers and employees on its sustainability journey. AIB is also decarbonizing its operations by sourcing renewable energy and upgrading branch and office buildings to improve energy efficiency.</li> <li>▪ Societal and workforce progress: AIB focuses on financial wellbeing, housing, and equal treatment and opportunities for all. Regarding financial wellbeing, AIB is improving its tailored financial products, supporting customers in vulnerable situations through accessibility and language translation and interpretation initiatives, and promoting financial literacy</li> </ul>

TOPIC	ISSUER APPROACH
	<p>though the AIB Future Sparks Programme (an interdisciplinary program for secondary schools) while implementing clear communication policies. Regarding housing, and finally, for equal treatment and opportunities for all, AIB has initiatives to foster inclusion, including mandatory online inclusion and diversity (I&amp;D) training and specialist I&amp;D training for senior management. Several employee networks have been introduced, and progressive policies supporting inclusion and gender balance are being enhanced (e.g., increasing statutory parental leave entitlement).</p> <ul style="list-style-type: none"> <li>▪ Governance and responsible business: AIB focuses on corporate governance, ethics and accountability, culture and reputation, and cybersecurity and data protection. For corporate governance and ethics and accountability, AIB has measures to prevent and mitigate financial crime and ensure the effective implementation of its Financial Crime and Col policies through annual training. Regarding culture and reputation, AIB engages with employees through regular surveys and has introduced a new reputational risk advisory process. Concerning cybersecurity and data protection, AIB monitors and regularly tests its controls to prevent unauthorized access, manipulation or acquisition of its data. It also monitors the implementation and updates of its Data Protection and ePrivacy policies and engages with its customers quarterly to raise awareness about potential scams, ongoing security alerts and emerging threats.</li> </ul>
<p><b>Climate transition strategy</b></p>	<p>As part of its transition planning, AIB considers the financial effects of climate and environment on its business through two key processes. First, the financial impact associated with the decarbonization strategy is considered within business and financial planning, ensuring that the strategy and business model are compatible with the transition to a sustainable economy and aligned with the Paris Agreement’s aim to limit global warming to 1.5°C. Each AIB business area must consider how meeting these targets will impact its projected revenues, costs and margins. Second, a scenario analysis is conducted relating to potential future climate change outcomes, which includes quantitative forecasts for short- and long-term transition and physical risk.</p> <p>Furthermore, AIB has a dedicated green financing segment, Climate Capital, which complements its other segments — Retail Banking, Capital Markets and AIB UK — and focuses on funding renewable</p>

TOPIC	ISSUER APPROACH
	<p>energy assets and ESG infrastructure projects across North America, the UK and Europe.</p> <p>The Climate Capital segment became fully operational in 2024 to direct more finance toward climate action initiatives, with approximately 75% of its activities focused on green infrastructure. By making resources available to support the new segment, AIB has created a step-change in its ability to finance energy transition and ESG infrastructure. In addition, through its Sustainability Transformation program, AIB continues to oversee its transformation as it embeds sustainable practices across its business. The program includes the delivery of key strategic objectives and regulatory expectations.</p>
<p><b>Sustainability reporting</b></p>	<p>The Issuer reports on its ESG performance and initiatives annually.<sup>37</sup> The report is prepared in accordance with the European Sustainability Reporting Standards to comply with the Corporate Sustainability Reporting Directive.</p>
<p><b>Industry associations, collective commitments</b></p>	<p>The Issuer is a founding signatory to the United Nations Environment Programme Finance Initiative’s Principles for Responsible Banking. Furthermore, in 2023, AIB secured SBTi-approved maintenance targets for electricity generation and established SBTi-approved financed emissions targets for 75% of the AIB loan book. Moreover, AIB is a signatory of the Equator Principles and of the United Nations Global Compact since 2021, a supporter of the Task Force on Climate-related Financial Disclosures, and a signatory of the industry-led, U.N.-convened Net-Zero Banking Alliance since 2019.</p>
<p><b>Previous sustainable or sustainability-linked issuances or transactions and publication of sustainable financing framework</b></p>	<p>In 2019, AIB published its first Green Bond Framework, and in 2020, it issued a green bond for EUR 1 billion. In 2022, AIB became the first Irish bank to issue a social bond. Over the last five years, AIB has raised EUR 5.45 billion and EUR 1.75 billion from the issuance of green and social bonds, respectively.</p>

<sup>37</sup> The Sustainability Reporting is included within the [Annual Report](#).

*Rationale for issuance*

AIB believes that social bond financing offers a means to create transparency around funds allocated to generate positive societal impact and/or mitigate social problems. AIB's presence in the Irish economy ensures that intended AIB social bond issuances serve as a testament to AIB's commitment to sustainability and society.

The issuance of social bond instruments not only allows AIB to engage with investors dedicated to supporting sustainability efforts but also assists AIB in diversifying its investor base, broadening the dialogue with existing investors, and contributing to the growth of the social finance market.

**Opinion:** *The Issuer clearly describes the key sustainability objectives and the rationale for issuing social bond instruments. All project categories financed align with the Issuer's sustainability objectives.*

## DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
2. ISS-Corporate, a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues Second Party Opinion, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
3. Second Party Opinion are based on data provided to ISS-Corporate by the contracting party and may change in the future, depending in part on the development of market benchmarks and ISS-Corporate's methodology. ISS-Corporate does not warrant that the information presented in this Second Party Opinion is complete, accurate or up to date. ISS-Corporate will not have any liability in connection with the use of these Second Party Opinion, or any information provided therein. If the Second Party Opinion is provided in English and other languages, in case of conflicts, the English version shall prevail.
4. Statements of opinion and value judgments given by ISS-Corporate are not investment recommendations and do not in any way constitute a recommendation for the purchase or sale of any financial instrument or asset. In particular, the Second Party Opinion is not an assessment of the economic profitability and creditworthiness of a financial instrument, but refers exclusively to social and environmental criteria.
5. This Second Party Opinion, certain images, text, and graphics contained therein, and the layout and company logo of ISS-Corporate, are the property of ISS-Corporate (or its licensors) and are protected under copyright and trademark law. Any use of such ISS-Corporate property requires the express prior written consent of ISS-Corporate. The use shall be deemed to refer in particular to the copying or duplication of the Second Party Opinion wholly or in part, the distribution of the Second Party Opinion, either free of charge or against payment, or the exploitation of this Second Party Opinion in any other conceivable manner.

© 2025 | ISS Corporate Solutions, Inc. All Rights Reserved

## ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

## ANNEX 2: QUALITY MANAGEMENT PROCESSES

### SCOPE

AIB commissioned ISS-Corporate to compile a social bond instrument SPO. The second-party opinion process includes verifying whether the Social Bond Framework aligns with the Social Bond Principles and assessing the sustainability credentials of its social bond instruments, as well as the Issuer's sustainability strategy.

### CRITERIA

Relevant standards for this second-party opinion:

- Social Bond Principles, ICMA, June 2023 (with June 2023 Appendix 1)

### ISSUER'S RESPONSIBILITY

AIB's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risk management

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the social bond instruments to be issued by AIB has been conducted based on proprietary methodology and in line with the Social Bond Principles.

The engagement with AIB took place from February to June 2025.

### ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For more information on SPO services, please contact [SPOsales@iss-corporate.com](mailto:SPOsales@iss-corporate.com).

### Project team

#### Project lead

Carolina Canepari  
Senior Associate  
Sustainable Finance Research

#### Project support

Antoine Brisson  
Analyst  
Sustainable Finance Research

#### Project supervision

Marie-Bénédicte Beaudoin  
Executive Director  
Head of Sustainable Finance  
Research

#### Project support

Justin Chow  
Analyst  
Sustainable Finance Research