

2020

SUSTAINABILITY REPORT



European
Investment
Bank

The EIB bank

EUROPEAN INVESTMENT BANK GROUP

2020

SUSTAINABILITY REPORT



European Investment Bank Group Sustainability Report 2020

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This report has been written with the active assistance of many individuals across the European Investment Bank Group. Our cordial thanks go to all of them for their support.

Our investments support sustainability everywhere, including in the oceans, where the rich diversity of coral reefs is threatened by human activity and climate change. Coral reefs are an essential ecosystem. About 25% of all ocean fish depend on them. They protect the coasts and provide a source of income for millions of people. For a long time, their degradation was ignored. Now they symbolise the shift in thinking needed to stop climate change. That's why they deserve a place on the covers of our major reports this year.

The EIB wishes to thank the following promoters and suppliers for the photographs illustrating this report.

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You can also contact our Info Desk, info@eib.org.

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THE 2020 SUSTAINABILITY REPORT provides an overview of the European Investment Bank Group’s operations and impact in supporting sustainable and inclusive growth in Europe and across the globe.

This report was prepared in accordance with the “comprehensive” option of the Global Reporting Initiative (GRI) Standards and should be read in conjunction with the “[Sustainability Reporting Disclosures 2020](#),” a separate document available on the European Investment Bank (EIB) website. The disclosures address relevant topics in a standardised and comparable form. They are meant for professional users of sustainability reports, such as financial and environmental, social and governance (ESG) analysts, civil society organisations, members of the academic community and any other interested parties.

The choice of topics follows a materiality assessment conducted in 2018 involving internal and external stakeholders to identify the topics of material importance to be included in the EIB Group’s reporting.

To accompany the Sustainability Report and GRI standards, we also published in 2020 a set of disclosures in accordance with the [Sustainability Accounting Standards Board \(SASB\)](#) framework, as well as the Group’s first report in line with the recommendations of the [Task force on Climate-related Financial Disclosures \(TCFD\)](#).

The EIB Group commissioned its external auditor, KPMG, to provide limited assurance on selected statements and figures in the Sustainability Report. These statements are marked with and highlighted in *italics*.

We trust readers will find the information in this report interesting and relevant. We welcome any comments or questions, which should be addressed to: csr@eib.org.



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FOREWORD



Werner Hoyer
President
European Investment Bank



Alain Godard
Chief Executive
European Investment Fund

For most of the world, 2020 was a difficult year. One that was dominated by the coronavirus pandemic, the threats of climate change, catastrophic biodiversity loss and a growing awareness of systemic inequalities. As we struggle to recover from the coronavirus pandemic, we must remember the importance of continuing on our path towards a greener, more inclusive and just society, which focuses on the long-term sustainability of our planet and economy. At the EIB Group, we are delivering financial instruments and advisory services that support sustainable and innovative green activities in Europe, from large-scale corporate investments, to test plants featuring new technologies, to university spin-offs and start-ups.

While the COVID-19 crisis is putting countries across the globe under pressure, solutions for the health crisis are on the horizon, even if the economic consequences could last considerably longer. To address the pandemic, the EIB Group approved a €25 billion response package, leveraging existing EIB and European Commission resources to support the people affected and to deal with the immediate economic fallout. Our largest initiative, the European Guarantee Fund (EGF), will allow us to further unlock up to €200 billion of financing for European companies, in particular for the small and medium-sized businesses – and their employees – that are the backbone of Europe’s real economy.

However, even the most impressive support schemes will ultimately be in vain if we go back to “business as usual.” At the EIB Group, we are doing everything in our power to safeguard the health of our planet and the health of people, by preventing workers from losing their jobs, by backing vulnerable industries and by helping countries absorb the most violent economic shocks. But to be effective, recovery efforts also need to focus on more inclusive development which addresses the longer-term global crises we face. Simply rebuilding isn’t enough. We need to build back better.

Alongside the EIB Group’s response to the COVID-19 crisis, we renewed our commitment to climate action and environmental sustainability. We are a key partner in delivering on the European Commission’s [NextGenerationEU](#) recovery package. While Europe must recover from the pandemic, we must do so in a way that does not sacrifice our commitment to more sustainable development. A return to “business as usual” would push global temperatures up. Instead, we must channel Europe’s massive recovery efforts to build a bulwark against climate change, environmental degradation, biodiversity loss and growing inequalities.

At the EIB Group, we are doing our part. Our aim is to support at least €1 trillion in climate action and environmental sustainability investments during the next decade, a critical period for climate and biodiversity. In 2019, we committed to raising the EIB’s annual financing for climate action and environmental sustainability to more than 50% of total lending by 2025, and to aligning all our activities with the Paris Agreement by the end of 2020. During 2020 we worked hard to put these goals into practice. In our role as the EU climate bank, the EIB Group set out a Climate Bank Roadmap, which was approved by the EIB Board of Directors and the European Investment Fund (EIF) Board of Directors in 2020. We also updated our EIB Climate Strategy, laying out plans to support the Paris Agreement goal of limiting the global temperature rise to 1.5°C.



In 2019, with the approval of our new energy lending policy, we set a final deadline of 2021 to end our financing of energy projects reliant on unabated fossil fuels. Now, armed with our new Climate Bank Roadmap, which is the result of months of intense work and in-depth dialogue with our external stakeholders, we will put into operation the European Green Deal. This will have far-reaching effects on the way we lend money, issue financial guarantees and invest in equity funds.

As part of our enhanced efforts to tackle climate change, the EIB Group became a supporter of the Task force on Climate-related Financial Disclosures (TCFD) in 2020. For the first time, we prepared a TCFD report to describe how we integrate climate-related risks and opportunities in our governance structure, strategy, risk management and metrics and targets.

Another major achievement of 2020 was the EIF's signature of the Principles for Responsible Investment and its continued cooperation with the United Nations Development Programme (UNDP), which will help the EIF to develop joint initiatives for sustainable finance and to implement the Sustainable Development Goals (SDGs).

As you will read in this report, the entire EIB Group is contributing to a more sustainable and resilient future, in Europe and globally.

THE EIB GROUP

The EIB Group is the European Union's long-term financing institution. It provides finance and technical assistance to achieve sustainable, inclusive growth through two complementary entities, the European Investment Bank (EIB or Bank) and the European Investment Fund (EIF).

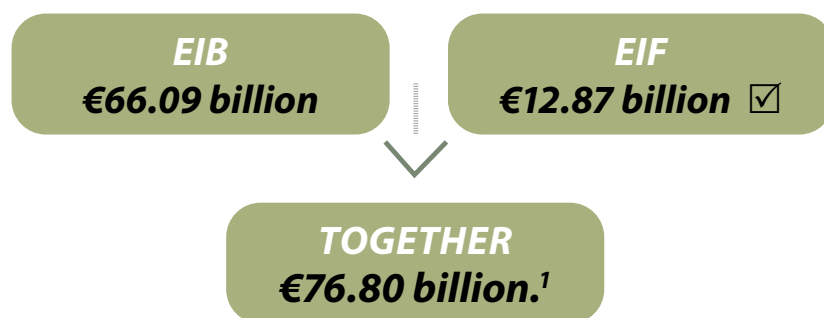
The **European Investment Bank** – the EU bank – is owned by the EU Member States. We are the world's largest multilateral borrower and lender. The finance and assistance we provide contributes to the achievement of EU policy goals. We also operate globally as a multilateral development bank.

The **European Investment Fund** provides risk finance to benefit micro, small and medium-sized enterprises (SMEs) and stimulates growth and innovation across Europe. It provides financing and expertise for sound, sustainable investment and guarantee operations. EIF shareholders include the EIB, the European Commission, and a wide range of public and private banks and financial institutions. By developing and offering targeted products to its financial intermediaries, such as banks, guarantee and leasing institutions, microcredit providers and private equity funds, the EIF enhances access to finance for small and medium enterprises.



2020 IN FIGURES

TOTAL FINANCING



Of which more than:

€66 billion was in the European Union

€10 billion was beyond the European Union

PUBLIC POLICY GOALS:

Environment: **€16.82 billion**

Infrastructure: **€14.99 billion**

Innovation and skills: **€14.43 billion**

Small and medium-sized businesses (SMEs) and mid-caps:² **€30.56 billion**

TRANSVERSAL OBJECTIVES:³

Climate action financing:⁴ **37% of total EIB financing**

Economic and social cohesion and convergence: **>35% of total EIB financing⁵**

COVID-19 related financing: **€25.46 billion**

1. The EIB Group total financing figure excludes a small overlap due to joint engagements of the EIB and the EIF.

2. Companies with 250 to 3 000 employees.

3. Climate, cohesion and COVID-19 financing are horizontal indicators and can therefore overlap.

4. Climate action and environmental sustainability tracking by the EIB Group will start from January 2021.

5. In the European Union and pre-accession countries.



CLIMATE BANK ROADMAP: PUTTING THE PARIS AGREEMENT INTO PRACTICE

With a bold vision and substantial financing, the EIB Group is turning its climate ambitions into reality. The Climate Bank Roadmap, approved in November 2020, sets out our commitment to support the European Green Deal. It puts into action the decisions taken by the EIB Board of Directors in November 2019. The roadmap draws on constructive, strategic discussions with a broad range of stakeholders, and transforms the EIB Group into the European Union's climate bank.

“Following the recent reports by the Intergovernmental Panel on Climate Change (IPCC) and accelerating evidence of both the climate and environmental emergencies, the need for the EIB Group as the EU climate bank to decisively support efforts to achieve the 1.5 degree temperature goal was evident. But we have done more than that. With the updated EIB Climate Strategy and the clear plans laid out for the next five years in our Climate Bank Roadmap, we have put in place a robust framework with ambitious climate action targeting 1.5 degrees, a renewed effort for increased adaptation, strong environmental action and a real focus on people.

It is people that are being already, and will be further, affected by climate change and environmental degradation. These impacts will be felt everywhere, but always fall hardest on the most vulnerable. The planet will ultimately be fine – but can humans continue to live here healthily and successfully? And can we make the urgent changes we need to make while leaving no one behind? This is why our Climate Bank Roadmap not only lays out how the EIB Group will address Paris alignment in all its activities – but also how we will support a just transition for all!”



Nancy Saich
EIB chief climate change expert

In November 2020, the EIB Board of Directors, comprised of representatives from the EU Member States, approved the updated [EIB Climate Strategy](#) and the [EIB Group Climate Bank Roadmap 2021-2025](#). The roadmap was also approved by the EIF Board of Directors separately. It is the operational framework setting out how the EIB Group will support the objectives of the European Green Deal, the European Union’s strategy for battling climate change, which the European Commission presented in December 2019.

One of the biggest issues of our time, climate change is physically threatening our coastlines, soil, health and biodiversity, and posing severe challenges for people and their livelihoods. Combating the physical and transition risks of climate change, while also adapting to its consequences, requires huge amounts of investment in renewable energy generation, low-carbon transport and climate-smart agriculture, along with new ways of thinking about how to move to low-carbon, resilient and circular economies.

CLIMATE BANK ROADMAP: AMBITIOUS TARGETS



STEPPING UP CLIMATE FINANCE

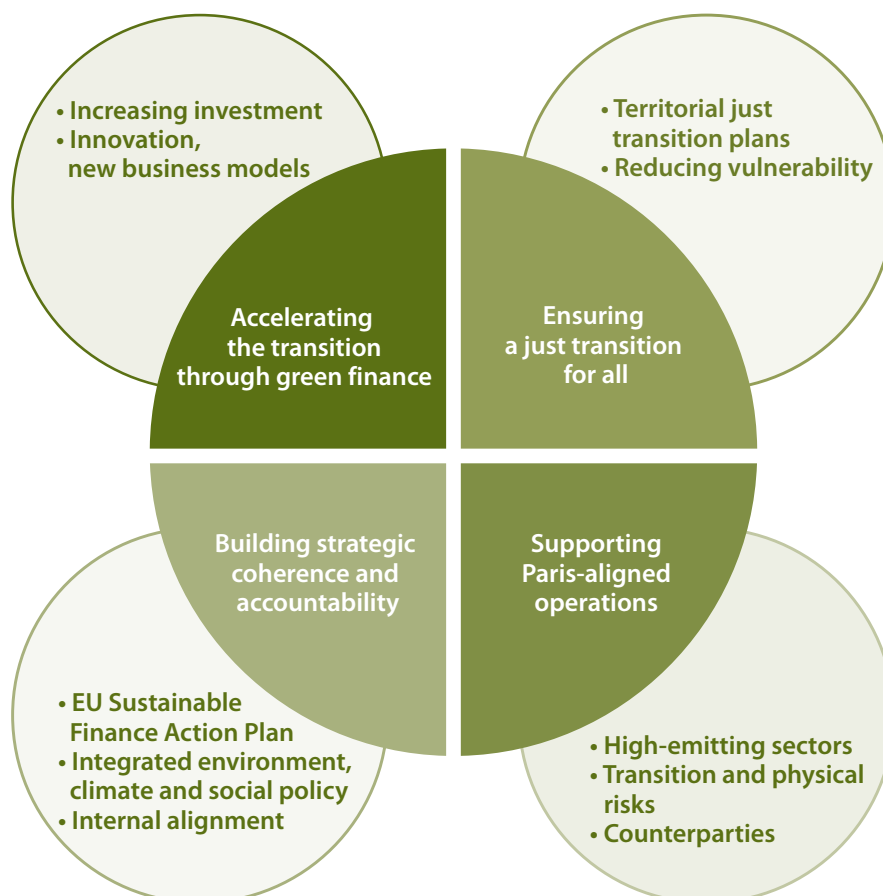
The EIB Group is well prepared for what the future holds – a carbon-neutral economy. At the UN Climate Conference in Paris in 2015, we committed to financing \$100 billion in climate investments from 2016 to 2020. With \$122 billion in climate action investment signed in this period, we considerably exceeded this target.

The Climate Bank Roadmap details the EIB Group’s role in supporting the [European Green Deal](#). The Green Deal is the European Commission’s framework for making the European Union’s economy sustainable by turning climate and environmental challenges into opportunities, and by making the transition just and inclusive for all. It consists of sector strategies and other elements such as the [Just Transition Mechanism](#) for regions that depend on carbon-intensive industries, the [Biodiversity Strategy for 2030](#) and the [Circular Economy Action Plan](#). It also includes a [Farm to Fork Strategy](#) for agriculture and food security, a [strategy on adaptation to climate change](#), as well as initiatives targeting the financial sector such as the [EU Taxonomy](#) for sustainable green investments and new [regulations on non-financial disclosures](#).

The EIB Group, through a wide spectrum of financial products and advisory services, is helping the European Union to deliver on these ambitions.

FOUR KEY AREAS

The EIB Group Climate Bank Roadmap adopts these commitments by focusing on four key areas.



1. Accelerating the transition

The roadmap details our new level of commitment to accelerating the transition to a low-carbon and climate-resilient economy. By 2025, the EIB will increase its support for climate action and environmental sustainability to exceed 50% of its overall lending.

This means that we will continue to support areas that have already made considerable progress in the transition (such as low-carbon electricity, electric vehicles and battery storage) and tackle other areas that are lagging behind. For investments in natural capital – carbon sinks, biodiversity and ecosystem preservation, for example – the transition has barely begun.

To accelerate the transition, the Climate Bank Roadmap stresses four key messages about the value that the EIB Group can provide. A major one is substantially increasing adaptation efforts, supporting the new EU Adaptation Strategy. A second message is to focus on investment in innovative green technologies, alongside new business models. A third is to help drive down the long-term cost of capital in capital-intensive green infrastructure. Finally, the EIB can help drive aggregation, scalability and replicability to boost investment.

In close cooperation with EU Member States, the EIB Group will use this support to help deliver national energy and climate plans, national adaptation strategies, as well as recovery and resilience plans. This approach extends beyond the European Union, where the EIB works with individual countries to support ambitious nationally determined contributions ([NDC Spotlight | UNFCCC](#)). This includes projects in some of the most vulnerable regions on our planet.

2. Ensuring a just transition for all

Supporting cohesion was one of the founding principles of the EIB when it was established in 1958, and it continues to be a core priority. The green and resilient transition should leave no person or region behind. A just transition is of particular concern for countries that currently rely on carbon-intensive sectors or where local economies may become less viable due to climate change. In both cases, strategic action is needed to develop new skills in the workforce along with new, green and resilient economies for the cities and regions affected.

The [Just Transition Mechanism](#) is the cornerstone of the European Union's response to this challenge. The EIB Group will play a central role in the mechanism, supporting, to varying degrees, each of its three main pillars: (1) the Just Transition Fund, (2) the InvestEU programme, and (3) a public-sector loan facility. Our Advisory Services team will complement and support all three pillars, providing guidance on everything from strategies to market development and project implementation. The EIB will present a detailed Just Transition plan in 2021, once the Just Transition Mechanism is agreed by EU members.

InvestEU

[InvestEU](#) builds on the success of the Juncker Plan, the European Fund for Strategic Investments (EFSI) and other existing financial instruments such as the Connecting Europe Facility (CEF), InnovFin and the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) programme, which are managed and implemented by the EIB Group. It will be based on a €26.2 billion guarantee from the EU budget and aims to mobilise around €370 billion of investment to keep the European Union socially aware, green and competitive. In addition to implementing 75% of the programme and the responsibilities the EIB will have for managing the banking aspects of the programme in partnership with the European Commission, the EIB will also provide technical support to project promoters under the InvestEU Advisory Hub, continuing the advisory work developed under the Juncker Plan.

A just and inclusive transition is directly linked to the wider issue of social development. Climate change continues to disproportionately affect least developed countries, and disadvantaged and vulnerable populations, specifically undermining people's health, incomes, livelihoods, food security and human rights. Carefully targeted investments can contribute to the green transition and social development. At the EIB, we are supporting both objectives and stepping up our efforts for two key themes: (i) gender equality and (ii) conflict, fragility and migration. We believe that gender-responsive investments can strengthen climate, environmental and social outcomes and increase the overall positive impact of projects. At the same time, reducing fragility can also contribute to the success of a just transition. Our activities here will further support climate adaptation and resilience projects in fragile contexts, urban infrastructure that is resilient to future shocks (such as the influx of refugees and migrants), disaster preparedness and post-disaster recovery.

3. Supporting Paris-aligned operations

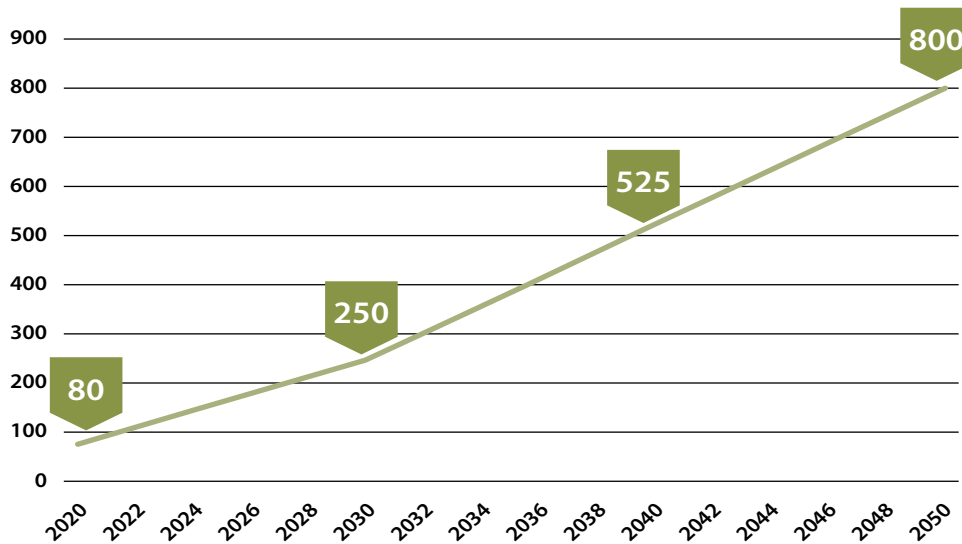
The European Union has committed to reducing greenhouse gases by at least 55% by 2030 and to achieving net zero greenhouse gas emissions by 2050. In line with these objectives, the EIB Group committed to aligning all our financing activities with the goals and principles of the Paris Agreement by the end of 2020. The roadmap lays out our framework for putting this commitment into practice. It covers the low-carbon and climate-resilient dimensions.

To align with low-carbon pathways, we adopted sector-specific criteria for carbon-intensive sectors of the economy, such as energy (already addressed through the 2019 EIB energy lending policy), aviation, road infrastructure, road vehicles, energy-intensive industries, as well as agriculture and forestry. These criteria are set out in a series of simple tables, facilitating engagement with potential clients. Sector-based criteria are also applied across the wide range of EIB Group products. The alignment framework is adapted for intermediated SME and mid-cap finance. For these products, the framework focuses on three sectors: energy, mobile assets for transport services and energy-intensive industries, ensuring that certain high-emitting industries do not receive support from standard products.

The alignment framework helps define the Group's priorities for a given sector. For instance, we will focus on improving existing airport capacity, including safety, security and decarbonisation, but will no longer support airport capacity expansion and conventionally fuelled aircraft. In industry, we will look at innovation in low-carbon technologies – and therefore withdraw from any new capacity based on traditional high-carbon processes. In the farming sector, we will concentrate on meat and dairy industries with improved greenhouse gas emissions profiles thanks to the sustainable animal-rearing methods they adopt.

As part of the roadmap, we revised the shadow cost of carbon, a key technical parameter used to estimate the full value for society when a tonne of carbon is saved. The Bank has been using the shadow cost of carbon for projects that go through an economic assessment since the 1990s. To align with the Paris Agreement, we reviewed the latest modelling evidence and agreed to increase these values. As shown in the graph below, the shadow cost of emitting one tonne of carbon equivalent rises to €250 by 2030 and to €800 by 2050.

EIB SHADOW COST OF CARBON (IN € PER tCO₂e)



The graph shows the EIB shadow cost of carbon (a key technical parameter used to estimate the full value for society when a tonne of carbon is saved), as included in the roadmap. It is based on the estimated full cost to society of limiting the rise in global average temperature to 1.5°C above pre-industrial levels and helps to assess whether EIB financing is on track with this goal. This will be reviewed on an annual basis and the cost will be adjusted accordingly.

An example of how the revised cost of carbon will affect investments is road infrastructure. In line with the decarbonisation efforts underway in this sector, the EIB will adapt its economic test for large projects. Traffic demand forecasts will be adapted in line with long-term modelling studies, with due attention paid to the penetration rates of electric vehicles. The projects' net emissions will be valued at the EIB's new shadow cost of carbon. Adopting the new unit values will strengthen the business case for projects that save carbon while penalising those that increase emissions.

The second dimension of alignment concerns climate resilience. To manage physical climate risk and promote projects that support resilient development, the EIB has introduced a new Climate Risk Assessment (CRA) system for direct lending. The system will be the cornerstone of our alignment framework. The CRA system helps the EIB and its clients understand how climate change may affect their projects and identify adaptation measures.

As described later on in the report, we have also developed a climate risk tool which provides an assessment of climate-related credit risk at counterparty level. The tool applies to all counterparties in the EIB Group's lending and investment portfolio, including corporates, financial institutions, public sector entities, sub-sovereign public authorities, project finance and equity.

4. Building strategic coherence and accountability

The EIB Group's approach will be based on three goals:

(1) **Determining how climate-related activities fit in the wider context of sustainable finance and overall environmental and social sustainability.** The EIB Group will align its tracking method for climate action and environmental sustainability with the framework defined by the EU Taxonomy Regulation⁶ as it develops over time. We will also examine how best to address climate- and nature-related disclosures, applying relevant reporting frameworks. In 2021, we will revise the EIB Group's Environmental and Social Policy Framework to reflect new policy developments and emerging environmental and social issues, incorporating lessons learned and meeting the changing needs of our clients and promoters.

(2) **Transparency, accountability and quality assurance.** To factor climate change, environmental and social considerations into our financing activities further, the EIB Group will enhance and develop additional risk management tools to assess physical, transition and systemic risks at the project, portfolio and counterparty level. We will also seek to generate the data necessary to track our progress in meeting those commitments through the further development of climate and environment impact measurement and reporting systems.

(3) **Institutional support for the EIB Group's activities.** We will develop further initiatives to align our internal operations with the goals of the Paris Agreement more closely, build strategic partnerships with selected key stakeholders, communicate on progress and challenges and train employees for the tasks ahead.

TREASURY INVESTMENT ACTIVITIES

To ensure the EIB and EIF hold sufficient liquidity to meet their lending commitments, the Bank manages treasury portfolios with different instruments and maturities. The EIB's treasury activities mainly consist of investments in short and long-term portfolios, hedging market risks, treasury management of partner contributions, liquidity planning, and the settlement and payment of all transactions.

As part of the EIB Group Climate Bank Roadmap and our alignment with the Paris Agreement, environmental factors have been included in our process for long-term treasury investments since mid-2020. This methodology relies on two layers:

- Exclusion criteria for conventional bonds for sectors with high environmental risks, including, but not limited to, mining, oil and gas, steel, cement and aviation.
- A best-in-class approach, with the top performers allowed the highest potential allocation of investments.

Adjustments and additions to this methodology will be carried out following any rules or decisions made as part of the Climate Bank Roadmap that apply to treasury activities.

6. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

STAKEHOLDER ENGAGEMENT

In developing the Climate Bank Roadmap, we relied on the contributions of many public and private-sector stakeholders. In October 2019, we organised a workshop for stakeholders to discuss our progress in implementing our climate strategy. In addition, we held two series of meetings with representatives from several organisations in March and June 2020, touching on a wide range of topics related to the roadmap.

During the coronavirus pandemic, all events were organised as webinars. The first series in June was attended by about 300 participants and focused on Paris alignment, private-sector finance, the long-term effects of EIB Group financing and the just transition. The second series in June was attended by about 200 participants. The topics discussed included future requirements affecting the transport and building sectors, energy-intensive industries, the bioeconomy⁷ and how to build greater resilience to future climate change.

These events are testament to the EIB Group's regular dialogue with stakeholders. Involving civil society in our activities and being transparent is of utmost importance for us. We believe that being inclusive improves the quality of our business and increases accountability towards all our stakeholders. The EIB Group is grateful to all the individuals and organisations that took the time to contribute to our webinars, questionnaires and consultations, as well as those who submitted written reports. The feedback from our stakeholders is instrumental in helping us shape our decisions.

7. As defined by the European Commission, the bioeconomy refers to the use of renewable biological resources from land and sea, such as crops, forests, fish, animals and micro-organisms, to produce food, materials and energy.



SUSTAINABLE FINANCE

Sustainability is embedded in everything we do, from the bonds we issue on the capital markets to the investment standards we apply. As the bank of the European Union, the EIB Group supports sustainable growth around the globe. Sustainability is at the heart of the European Green Deal and our response to the coronavirus pandemic. With our expertise in the capital markets and decades of financial experience – providing loans, equity investments and guarantees – the EIB Group can help address the challenges society faces.

CLIMATE AND SUSTAINABILITY AWARENESS BONDS: PROVIDING CLARITY FOR INVESTORS

The growing focus on sustainable investment in the European Union is increasing the demand for green, social and sustainability bonds. Thanks to our role as the EU climate bank, we more than doubled the issuance of our climate and sustainability awareness bonds in 2020 compared to the previous year.

Green, social and sustainability bond issuance has accelerated rapidly, reaching €1.2 trillion in 2020 (€405 billion more than the total for 2019). The European Commission has announced that it will raise 30% of the funds for its NextGenerationEU programme through green bonds.

Sustainable investment is increasingly supported and facilitated by the European Union's political and regulatory push for sustainable finance, as it aims to align the financial markets in the European Union with its climate and sustainability goals.

IMPLEMENTING THE EU SUSTAINABILITY FRAMEWORK IN CAPITAL MARKETS

The [EU Action Plan on Financing Sustainable Growth](#) aims to scale up sustainable finance and reorient capital flows towards a more sustainable economy. Its priority is to establish a classification of sustainable economic activities (the EU Sustainability Taxonomy) to facilitate sustainable investment.

1. [The EU Taxonomy Regulation](#), which entered into force in July 2020, sets the stage for the adoption of the Taxonomy by the European Commission within the context of the Capital Markets Union.
2. The Taxonomy will provide a basis for the classification of the financial products used to fund sustainable economic activities (such as green loans or green bonds), establishing a single framework for the European Union and therefore for the lending and funding activities of the EIB.
3. [The EU Green Bond Standard](#) proposed by the European Commission's Technical Expert Group on Sustainable Finance requires that proceeds from EU Green Bonds be allocated to economic activities aligned with the Taxonomy.

In line with this regulatory framework, the EIB's Management Committee and Board of Directors approved two policy documents in November 2020: the EIB Group Climate Bank Roadmap 2021-2025 and a revised climate strategy. As described in the previous chapter, the roadmap states that the EIB Group will align its tracking methodology for green finance with the Taxonomy Regulation.

The roadmap reflects that alignment by extending eligibility for the EIB's green and sustainable bonds, namely the climate awareness bonds (CABs) and sustainability awareness bonds (SABs). It will also gradually align these bonds with the proposed EU Green Bond Standard. [The EIB Climate Strategy](#) states that the Bank will continue to widen the scope of its climate and sustainability bonds to cover additional activities, in line with the proposed EU Green Bond Standard, and that it will support the further development of the green bond market by increasing quantity and improving quality.

The EIB, which launched the world's first green bond in 2007, anticipated these developments and created a Sustainability Funding team entirely dedicated to the development and issuance of climate and sustainability awareness bonds. In this context, we have:

1. Adopted new climate and sustainability awareness bond documentation for allocating bond proceeds to EIB lending activities that are aligned with the EU Taxonomy Regulation;
2. Developed initial plans for the further development of climate and sustainability bonds;
3. Highlighted in the 2019 [CAB](#) / [SAB](#) frameworks, the EIB's plan to gradually align the bonds with the EU Green Bond Standard, as adopted and amended over time by the European Commission;
4. Provided investors with an illustration of the EIB's aims and progress via the timely issuance of climate and sustainability awareness bonds as well as the presentation of these bonds within the framework laid down in the EU Taxonomy Regulation.

Various EIB directorates collaborated to develop a process for aligning our funding activity with the EU Taxonomy, as set out in the Climate Bank Roadmap. Through this process we will be able to identify green loans and other lending products that are in line with the EU Taxonomy Regulation – at a time of growing demand for these products – and facilitate the increased issuance of climate and sustainability bonds.

Climate bond eligibility has already been extended from renewable energy and energy efficiency projects – the sole focus of these bonds until June 2020 – to [two additional climate change mitigation activities](#): (a) research, development and deployment of innovative low-carbon technologies; and (b) electric rail infrastructure and vehicles, along with other electric land transport vehicles intended for the general public.

Sustainability bond eligibility has also been extended, namely in the areas of (a) health, with the inclusion of activities directly related to the fight against the coronavirus pandemic; and (b) education, with the inclusion of higher education.

The diagram below illustrates the current situation regarding climate and sustainability bond eligibility.

CLIMATE AND SUSTAINABILITY BONDS – ALIGNING WITH THE EU TAXONOMY REGULATION

Climate awareness bonds	Sustainability awareness bonds	
Environmental	Environmental (other than climate change mitigation)	Social
<ul style="list-style-type: none"> • Climate change mitigation 	<p>So far:</p> <ul style="list-style-type: none"> • Sustainable use and protection of water and marine resources • Pollution prevention and control <p>As from 2021:</p> <ul style="list-style-type: none"> • Protection and restoration of biodiversity and ecosystems 	<p>So far:</p> <ul style="list-style-type: none"> • Access to water and sanitation • Natural disaster risk management • Access to equitable and inclusive education • Universal access to affordable health services • Health emergency response and preparedness capacity

DEVELOPMENT OF CLIMATE AND SUSTAINABILITY AWARENESS BOND ISSUANCE AND DISBURSEMENTS, 2016–2020 *

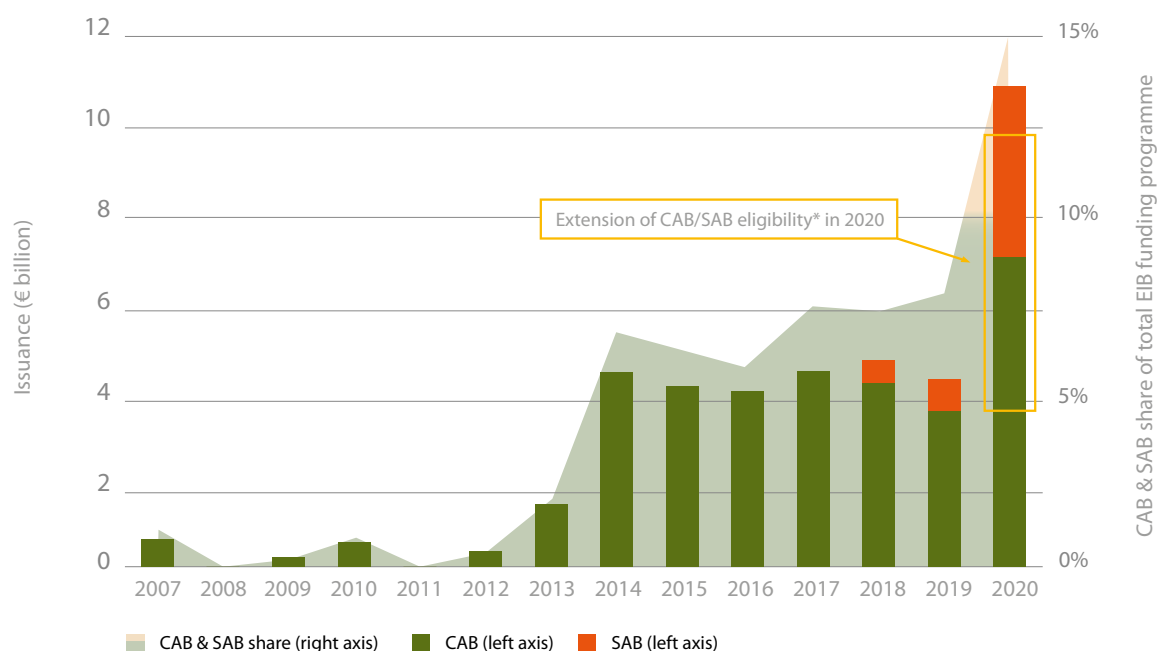
	2016	2017	2018	2019	2020
<i>EIB climate awareness bond issuance (in € bn)</i>	3.86	4.29	4.02	3.4	7.0
<i>Disbursements to CAB-eligible projects (in € bn)</i>	3.62	4.16	4.40	3.3	8.5
<i>EIB sustainability awareness bond issuance (in € bn)</i>	–	–	0.50	0.69	3.8
<i>Disbursements to SAB-eligible projects (in € bn)</i>	–	–	0.13	0.87	3.9

* 2020 figures are currently under assurance process by our independent external auditors, KPMG, and the reasonable assurance report will be available with the Sustainability Awareness Bonds Framework and the Climate Awareness Bonds Framework for the year ended 31 December 2020.

Interest in climate and sustainability bonds is on the rise, fuelled by the growing trend towards sustainable development. As a result of the extended eligibility, we managed to more than double the issuance of these bonds in 2020 compared with 2019 (to €10.5 billion* from €4.1 billion). The bonds accounted for 15% of the EIB’s funding programme.

* Based on nominal value.

CLIMATE AND SUSTAINABILITY BOND ISSUANCE AS A SHARE OF THE EIB’S TOTAL FUNDING PROGRAMME



*CLIMATE AWARENESS BOND ELIGIBILITY:

2007-2020: Renewable energy and energy efficiency projects; 2020: Extended to: (a) electric rail infrastructure and vehicles and other electric public land transport vehicles, (b) research, development and deployment of innovative low-carbon technologies.

*SUSTAINABILITY AWARENESS BOND ELIGIBILITY:

2018-2020: Water projects; 2020: Extended to education and health projects (including COVID-19)

The following table compares EIB practices with market guidelines and the EU Green Bond Standard.

	Green/Social Bond Principles	EU Green Bond Standard (EUGBS)	EIB CAB/SAB	
Green projects	<ul style="list-style-type: none"> Alignment with the GBP/SBP objectives/project categories 	<ul style="list-style-type: none"> Alignment with the EU Sustainability Taxonomy (EUST) 	<ul style="list-style-type: none"> EUST Transition Plan CAB/SAB documentation already aligned Gradual extension of CAB/SAB eligibility 	✓
Green bond framework	<ul style="list-style-type: none"> Description of issuer's approach regarding process for project evaluation and selection and management of proceeds 	<ul style="list-style-type: none"> Disclosure of issuer's alignment with the EU taxonomy; overall green bond strategy; project selection; methodologies and processes for allocation and impact reporting 	<ul style="list-style-type: none"> CAB Framework since 2016 SAB Framework since 2020 <hr/> (including both allocation and impact reports)	✓ ✓
Reporting	<ul style="list-style-type: none"> Allocation and impact reporting recommended 	<ul style="list-style-type: none"> Allocation and impact reporting mandatory 		✓
Verification	<ul style="list-style-type: none"> Appointment of an external reviewer recommended 	<ul style="list-style-type: none"> Issuers shall appoint an accredited external verifier Verification applies: (i) to the Green Bond Framework and at least (ii) to allocation reporting 	<ul style="list-style-type: none"> KPMG's Reasonable Assurance on CAB/SAB Framework covering framework, allocation and impact reports 	✓

For areas that are not yet covered by the EU Taxonomy, we use our own definitions within the spirit and logic of the Taxonomy, and in line with the [Multilateral Development Banks' harmonised approach to tracking climate finance](#). This practice sends a strong signal to the market, since the EU Taxonomy will be developed gradually and will only enter into force over time. The EIB is therefore already establishing market practices that can serve as a benchmark for lending and raising capital.

The first steps of this process will be reflected in the 2020 CAB and SAB frameworks. These documents will be published in 2021 and audited by an independent supervised auditor with Reasonable Assurance (ISAE 3000). This provides a solid market-rooted background for the EIB's contributions to the Taxonomy and Green Bond Standard as part of the EU Platform on Sustainable Finance and its international hub, the International Platform on Sustainable Finance.

EMBEDDING SUSTAINABILITY IN OUR PROJECT DUE DILIGENCE AND RISK MANAGEMENT PROCESSES

Our ultimate goal is to improve people's well-being and preserve the environment. To do so, we ensure that sustainability is a cornerstone of our work.

From a project perspective, we carry out sustainability due diligence in three key steps:

- Exclusions: certain activities are excluded from EIB Group financing, or only have restricted access.
- Environmental and social standards: counterparties receiving EIB financing must comply, where applicable, with our environmental and social principles and standards.
- Externalities: the Bank accounts for the impact of its investments on society at large in its economic appraisal.

EXCLUSIONS AND RESTRICTIONS

Projects and investments within the European Union must follow EU policy objectives for supporting smart, sustainable and inclusive growth, as well as relevant EU initiatives and guidelines, such as the 2030 climate and energy targets. The EIB supports sectors that make a significant contribution to growth, employment, regional cohesion and environmental sustainability in Europe and beyond (see overview of [eligible sectors](#)).

However, [a number of activities are excluded](#) from EIB lending if not compatible with our mandate. These include the following:

- Ammunition and weapons, military/police equipment or infrastructure;
- Projects that result in limiting people's individual rights and freedom, or violating human rights;
- Projects that harm the environment or society at large;
- Ethically or morally controversial projects;
- Activities prohibited by national legislation;
- Projects with a political or religious content.

Like the Bank, the EIF applies restrictions to its operations for certain sectors ([EIF Restricted Sectors](#)). These restrictions generally apply to activities that are considered incompatible with the ethical or social standards of the EIF's public mission and/or do not comply with the European Union's or the EIB Group's policies. These restrictions will be widened to reflect the approved Paris alignment framework for all new appraisals as of 2021.

ENVIRONMENTAL AND SOCIAL PRINCIPLES AND STANDARDS

As a public institution driven by the policy objectives of the European Union, its principles of sustainable and inclusive development and the European Green Deal, the EIB aims to support the transition to sustainable economies and communities that are low-carbon, climate-resilient and more resource-efficient while promoting social inclusion and reducing inequalities. The Group does so by integrating environmental, climate and social considerations across its activities and processes. It focuses on the management of environmental, climate and social impacts and risks and on the pursuit of opportunities to generate benefits as well as positive environmental and social outcomes.

In accordance with the [EIB Statement of Environmental and Social Principles and Standards](#), projects that receive EIB financing are required to meet environmental and social sustainability standards.

These standards are:

- 1. Assessment and management of environmental and social impact and risks*
- 2. Pollution prevention and abatement*
- 3. Biodiversity and ecosystems*
- 4. Climate-related standards*
- 5. Cultural heritage*
- 6. Involuntary resettlement*
- 7. Rights and interests of vulnerable groups*
- 8. Labour standards*
- 9. Occupational and public health, safety and security*
- 10. Stakeholder engagement*

Project promoters are also encouraged to take into account the [EIB Group Gender Strategy](#), which embeds gender equality and women's economic empowerment in the Group's activities in the European Union and beyond.

The EIF relies on activity monitoring and an independent risk management function to ensure sustainable and compliant business operations. In addition to this general due diligence and appraisal process, the contractual documentation provided to all financial intermediaries requests that they comply with standard undertakings on internal controls and, in particular, on the EIF's Guidelines on Restricted Sectors. Moreover, when investing in equity funds, the EIF regularly acts as the cornerstone investor and takes a hands-on approach through its participation in investor committees. In this role, the EIF actively promotes dialogue with its counterparties on its general policy framework and mission requirements. Furthermore, as part of an enhanced ESG framework, the EIF started implementing ESG questionnaires across all of its product lines in 2020 to assess the current ESG practices of financial intermediaries. Its [Environmental, Social and Governance Principles](#) underline the EIF's commitment to responsible and sustainable practices. Similarly to the EIB, the EIF will be revising and updating its ESG Principles in 2021.

In line with the EIB Group Climate Bank Roadmap, we will be revising the EIB Group Environmental and Social Policy Framework in 2021, including the Environmental and Social Standards, to reflect the latest policy developments and emerging environmental and social issues, as well as incorporate lessons learned and meet the changing needs of our clients and promoters.

MEASURING HIDDEN COSTS TO SOCIETY

The markets do not fully factor social costs – such as the impact on natural resources or the environment – into product prices or investment decisions. This leaves it up to society to absorb the long-term external costs, such as carbon emissions or local air pollution. A project's financial return may not adequately indicate the real impact of an investment on society. Addressing these externalities is the aim of our economic appraisal.

Different from a financial appraisal, the economic assessment allows the EIB to measure the costs and benefits generated by a project to society at large, taking into account the various resources used by the project (human, technological or natural). For greenhouse gas emissions, we apply a shadow cost of carbon to assess the cost of saving or emitting a tonne of carbon. To align our activities with the Paris Agreement, we reviewed the evidence on the full cost to society of meeting the 1.5°C target. The results of the review prompted us to increase the EIB shadow cost of carbon over time, as described in more detail in the chapter on the Climate Bank Roadmap (page 10).

Based on our economic assessment, only projects that contribute positively to society are considered for EIB financing.

CLIMATE AND ENVIRONMENTAL RISK ASSESSMENT

In addition to our well-established sustainability due diligence process, all new financing operations – except intermediated finance – are screened to ensure they are aligned with the Paris Agreement and the environmental criteria contained in the EIB's Climate Bank Roadmap.

In 2019, the Bank introduced a Climate Risk Assessment (CRA) process to systematically assess our vulnerability to physical climate risks in direct lending operations. The system helps us and our clients understand how climate change may affect a project and whether appropriate adaptation measures have been taken. As part of the assessment, an initial screening based on the subsector and country of operation is performed for new projects. Any projects initially assessed as being at risk undergo more detailed screening. A climate risk and vulnerability assessment is carried out during the appraisal to identify measures to reduce the potential impacts on the project. At the end of the process, we estimate the residual physical climate risk for each operation.

In addition, we are developing risk assessment systems similar to the CRA to measure specific environmental aspects of projects. To limit the adverse impacts on biodiversity as much as possible, the EIB has developed and tested a Biodiversity Risk Assessment (BRA) system at the project level that will be implemented in the first half of 2021. In the near term, the biodiversity and the climate risk assessment systems will become part of an integrated Environment, Climate and Social Risk Assessment System for projects.

At the counterparty level, we introduced a counterparty-based climate risk screening tool in 2020. A model has been developed for each of the EIB's main credit segments (corporates, financial institutions, public-sector entities, sub-sovereign public authorities, project finance and equity) and for the EIF's equity portfolio. The methodology captures the physical risk, transition risk and the mitigation/adaptation capacity of each counterparty and provides a climate score from 1 (low risk) to 5 (high risk). The screening tool will enable the EIB Group to map (for example by sector and geography) and benchmark all its counterparties according to their climate risk exposure.

Initially, the screening tool will be used for portfolio monitoring as well as internal reporting and disclosures. It will provide transparency on the Group's exposure to climate risk and enable informed risk-management decisions to be taken. The scores will eventually be used for stress testing and as a basis for strategic decisions (such as risk appetite, credit policies and credit approval).

As a next step, the Bank will work on expanding the screening tool from climate-related to wider environmental risks, as appropriate. The objective is to map and benchmark all its counterparties according to their exposure to environmental risks, looking at the scale, likelihood and interconnectedness of such risks, including the counterparties' impact on the environment.

CARBON FOOTPRINT OF EIB FINANCING

We use a set of published methodologies, which have been harmonised with those adopted by other international financial institutions, to determine the expected greenhouse gas emissions from an EIB-financed project.

In 2020⁸, we estimated and reported the greenhouse gas emissions of projects whose emissions were expected to be significant, exceeding one or both of the following thresholds:

- Absolute emissions (actual emissions from the project) > 20 000 tonnes of carbon dioxide equivalent (CO₂e) per year for a standard year of the project's operations.
- Relative emissions (estimated increases or reductions in emissions compared to the expected alternative) > 20 000 tonnes of CO₂e per year.

Analysis of our carbon footprint suggests that approximately 95% of emissions generated by the EIB's investment projects are within these two thresholds. The absolute emissions from each project form the basis of our footprint approach. Assessing and reporting the prospective changes in the level of emissions as a consequence of a project enables us to compare the project with other technologies or solutions.

When reviewing the total impact of EIB lending, we believe it is important to assess significant emissions and removals from all the sectors we fund – and not simply from green sectors. In measuring our annual carbon footprint, we include projects from the fields of conventional and renewable energy generation and networks, energy efficiency, transport, industry, water and solid waste, agriculture and forestry. This allows us to assess the contribution from all types of lending.

2020 CARBON FOOTPRINT⁹

In 2020, 99 of the projects in the EIB portfolio¹⁰ had estimated emissions above the absolute or relative emissions thresholds and were included in the 2020 carbon footprint exercise. They represent total EIB signatures or allocation approvals of €14.4 billion.

The related total absolute greenhouse gas emissions are estimated at 5.2 million tonnes of CO₂e per year, with carbon sequestration by forestry estimated at 0.3 million tonnes of CO₂e per year. The overall reduced or avoided emissions from the same financing are estimated at 3.7 million tonnes of CO₂e per year in accordance with the carbon footprint methodology.¹¹

8. See our latest version of [greenhouse gas methodologies](#). The main change in the latest version (v11.1, published in July 2020) is the update of country-specific electricity emissions factors, in line with factors being developed jointly with other international financial institutions.

9. The EIB Group's corporate carbon footprint is available in the environmental management section later in this report.

10. Projects with a finance contract signed or large allocations approved in the year. Large allocations under already signed framework loans include individual investment projects that have undergone a full individual project appraisal.

11. Carbon footprints are calculated using the version of the methodology in place at the time of appraisal as the carbon footprint is then published in the Environmental and Social Data Sheet after Board approval. Carbon footprints are not adjusted due to subsequent methodology changes for the purposes of aggregating data in the annual carbon footprint exercise. Of the projects included in the 2020 carbon footprint exercise, the most recent version of the methodology (v11.1) published in July 2020 was applied to 19% of projects representing 11% of total absolute emissions.

Data for projects included in the carbon footprint are reported in our Environmental and Social Data Sheets and published in our public register of environmental information, in application of the Aarhus Convention.

The table below shows the results of the aggregate figures for the last three years. The relative emissions figures show large savings of between 2.9 and 3.7 million tonnes of CO₂e per year. Overall, the EIB's investment projects continue to support reduced emissions.

CARBON FOOTPRINT OF EIB FINANCING, 2018-2020

	2018**	2019	2020
<i>Number of projects</i>	68	96	99
<i>Total EIB amount signed (in € bn)</i>	9.5	13.6	14.4
<i>Absolute emissions (in Mt CO₂e/year)*</i>	2.2	3.9	5.2
<i>Carbon sequestration from forestry (in Mt CO₂e/year)*</i>	2.8	0.9	0.3
<i>Relative emissions (in Mt CO₂e/year)*</i>	-3.5	-2.9***	-3.7

* Emissions and carbon sequestration are prorated to the EIB lending volume prior to aggregation. Total project emissions (absolute) and savings (relative) would be significantly larger. Mt CO₂e = megatonnes of CO₂ equivalents.

** Note that a different threshold for absolute emissions and carbon sequestration from forestry applied in 2018 (+/-100 tCO₂e/year), therefore direct comparison with the absolute emissions data for 2019 and 2020 is not possible.

*** The relative emissions figure for 2019 has been adjusted from the figure audited by our independent external auditors and reported in the previous Sustainability Report (-3.1 Mt CO₂e/year) due to a correction in the data.

SUSTAINABLE INVESTING

The EIB Group has invested more than €1 trillion since being founded in 1958. Our activities focus on climate and environment, innovation and skills, infrastructure, small and medium-sized businesses and cohesion.

Lending money and providing investment to support environmental and social sustainability and job creation is the EIB Group's core activity. In doing so, we aim to attract other investors who can considerably increase the overall impact of our activities.

The EIB Group's investments are not limited to the European Union. We support more than 160 countries through investments focusing on private-sector development, social and economic infrastructure, climate action and economic resilience. Environmental and social concerns are part of our project due diligence, in line with our responsible approach to investment.

In 2020, our activities focused on four public policy goals – the environment, infrastructure, small and medium-sized enterprises (SMEs), innovation and skills. To these, we added two transversal objectives: climate action and cohesion.

Starting from 2021, our activities will focus on the following public policy goals:

- Sustainable cities and regions;
- Sustainable energy and natural resources;
- Innovation, digital and human capital;
- SME and mid-cap finance;

and two cross-cutting objectives:

- Climate action and environmental sustainability;
- Economic and social cohesion.

ENVIRONMENT

The EIB supports and protects the natural environment and human well-being.

People across the globe are increasingly facing the effects of environmental degradation in their daily lives. We help preserve natural resources and protect the environment for future generations.

In 2020, the EIB Group signed €16.8 billion for projects supporting our environment policy goal. Among other things, 1.8 million people will benefit from reduced risk of flooding as a result of operations signed in 2020 under this policy goal.

A variety of sectors benefit from our activities, but the protection of biodiversity and ecosystems is one of our key priorities. Our projects support the resilience of ecosystems, while halting biodiversity loss and stimulating its recovery where needed. For the Blue Economy, we support initiatives to protect our seas and oceans. We finance efforts to reduce pollution, including noise, air and water. Our investments also go towards water supply and wastewater infrastructure, helping provide clean water and safe sanitary conditions.

In support of the circular economy and waste management, we keep materials and resources in circulation, minimising waste and reducing carbon emissions. Investment in disaster risk prevention and reduction is essential to enhancing the resilience of people, communities, countries and their assets, as well as the environment.

CHINA: COMBATING DESERTIFICATION BY PLANTING NEW TREES

Desertification or land degradation is a growing global problem. It is the consequence of overgrazing, overcutting of woody vegetation and poor cultivation practices. Desertification and the reduction of arable land is a major issue in China, where the majority of the population lives in rural areas. The most affected parts are the provinces and autonomous regions in northern China.

The municipality of Tongliao and the broader Inner Mongolia Autonomous Region (IMAR) are vulnerable to current and future impacts of climate change, specifically the increase in temperature, changes in precipitation patterns, high winds and droughts.

The EIB approved the financing of the Tongliao Sand Dunes Shelterbelt Forests project in June 2020. The operation supports a comprehensive desertification investment programme through afforestation and the implementation of sustainable forest management practices over 135 000 hectares in the Horqin Sandy Land. The project will store and sequester over 635 kilotonnes of CO₂e emissions annually.

Afforestation using shelterbelt species (trees and shrubs) will improve ground cover and help counter soil erosion by fixing sandy soils, providing barriers against wind and dust storms affecting people, crops and livestock, and supporting increased precipitation and water retention. The project's afforestation models will also help improve biodiversity, enhancing the functioning of local ecosystems and improving resilience to pests and disease compared to monocultures. Fruit and medicinal plant products and revenue generated through the project will help increase the incomes of local communities and strengthen their resilience. In addition, significant employment opportunities will be created during the implementation and operation phases. The project will create an equivalent of 4 400 full-time jobs over its economic life time. The seasonal planting and tending activities will also provide the local rural economy with key employment opportunities.

INNOVATION AND SKILLS

The EIB Group fosters innovation and skills, supporting the conditions needed to boost growth and create jobs.

Innovation is key to economic growth and employment. It drives prosperity and the European Union's competitiveness. It also plays an essential role in coping with the challenges of the climate crisis, ageing, dwindling resources and growing populations.

The EIB Group is committed to breaking down investment barriers and helping the European Union take the lead in the next wave of innovation. We aim to drive the rise and deployment of new technologies that address current challenges while supporting Europe's innovators in becoming global technology leaders. Highly skilled individuals and quality research underpin the European Union's capacity to innovate successfully. That is why we also foster skills and training to create new job opportunities and help workers and firms adapt to market needs and rapid technological changes.

In 2020, we supported innovation and skills with €14.4 billion of EIB Group financing. Among other things, this would help launch 60 new satellites providing broadband internet services.

The EIB Group's support takes a number of forms:

- Support for development and commercialisation of new products, processes and business models;
- Promotion of investment in research and development, education, upskilling and training;
- Improvement of connectivity and access by investing in broadband and mobile networks;
- Adoption and dissemination of digital and other emerging technologies.

THE NETHERLANDS: ACCELERATING GREEN ENERGY

Accelerating the transition towards greener energy is a core aim of Dutch start-up FlexiDAO, which specialises in developing software for the energy sector. The firm has devised a system to help energy retailers provide their clients with greater transparency about "green" sources of energy. It uses blockchain technology to bring more transparency to the energy grid.

Consumers interested in buying electricity with a green energy certificate never know exactly where that green energy comes from. FlexiDAO's software acts like a real-time digital notary, providing a direct link between each green electron produced and its carbon impact, and following that production through to each watt actually consumed from the grid. "Our software doesn't replace current energy certification systems," explains Joan Collell, co-founder and chief operations officer. "We simply add a transparency layer of information so that consumers can make more environmentally impactful decisions."

The company, which was founded in Barcelona in 2017 but recently moved its headquarters to Amsterdam, primarily employs energy and software engineers and operates in nine countries. When it started to take off in 2019, FlexiDAO received an equity investment from SET Ventures, a venture capital firm backed by the EIF under the European Union's Investment Plan for Europe. The investment helped boost the company's growth.

INFRASTRUCTURE

The EIB's investments in infrastructure do not only improve the interconnectedness of Europe's people, internal markets and economies. They also make infrastructure more resilient and sustainable.

Reliable and smart infrastructure is key for economic growth, sustainability and job creation. It is also crucial for ensuring Europe's connectivity and competitiveness.

New investment in infrastructure requires substantial financing at a reasonable cost. As the EU climate bank, the EIB has made it a top priority to ensure that we continue to support these initiatives, investing in energy, water and transport infrastructure networks as well as urban development with important social infrastructure for health and education. Our projects are ambitious and vital for enhancing economic growth in Europe and beyond. At the same time, we ensure that investments in infrastructure are in line with our Environmental and Social Standards, seeking to maximise benefits for people and the environment.

In 2020, the EIB Group signed loans worth €15.0 billion to support its infrastructure policy goal. Among other things, operations signed over the same year would help power almost 9 million households and help construct or upgrade more than 29 000 kilometres of power lines.

The EIB has made it a top priority to invest in cleaner transport, digital networks, energy efficiency and sustainable urban development. Our lending in urban areas also includes the development of social infrastructure, affordable energy efficient housing and key public buildings. By financing comprehensive regeneration projects, we aim to make neighbourhoods and cities more inclusive while also investing in their cultural heritage.

POLAND: AFFORDABLE HOUSING WITH GREEN INFRASTRUCTURE

Following Poznań, Szczecin became the second Polish city to receive an EIB loan to finance an integrated urban development programme, including new [social and affordable housing](#) and public spaces. The Bank agreed to lend up to €20 million to two municipal housing companies for the construction and renovation of 250 social and affordable housing units (169 new and 81 renovated), the associated public space and underground parking facilities. Thanks to the development of more energy efficient buildings, the project will generate savings of over 3 200 GJ per year, which will lead to a substantial reduction in Szczecin's energy consumption along with lower emissions and energy bills.

The operation benefits from the guarantee of the European Fund for Strategic Investments (EFSI), the financial pillar of the Investment Plan for Europe. EIB Advisory Services provided technical assistance, helping the loan recipient with financial modelling.

A specific focus on green infrastructure was included, a first for social and affordable housing projects financed by the EIB. A separate loan of €800 000 was signed to finance green roofs, urban farming plots, rainwater collection systems and other environmentally friendly elements. This loan falls under the Natural Capital Financing Facility (NCCF), an instrument managed by the EIB. The project is also supported by a guarantee under the LIFE Programme, which promotes investments in biodiversity and climate adaptation. It is the first NCCF project signed by the EIB in Poland and the first time that the NCCF was tapped for a social and affordable housing project in Europe.



SMALL AND MEDIUM-SIZED BUSINESSES

Our investment in small and medium firms strengthens the backbone of the European Union's economy.

Small businesses and mid-caps are a key part of the global economy. They create jobs and drive economic development and innovation. Europe's 23 million smaller companies represent 99% of all businesses and provide around three-quarters of all jobs.

We design and develop innovative products and partnerships to support small businesses, microenterprises and mid-caps (companies with 250 to 3 000 employees) in all phases of their development. The EIB and EIF work together to mobilise financial and technical expertise and act as a catalyst for third-party investments.

In 2020, the EIB Group provided financing for SMEs and mid-caps amounting to €30.56 billion. In the same year, we supported almost 420 000 companies, which employ at least 4.0 million people.

The EIB Group supports companies at all stages of development. For example, through [InnovFin](#), the EIB provides direct financing to mid-caps and the EIF provides guarantees to SMEs and other firms. The EIB also offers [venture debt financing](#) under the European Growth Finance Facility, backed by the [European Fund for Strategic Investments](#).

The EIF is a leading financial institution in the European private equity market. Through its venture capital and private equity interventions, the EIF plays a crucial role in the creation and development of high-growth and innovative small businesses by facilitating these companies' access to equity during the entire life cycle of corporate innovation. The scale and scope of these investments, along with the EIF's added value on fundraising, promotes best market practices and corporate governance at businesses that are supported. For the most part, the EIF's equity activity is backed by resources from its main shareholders, the EIB and the European Commission.

The COVID-19 crisis required public intervention to support access to finance for European companies, not least SMEs. The EIF, in partnership with financial intermediaries, was in a unique position as a pan-European provider of risk-sharing and equity instruments to play a key role in the European Union's emergency financing actions.

In 2020, the EIF achieved a total volume of €12.9 billion in overall commitments (split between €9.3 billion in guarantees, securitisation and inclusive finance, and €3.6 billion in equity investments), compared with the €10.2 billion achieved in 2019. This increase reflects the additional demand for guarantee products due to the COVID-19 pandemic as well as the EIF's flexibility, which enables it to deliver even when resources are tight. The resources used in response to the COVID-19 crisis in 2020 represent around half of the EIF's standard activity.

SPAIN: GIVING TREES A SECOND LIFE

The Soria region in northeastern Spain has historically been one of the country's least populated areas, with relatively low economic productivity. However, many young entrepreneurs and companies are now flocking to the area – and finding new innovative business opportunities.

Biofor is one example. The company specialises in wood chips made from recycled sources. It mixes wood that does not meet the quality standards for most other industries with wood from tree trimming, producing a type of forest biofuel that can be used in industrial boilers. The company takes used pallets and packaging and gives them a second life by producing chipboard for high-powered thermal systems.

With businesses looking for alternative energy sources to replace oil and its fluctuating prices, Biofor saw an opportunity to tackle two problems at once. "Provide cheap and less contaminating energy and give another life to tree trunks that lack commercial value," says Roberto Sanz Martínez, co-founder of Biofor. "There are literally tonnes of unused wood waste lying around. Why not make good use of them to produce cleaner energy?"

To ramp up its new product line, the company needed special equipment that required a large initial investment. Banks were hesitant to finance the venture. Fortunately, Biofor secured an EU-guaranteed loan from Soria Futuro, an investment company backed by the EIF. The loan had no collateral requirements and low interest rates.

CLIMATE ACTION

The EIB supports the transition to a low-carbon, environmentally friendly and climate-resilient economy.

The European Investment Bank is the European Union's climate bank. Our [climate strategy](#) defines our mission: to play a leading role in mobilising the finance needed to limit global warming to 1.5°C. The EIB is the world's largest multilateral provider of climate finance.

In 2020, EIB signatures for climate action stood at €24.1 billion, representing 37.4% of our total financing across all areas of activity, thus successfully meeting our target of devoting more than 25% of our financing each year to climate change mitigation and adaptation activities.

Following a decision by the EIB Board of Directors in 2019, we are significantly stepping up our climate action and environmental financing in the coming years. This will include raising the share of the EIB's total annual financing dedicated to climate action and environmental sustainability to 50% by 2025.

Furthermore, as of 2021, the EIF will start reporting on green finance in its intermediated portfolios. Climate action and environmental sustainability investments have, thus far, not been systematically tracked by the EIF. Nevertheless, the small businesses and enterprises in the EIF's portfolio have contributed to the European Union's drive for resource efficiency and the green transition for many years, for example by investing in energy efficiency or eco-innovation. The EIF was also an early and pioneering investor in European clean technology. The development and further enhancement of products supporting green transformation will be among the key business development priorities of the EIF.

SUPPORTING LOW-CARBON AND CLIMATE-RESILIENT URBAN DEVELOPMENT

Cities are on the frontline of the climate emergency and currently account for around 70% of global carbon emissions. The share of emissions from urban centres is anticipated to grow as 2.5 billion people are expected to migrate from rural to urban areas by 2050.

Before the coronavirus pandemic struck, it was estimated that more than \$93 trillion in sustainable infrastructure investment – such as clean energy, climate-resilient water and sanitation, and urban regeneration projects – was needed by 2030 to meet climate goals. This figure is set to rise even further.

The new [City Climate Finance Gap Fund](#), launched in September 2020, will address this challenge. The Gap Fund is implemented by the EIB, the World Bank and the German Gesellschaft für internationale Zusammenarbeit (GIZ) with support from the German and Luxembourg governments. It supports the early-stage development of urban climate projects in low and middle-income countries. Eligible projects include energy efficiency in buildings, flood protection or the greening of urban areas. The Gap Fund can also help cities to optimise the design of affordable housing programmes to increase their energy efficiency. The fund will lead to cleaner, healthier and more equitable communities – conditions that can help prevent future pandemics.

"The Gap Fund will help cities in developing countries to implement their transformative climate projects," Werner Hoyer, president of the EIB, said at the launch. "I encourage cities to share their ideas and apply for support."

COHESION

Through our investments promoting cohesion, we support a balanced development across Europe that leaves no region behind.

Cohesion policy is unique to the European integration process. It aims to help each region achieve its full potential and to bring about convergence of living standards and prosperity across the European Union. Cohesion was one of the original reasons the EIB was created in 1958, and it continues to be one of our main priorities.

A mixture of loans and advisory services enables the EIB to play a critical role in addressing regional economic imbalances and raising living standards across the European Union. We strive to orient money to the local level, where it meets the direct needs of the public. *In 2020 the EIB dedicated more than 35% of all operations in the European Union and pre-accession countries to economic and social cohesion and to convergence projects.* ✓

We prioritise projects that help address inequalities by providing job and education opportunities, access to public infrastructure and services, and a healthy and sustainable environment.

SERBIA: IMPACT FINANCE TO ADDRESS VULNERABLE GROUPS

Providing employment opportunities to more vulnerable groups is a real challenge for many pre-accession countries in Europe, especially in the aftermath of the COVID-19 crisis. In June 2020, the EIB and UniCredit Bank Srbija A.D. (UCBS) signed the first €15 million tranche of an innovative €30 million loan to help Serbian small, medium and mid-cap companies improve the social impact of their businesses in areas such as gender equality, youth employment and social inclusion.

The loan will be complemented by a €4 million grant provided under the EIB's Economic Resilience Initiative (ERI). The grant will reward companies that meet specific targets to foster women's employment and entrepreneurship, youth employment and professional development as well as the social inclusion of underserved or vulnerable demographic groups (minorities, people with disabilities, refugees, etc.) who often face additional job-market barriers. Technical assistance will also be provided to the bank and to final beneficiaries to support successful implementation.

As the first EIB private-sector loan under the ERI in the Western Balkans, the financing will contribute to promoting sustainable growth and supporting economic resilience.

ADVISORY SERVICES

The mission of EIB Advisory is to enable the creation and successful implementation of sustainable investment projects, by providing technical and financial advice to partners throughout the project cycle.

EIB Advisory provides services for national and local authorities, project promoters and other private-sector entities, financial intermediaries, and EU institutions.

Our advisory team supports project development and implementation, provides strategic advice to create an enabling environment for investment, and conducts market and sector studies to understand the needs of various industries and regions. It also helps design and implement financing solutions to match those needs. Finally, it guides projects through the steps needed to secure financing, mobilising complex or ad hoc financial structures when necessary. Our advisory services complement the EIB Group's offering, but they can also be delivered independently of any financing.

EIB advisory services are often delivered by multiple interdisciplinary advisory teams consisting of finance experts, engineers, public-private partnerships, innovation, climate and other specialists, and colleagues from the EIF, to give our partners and clients a holistic view of their project and its objectives.

For projects in the European Union, the first point of contact is usually the [European Investment Advisory Hub](#) (the Hub), the second pillar of the Investment Plan for Europe. The Hub provides project promoters with a one-stop shop of comprehensive advisory and technical assistance services that help identify, prepare and develop sustainable investment projects across the European Union. It also provides access to a variety of programmes that offer financial help, most of which are supported by the EU budget.

ADVOCATING CLIMATE ACTION

In 2020, EIB Advisory continued to manage and provide advice on projects with a strong climate action and environmental sustainability component. For example, EIB Advisory is helping the German Ministry of Transport and Digital Infrastructure to develop a funding model for hydrogen as an alternative fuel in the German transport network. The EIB is providing technical and financial advice to assess the outlook of the clean hydrogen market and to propose financing and delivery models that could help develop this alternative source of energy.

In the Czech Republic, the EIB is providing advisory services to the Czech promotional bank, ČMZRB, to help scale up investment in energy efficiency using European Structural and Investment Funds (ESIF). We are also helping the bank explore energy performance contracting¹² as a way to fund energy upgrades through reductions in cost and emissions.

The project shows that the ESIF can be mobilised through innovative financial instruments to support the energy performance contracting market, and that they can be combined with investment grants for comprehensive building renovation. The financial instrument is set to become operational in 2021.

EIB Advisory is also supporting the development of climate adaptation options for four municipalities participating in the EU Climate Adaptation Partnership under the Urban Agenda for the European Union. The assignment helps municipalities analyse adaptation options for an identified pipeline

12. [Energy Performance Contracting | Energy \(europa.eu\)](#)

of projects and develop a guidance document that can be used to support the cost-benefit assessment of climate adaptation options and projects that promote biodiversity.

In addition to this, EIB Advisory is currently working to scope the needs and delivery options for a European Green Debt Advisory Platform. The aim is to establish a comprehensive advisory programme to raise awareness, build capacity, and provide support to improve the quantity and quality of the issuance of green debt (bonds and loans) to finance climate action and environmental sustainability investments. The platform will be part of the European Investment Advisory Hub once it is up and running.

SPACE INVESTMENT TO SUPPORT SUSTAINABILITY

With the active support of EIB Advisory, the EIB is now financing a major European space investment that has the potential to lower emissions and help agricultural productivity.

The Luxembourg company Spire Global designs, manufactures and operates the world's largest constellation of small satellites. The company uses those satellites to provide data and analytics that can forecast the weather and track maritime and aviation movements. The company's data provide clients in the transport industry with information on more efficient transport routes, reducing both fuel costs and emissions. The weather data and forecasts also help farmers boost yields from existing cropland and resources, thereby reducing the need to expand the amount of land used.

The EIB is supporting the company with a venture debt financing agreement of up to €20 million to pay for capital expenditure as well as research and development activities. It is the first new space investment by the EIB in many years and the first venture debt financing for a Luxembourg-based company.

"This investment will drive product innovation and scalability of our products in Europe," said Peter Platzer, chief executive and founder of the company. "Our satellite constellation is monitoring every point on the planet in near real time, producing unique datasets. The datasets can be processed into decision-making tools to help solve some of the world's biggest problems, such as achieving net zero emission targets, illegal fishing, excessive fuel consumption, early warning of extreme weather events, and more efficient movement of global resources."

The investment follows a [market study](#) on *The Future of the European Space Sector* undertaken by EIB Advisory. Spire was first identified as a potential venture financing candidate and it was helped by the Bank to prepare its EIB financing application.

THREE MAIN AREAS

Advisory services are generally available in three areas: strategic development, market development and project development.

- **Strategic development** is the first step in designing how a societal need or goal – such as better digital connectivity – can be addressed in a meaningful way. Advisory support can take many forms, from strengthening the enabling environment for investment to preparing national or regional strategic frameworks and helping design specific investment programmes.
- **Market development** helps clients define the parameters and specific needs of a sector or a market. We offer studies that allow clients to identify the market gaps that need to be addressed, while various funding mechanisms like financial instruments (or investment/advisory platforms) can help raise money and enhance the efficient use and combination of EU funds.
- **Project development** offers technical and/or financial support for preparing, structuring and implementing projects that are then funded by the EIB or by other financiers. Our support enhances the quality of projects and their implementation, strengthening the overall impact, whether it is to improve quality of life or to prepare for future challenges.



2020 SPOTLIGHTS

BIODIVERSITY: PUTTING NATURE AT THE CENTRE OF THE SUSTAINABLE DEVELOPMENT AGENDA

The accelerating loss of biodiversity in recent decades has far-reaching consequences for human health, food security and the fight against climate change. The EIB has integrated biodiversity and ecosystem considerations into its project financing and other activities.

While climate change is high on everyone's agenda – public and private sectors alike – the global threats to biodiversity garner much less attention. However, climate stability and biodiversity are two sides of the same coin. Biodiversity and ecosystem loss is driven by climate change, increased land use, over-exploitation of natural resources, pollution and invasive species. On the other hand, biodiversity and healthy ecosystems are critical for limiting the effects of climate change.

WE ARE LOSING MORE BIODIVERSITY EVERY DAY

Biodiversity has never been under greater threat. More than 1 million species could be wiped out by the end of the century. In fact, the latest edition of the [Living Planet Report](#) (2020) of the Worldwide Fund for Nature (WWF) points out that from 1970 to 2016, the number of mammals, birds, fish, amphibians, and reptiles declined by 68%. According to the [IUCN Red List](#), 31 species were declared extinct in 2020. Ecosystems are moving closer to tipping points which, if crossed, will result in persistent and irreversible changes to ecosystems and the structure, function and natural services they provide. Biodiversity loss has profound environmental, economic and social consequences.

The [5th Global Biodiversity Outlook](#), published in August 2020 by the UN Convention on Biological Diversity, paints an equally pessimistic picture. The outlook states that not a single one of the 20 targets set at the beginning of the UN Decade of Biodiversity (known as the Aichi targets) from 2011 to 2020 was reached. Failure to conserve our biodiversity puts societies at greater risk of future pandemics and complicates our efforts to limit the effects of climate change.

Climate change's destructive impact on biodiversity is already being felt in Europe. Many plants are not able to survive Europe's increasingly hot and dry summers, and the loss of plant life is radically altering entire ecosystems. In other parts of the world, invasive species are displacing native ones, disrupting natural ecosystems and our food chains. These changes affect the quality of life and livelihoods in Europe. Protecting biodiversity, restoring ecosystems and using natural resources sustainably are vital to limiting the effects of climate change, reducing the risk of natural disasters and increasing our resilience to future pandemics.

While the loss of biodiversity has accelerated over the last decade, we can still significantly slow down or even reverse the trend. For that to happen, however, the combined interests of climate change and biodiversity need to be communicated better. Addressing climate change is integral to protecting biodiversity and vice-versa.

The European Green Deal tries to address the issue by interlinking strategies like the [Biodiversity 2030 Strategy](#) and the [Farm to Fork Strategy](#), both of which were published in May 2020, and the upcoming EU Strategy on Adaptation to Climate Change and the [EU Forest Strategy](#).

EAST AFRICA: OKAVANGO CAPITAL

Okavango Capital, the private equity fund named after the Okavango river delta in northern Botswana, is investing in SMEs that are strengthening ecosystems and biodiversity in East Africa. A new fund, managed by Okavango Capital in Kenya, aims to raise €75 million for conservation efforts and projects to improve rural livelihoods. The funds will also support a number of small businesses exploring conservation models that also bring commercial returns, namely in food security, climate technologies and domestic nature tourism. The projects will support financial inclusion and innovative digital technologies. The fund will receive strategic support from the Africa Wildlife Foundation.

THE EIB'S ROLE IN HELPING TO PROTECT BIODIVERSITY

At the EIB, we support European and global policies designed to protect biodiversity and ecosystems. We also work with governments, research institutions, companies, financial institutions and civil society to address the biodiversity challenges that may arise from our activities and commitments.

In recent years, the EIB has developed financing models that help pull the private sector into conservation efforts and fund nature-based solutions that can be used to tackle climate change. Our focus has been on forestry and on building a strong connection between climate, nature and people. We have invested to improve landscapes, seascapes and livelihoods, and to create space for ecosystems to recover. To do this, we have worked closely with the European Commission to develop innovative financing instruments such as the pilot [Natural Capital Financing Facility \(NCFF\)](#), as well as initiatives outside the European Union.

The NCFF has an innovative approach to protecting biodiversity. The facility's deployment has identified models that can be used to replicate or scale up projects. The facility draws on the Bank's expertise with other financial instruments, sectors and investments that have supported natural resources.

In a more general sense, our work focuses on forestry, agriculture and nature in urban centres. During the last five years (2016–2020), for example, the Bank financed the forestry and forest value-chain sectors with €5.5 billion. The main aim was to secure and increase environmental and social benefits through sustainable forest management practices and the active management of ecosystems. This approach focuses on protecting and enhancing biodiversity and ecosystems while fostering rural economic growth and employment. In January 2021, the Bank extended the scope of its sustainability awareness bonds, making funds raised eligible for biodiversity and ecosystem restoration projects, which are closely interlinked with forestry and natural resources.

Conservation and management practices need to be environmentally, socially and economically sustainable, generating benefits for present and future generations. Sustainability principles require a careful balance between increasing demand for wood and agricultural products and the protection and promotion of forest and landscapes, biodiversity and regeneration.

We also support agriculture and the rural economy, promoting environmental sustainability and lowering agriculture's impact and greenhouse gas emissions. Our investments in urban regeneration and nature-based solutions in rural areas reduce the risk of floods, tackle the negative effects of heatwaves and improve local air and water quality.

The EIB is also at the forefront of exploring how European approaches to conservation can be scaled up to tackle global challenges such as climate change. For example, the EIB is supporting the Covenant of Mayors in its efforts to build a movement that protects nature and biodiversity. In December 2020, it presented the new [Green City Accord](#), promoting healthy ecosystems, green infrastructure and nature-based solutions that will be systematically integrated into urban planning, including in the design of buildings, public spaces and infrastructure.

Truly protecting our natural resources, however, requires putting a price on them. The financial sector needs to establish a reporting framework that examines investments' impact on biodiversity and natural ecosystems. To this end, the EIB is supporting the new Task force on Nature-related Financial Disclosures (TNFD) and is also part of an informal working group to develop the reporting, metrics and data needed for financial institutions to better understand the risks and the impact their investments have on nature.

BELGIUM: SAVING PEARL MUSSELS THANKS TO BETTER WASTEWATER TREATMENT

An NCFF-financed project in the Belgian region of Wallonia, signed in December 2020 with the Walloon utility Société Publique de la Gestion de l'Eau (SPGE), will improve wastewater treatment and hopefully enable the recultivation of the freshwater pearl mussel in Wallonia's rivers. SPGE is investing in low-cost nature-based solutions for treating sewage, even sewage from small settlements. Sewage treatment needs to be improved for Wallonia's rivers to return to the pristine water quality required for the freshwater pearl mussel to thrive.

THE EIB GROUP'S ACTIONS TO ADDRESS SOCIAL INEQUALITIES

Social inequalities rose during 2020. The COVID-19 pandemic, climate change crises and the Black Lives Matter movement brought inequalities to the forefront of public consciousness. Specifically, the coronavirus pandemic exposed profound health inequalities. Health risks increase with poverty and fragile public health and governance systems. The EIB Group's COVID-19 response strives to reduce some of these inequalities.

The coronavirus has changed the way we live and work. When the pandemic finally comes to an end, life may be fundamentally changed. The pandemic laid bare the vulnerabilities of certain groups, such as poorer and older people in the developed world, and entire regions in developing countries. While the virus may be equally dangerous to all groups of people, regardless of where they live, the resilience of the public health systems – the quality of care, insurance options, technical equipment and access to vaccines – could not be more different.

Within the EIB Group, immense efforts are being deployed to mitigate the adverse effects of the COVID-19 crisis on the economy.

COMPREHENSIVE AND INCLUSIVE RESPONSE

Social inequalities were not created by the pandemic, but the pandemic has certainly magnified them. The United Nations Development Programme (UNDP) estimates that, as a consequence of the pandemic, the world's education, health and living standards will fall for the first time since the United Nations began tracking these indicators in 1990. UNDP data reveal wide differences in countries' ability to respond to the crisis, depending on the region. Developing countries, in particular, are expected to suffer the most, along with already vulnerable groups – for example, those that rely on the informal economy, women, people with disabilities, refugees and displaced people. Without strong intervention, poverty could grow again – after decades of progress (see [UNDP online feature](#)).

The EIB and EIF are significantly stepping up their activities to respond to the crisis, contributing to the European Union's [Team Europe](#) response to help EU partner countries tackle the COVID-19 crisis with over €6.54 billion of financing. The initiative, supported by guarantees from the EU budget, addresses financing needs in more than 100 countries around the world, including the least developed countries and fragile states. The EIB Group also created a €25 billion Pan-European Guarantee Fund (EGF) to ensure that companies in the participating Member States have sufficient short-term liquidity available to weather the crisis.

The scale of these actions could have longer-term consequences for EIB Group operations. As a result, the EIB is seeking to integrate a number of principles in its approach to support fragile regions. One of them is to specifically consider investments that contribute to conflict prevention and stability by targeting the most vulnerable and exposed segments of the local population while looking for opportunities to enhance social inclusion. The objective is to build up resilience so that countries can be prepared for similar shocks in the future.

EFFECTIVE SUPPORT FOR FRAGILE REGIONS

To support fragile regions, the EIB applied new principles to a number of investments signed in the second half of 2020, many of which were located in Africa. For example, an €800 million loan to the National Bank of Egypt was signed in September 2020 and fully disbursed in January 2021. It supports Egyptian small businesses and mid-caps during the pandemic. The National Bank of Egypt has an excellent track record in providing funding to Egypt's real economy, thanks to its focus on small businesses and its extensive branch network, the largest in the country. The COVID-19 crisis hit Egypt hard, and the new EIB funding, whose requirements have been adjusted to meet the needs of the crisis, ensures that enterprises are able to get financing during this difficult time.

The EIB is also directing €300 million of financing through the African Export-Import Bank (Afreximbank), Africa's multilateral trade finance institution. The support is structured in two parts. The package redeploys €200 million of funds previously allocated to trade-related investments, directing them specifically to those sectors most affected by the pandemic. Recognising the pressing need for support, Afreximbank and the EIB have added another €100 million into the package. Furthermore, Afreximbank's deep knowledge and broad presence across African markets will ensure that capital reaches businesses and communities in all corners of the continent. A portion of the package will specifically target businesses owned or managed by women. In addition, at least 25% of the funds allocated under the partnership will be earmarked for green projects, such as renewable power, energy efficiency and climate change adaptation.

BALANCING GENDER INEQUALITY

Beyond the current pandemic, it is important to tackle inequality and include efforts to reduce it in programmes designed to improve development and make it more sustainable. Gender equality has been paramount to EIB Group projects and investments for several years now. The [EIB Group Strategy on Gender Equality and Women's Economic Empowerment](#) aims to embed gender equality and, in particular, women's economic empowerment, in the EIB Group's activities.

The EIB was also the first multilateral development bank to join the 2X Challenge, an international initiative to direct credit towards women-owned businesses and firms that employ significant numbers of women, as well as the Gender Finance Collaborative. 2X Challenge criteria is guiding EIB investments worldwide, and the criteria provide a harmonised way of defining investments focused on gender.

In 2019, the EIB launched SheInvest, an initiative to boost gender equality and economically empower women across Africa. By the end of 2020, we had reached our goal of supporting €1 billion of gender-responsive investment, providing €150 million of our own financing. SheInvest provides women across the continent with access to financial infrastructure and services. Building on our experience in North and Sub-Saharan African countries, the EIB is stepping up efforts to invest in projects, sectors and markets that can improve gender equality. SheInvest emphasises investments in innovative digital solutions and access to financial products, increasing women's opportunities and social inclusion. In addition, it aims to promote gender-responsive climate financing, acknowledging the key role played by women in climate action and addressing their vulnerability to climate change. Investments will also target climate and gender-responsive infrastructure projects, such as projects that enhance women's access to water, clean, reliable and affordable energy, and sustainable public transport.



STRENGTHENING INTERNATIONAL PARTNERSHIPS

To enhance its COVID-19 response globally, the EIB Group has been strengthening its partnerships with international organisations. These include a collaboration with the World Health Organization (WHO) to reinforce public health, the supply of essential equipment, investments in training and hygiene in more vulnerable countries, and analytical work with UNDP and BearingPoint to strengthen resilience and better address the pandemic across Africa. In addition, a framework agreement with the United Nations Office for Project Services (UNOPS) enables the EIB to work with UNOPS to help governments in more challenging contexts improve their response to and preparedness for crisis situations, such as the current pandemic.









The EIF has joined forces with UNDP to develop joint initiatives for sustainable finance and implement the Sustainable Development Goals. Both organisations have signed a memorandum of understanding, which reaffirms their commitment to addressing the socioeconomic consequences of the COVID-19 pandemic, responding to climate change and tackling inequalities.

OUR 2020 CONTRIBUTIONS TO THE SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. With our activities, we contribute to sustainable growth and help to achieve the UN 2030 Agenda.

As part of our role, we contribute to climate action, sustainable infrastructure, renewable and efficient energy, clean water, sustainable cities, innovation, the circular economy, agriculture and forestry, migration and gender equality.

To quantify our contribution to the SDGs, the EIB has developed a methodology to map the outcomes of our projects with the targets underlying the SDGs. The following table highlights some of our global contributions for the year 2020.

Indicator	Value	SDG
Patients treated (#)	282 564 978	
Students in education facilities benefiting from EIB finance (#)	1 006 165	
Persons benefiting from safe drinking water (#)	29 581 249	 
Persons benefiting from improved sanitation services (#)	15 552 299	 
Households which could be supplied with energy generated by projects (#)	8 960 130	 

Indicator	Value	SDG
Electricity generation capacity (MW)	10 196	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
<i>which came from renewable energy sources</i>	83%	
Power lines installed or upgraded (#)	29 113	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Smart energy meters installed (#)	6 977 633	7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES
New subscribers with 5G services enabled (#)	2 600 000	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
New satellites providing broadband internet services (#)	60	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Households in new or refurbished social and affordable housing (#)	65 915	10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
Additional annual trips made on EIB-financed public transport (#)	380 454 687	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
Persons with reduced exposure to drought risk (#)	8 739 830	2 ZERO HUNGER 11 SUSTAINABLE CITIES AND COMMUNITIES
Persons facing reduced risk of flooding (#)	1 830 000	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
Absolute emissions (Mt CO ₂ e/year)	5.2	13 CLIMATE ACTION
Relative emissions (Mt CO ₂ e/year)	-3.7	13 CLIMATE ACTION
Carbon sequestration from forestry (Mt CO ₂ e/year)	0.3	13 CLIMATE ACTION
New forests planted (ha)	146 076	2 ZERO HUNGER 15 LIFE ON LAND

INTERNATIONAL COOPERATION FOR THE SUSTAINABLE DEVELOPMENT GOALS

For more than 50 years, the EIB has been contributing to the stable and sustainable development of countries beyond Europe.

Some of the Sustainable Development Goals of the United Nations are interlinked and mutually influence each other. Our activities contribute to various SDGs. For example, we foster SDG 1 “No poverty” through projects supporting international cooperation, ensuring that the interests of the poorest countries and people are at the centre of global decision-making.

With our international partners, we support a shift from aid to investment to help people lift themselves out of poverty. Over the last ten years, EIB financing outside the European Union has totalled €78 billion, over €26.6 billion of which has gone to Africa.

In 2020, much of our financing focused on addressing the global health and economic crisis resulting from the coronavirus pandemic, which severely threatens success in achieving SDG 3 (Good health and well-being). The EIB’s response outside the European Union was developed under Team Europe, an initiative led by the European Commission, mobilising €38.5 billion (of which up to €6.7 billion was pledged by the EIB) to support the health, water and sanitation sectors on the one hand, and socioeconomic recovery on the other.

For example, we partnered with the World Health Organization to support healthcare in ten African countries and offer diagnostic tests and protective equipment during the pandemic for the people who need it the most.

BRAZIL: SUPPORTING WOMEN ENTREPRENEURS



In 2020, the EIB provided Banco do Nordeste do Brasil with a loan of €200 million aimed at addressing the working capital and investment needs of microenterprises (with less than ten employees) affected by the coronavirus outbreak in northeastern Brazil. The Brazilian bank will lend the money to microentrepreneurs that have difficulties accessing credit, specifically focusing on women entrepreneurs. The proposed emergency measure is part of the policy and operational response of the EIB, in close cooperation with the European Commission, to the pandemic outside the European Union.

Contributing to socioeconomic development and poverty alleviation as well as reducing the gender gap, the credit line is expected to spur development in rural and urban areas. In addition to reaching out to women, the money will be used to support vulnerable groups. The operation will have material developmental benefits and contribute, among others, to the achievement of SDG 1 (No poverty), SDG 3 (Good health and well-being), SDG 5 (Gender equality), SDG 8 (Decent work and economic growth) and SDG 10 (Reducing inequalities).

THE EUROPEAN INVESTMENT FUND SUPPORTS FRENCH FARMERS IN THE GREEN TRANSITION

An innovative financial instrument developed by the EIF in cooperation with the EIB's Advisory Services team makes access to finance considerably easier for farmers in the French region of Nouvelle-Aquitaine. At the same time, it supports the region's agro-ecological transition.

Access to finance is a key issue for a large number of farmers in the Nouvelle-Aquitaine region in southwestern France. A feasibility study conducted by the region in 2018 had highlighted the need for a financial instrument that would make it easier for farmers to access bank financing to implement their investment projects. As a result of a study undertaken by the Advisory Services team of the EIB under the fi-compass platform, the Nouvelle-Aquitaine regional authority joined forces with the EIF, hoping to capitalise on the latter's experience with the neighbouring Occitanie region. It saw that the EIF's experience and expertise could help develop a financial instrument that financial intermediaries would use to facilitate farmers' access to bank credit. The financial instrument would also help mobilise more co-investment from the private sector and stimulate the agriculture sector.

Alter'NA, short for Alternative Nouvelle-Aquitaine, is the outcome. A fund of funds set up under the [Agri Platform](#), Alter'NA draws on existing resources without having to tap funds from the EIF. The main source of funding is the European Agricultural Fund for Rural Development (EAFRD) – one of five European Structural and Investment Funds managed by the European Commission and the Member States – which is providing €14 million. Several regional councils of Nouvelle-Aquitaine are providing €16 million, and the European Fund for Strategic Investments (EFSI), known as the Juncker Plan, is providing another €6 million. A total of €36 million has been dedicated to Alter'NA, which aims to attract additional private-sector resources. The project expects to mobilise €230 million of financing for farmers and small businesses in the agriculture sector.

TARGETING AN AGRO-ECOLOGICAL TRANSITION

Alter'NA's purpose, however, is not just to provide new funds. Agricultural production in many of Europe's rural regions is trying to adapt to environmental sustainability. With this in mind, Nouvelle-Aquitaine has developed a programme called Neo-Terra that is aiming for an agro-ecological transition, a step-by-step move away from conventional to more sustainable, ecological farming.

Specifically, Alter'NA supports the objectives of the Neo-Terra programme through the promotion of:

- On-site farm transformation, including processing technologies and marketing expertise;
- Organic transformation, processing and marketing by agro-firms cooperating with farmers;
- High environmental value and/or organic farming for vineyard activity (the region includes Bordeaux and Cognac);
- Sustainable production of fruits and vegetables in greenhouses.

Farmers actively working to meet these objectives are eligible to receive bank funding, for example if they endeavour to improve animal welfare and/or their performance in meeting environmental requirements. These environmental requirements include the reduction of pollution from pesticides and fertilisers, or the optimised consumption of resources, for example by reducing water leaks. Farmers are also encouraged to invest in the organic agricultural sector.

As an incentive for good practice, the total aid available increases significantly for investments made in organic farming. For vineyard investments, applicants must demonstrate that their business has already obtained Level II or III environmental certification under French law, or organic farming certification, verified by an inspection by Ecocert or AFNOR (the French association for standardisation). Level III certification requires a high performance in biodiversity, a strategy for plant health, responsible fertilisation and irrigation management.

An [explanatory video](#) (in French) features the tomato-producing company Tomatec in the village of Bias, located in the Landes department in southwestern France. The owner has successfully applied for a loan of €1.1 million to expand his tomato greenhouses. The project focuses on the environmentally friendly production of tomatoes, including energy efficiency measures and the reduced use of pesticides. Alter'NA made the financing possible for the young farmer, who otherwise would not have received an affordable loan of this size.

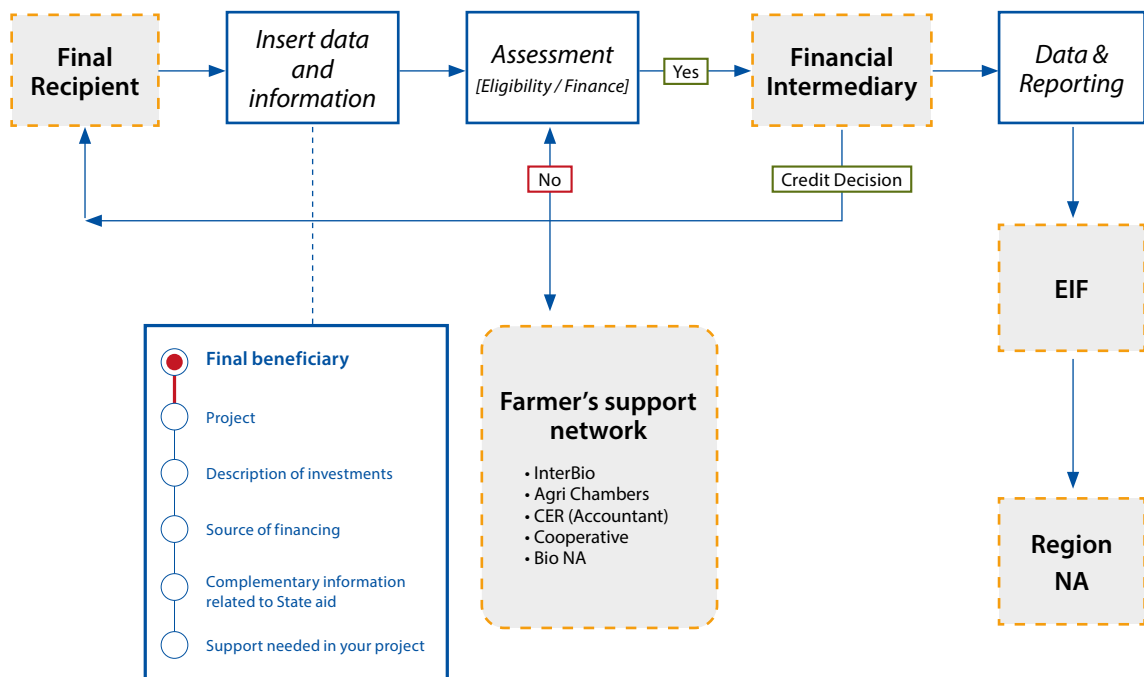
The Alter'NA fund is expected to eventually support around 1 500 regional farmers. The financing terms offered are advantageous, with lower interest rates and less stringent collateral and/or personal guarantee requirements.

INNOVATIVE WEB TOOL

Access to Alter'NA funds is supported by an innovative web tool that is another result of the collaboration between EIB Advisory and the EIF. It includes a self-assessment tool for testing the applicant's eligibility and financial viability for the project. It asks for information about the potential recipient, the intended activity, the nature of financing sought and the applicant's own resources.

Thanks to Alter'NA, Nouvelle Aquitaine has set an example for other European regions about the kind of tools they can use to support local agricultural operations. In addition, as a managing authority for European funds, it is also a pioneer in mobilising EAFRD funding and adapting it to the needs of local farmers. At the same time, the fund reflects the EIF's desire to work more closely with regional authorities, particularly in the agricultural sector, to prepare them for the challenges of tomorrow while developing solution-oriented and client-focused innovative tools in close partnership with the EIB. In the future, we seek to scale the financial instrument and adapt the web tool for other European regions and forms of agriculture.

OVERVIEW OF THE SELF-ASSESSMENT TOOL





GOOD CORPORATE GOVERNANCE

We care about transparency and accountability. In further developing our organisation, we engage with our employees and the public as key stakeholders. In everything we do, we try to live up to the same high standards that we demand from our business partners. With our commitment to equal opportunities and lifelong learning, we strive to be the employer of choice for the best talent in Europe.

TRANSPARENCY AND ACCOUNTABILITY

As EU institutions, we have a particular responsibility to be open, transparent and accountable for our actions towards our stakeholders.

Our commitment to transparency covers, in particular, information on the Group's accountability, governance and organisational structure, corporate responsibility as well as information on our role, policies and operations. At the same time, we also need to ensure that information remains protected if disclosing it would undermine legitimate interests.

The EIB Group Transparency Policy¹³ sets out the EIB Group's approach to transparency and stakeholder engagement.

In accordance with the Transparency Policy, the EIB proactively publishes summaries of all investment projects at least three weeks before each project is considered for approval by the Board of Directors. In a limited number of cases, publication may have to be postponed to protect legitimate interests in line with the Transparency Policy. For example, the EIB published project summaries for 91% of the relevant projects approved in 2020, whereas 9% could not yet be published following client requests to protect commercial interests.

In addition, the EIB makes environmental and social documents available in its public register,¹⁴ which now holds over 6 000 documents.

Other information and documents routinely published include institutional information, policies and strategies, procurement information and tender notices on the Bank's own behalf, along with accountability- and governance-related information.

The EIF's principles on disclosures and transparency are further detailed in the EIF Transparency Policy.¹⁵ Regarding disclosure upon request, the main principles of the Transparency Policy are:

- Presumption of disclosure, meaning that all information or documents held by the EIB can be disclosed upon request, unless disclosure exceptions apply;
- Non-discrimination and equal treatment, meaning that every member of the public has the right to request and receive timely information and documents from the EIB;
- Ensuring trust and safeguarding sensitive information, meaning that the EIB Group must maintain the confidence and trust of clients, co-financiers and investors, by protecting confidential information;
- Openness and willingness to listen and engage, meaning that the EIB Group actively encourages stakeholder input and is open to constructive dialogue and cooperation with all stakeholders.

13. <https://www.eib.org/en/publications/eib-group-transparency-policy.htm>. A public consultation on the review of the policy is currently ongoing. More information is available on the public consultation web page: <https://consult.eib.org/consultation/tpconsultation-2020-en/>.

14. <https://www.eib.org/en/registers/index.htm>.

15. [eif-transparency_policy_01022016.pdf](https://www.eib.org/en/registers/index.htm).



In 2020, the EIB InfoDesk received 4 786 written enquiries from the public (up from 4 339 in 2019). The EIB also received 109 general enquiries, 36 disclosure requests and five confirmatory applications, mainly from civil society organisations (a total of 150 enquiries, up from 121 in 2019). This workload was for the most part handled within 15 working days or, in more complex cases, 30 working days. Each year, the EIB publishes a report about the implementation of the Transparency Policy in the previous year with details about these and other figures.¹⁶

ACCOUNTABILITY ON SEVERAL LEVELS

At the EIB Group, we pursue accountability towards our stakeholders by complying with applicable laws and regulations, operating a Complaints Mechanism and a Procurement Complaints Committee, and investigating allegations of prohibited conduct, in connection with EIB Group-financed operations or activities. The following pages provide more details, which are also available on our [website](#).

¹⁶ The data in this section are the preliminary data from the upcoming annual report on the implementation of the EIB Group Transparency Policy in 2020. For the final data, please refer to the report that will be published later this year. It will be accessible through the Publication drop-down menu on the Transparency Policy web page: <https://www.eib.org/en/publications/eib-group-transparency-policy>

COMPLIANCE AND INTEGRITY

Compliance and integrity are core elements of the EIB Group's corporate culture. They are the shared responsibility of all EIB Group staff and members of the governing bodies.

Ethical and compliant behaviour is embedded in relevant policies, procedures and practices. Compliance is ensured by independent functions under the responsibility of the EIB and the EIF Chief Compliance Officers. The EIF Chief Compliance Officer reports to the EIF Chief Risk Officer. While the Group Chief Risk Officer oversees compliance at the EIB Group level, both functions have direct access to the relevant governing bodies.

RECENT POLICY REVISIONS

In December 2019, the EIB Group Staff Code of Conduct and the EIB Group Whistleblowing Policy were reformed, marking important milestones in the revision of policies and procedures within the Compliance Culture Change Programme. This programme was launched in 2018 and aims at minimising compliance, conduct and reputational risks and promoting a strong compliance culture. In line with recommendations of the European Banking Authority and Basel Committee, the Board of Directors will continue to be closely involved in the setting of compliance policies and promotion of a compliance culture including ethical behaviour, reinforcing the protection of the EIB Group's reputation through a collective commitment to EIB Group values and integrity principles.

The EIB has in place an Anti-Money Laundering and Combating Financing of Terrorism Framework, the basis of which is documented in the EIB Group AML-CFT Framework (last revised in December 2020) and implementing procedures. The EIB Group AML-CFT Framework aims to prevent the EIB Group, its governing bodies, staff and counterparties from being associated with or used for money laundering, financing of terrorism or other criminal activities. The AML-CFT regulatory context and practices are constantly evolving and monitored for their relevance and implementation in the EIB Group AML-CFT processes. To this effect, the latest regulatory changes relevant for the EIB (the 5th AML Directive and Directive 2018/1673 of 23 October 2018 on combating money laundering by criminal law¹⁷) are taken into consideration in the EIB Group AML-CFT Framework.

The EIB Group Sanctions Compliance Policy, effective since July 2019, sets out our approach to complying with sanctions that apply to our business. Since its creation, the Office of the Chief Compliance Officer (OCCO) has been working continuously to improve and enhance processes, systems and controls. The sanctions landscape remains challenging and complex. The EIB's sanctions risk remains firmly connected to its external lending and other business activities outside the European Union. In this context, the EIB remains fully committed to applicable sanctions laws and regulations, as defined in the EIB Group Sanctions Policy and its corresponding implementing procedures. Its principles are further implemented through the EIB Group Sanctions Compliance Programme.

17. Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU and Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law.

The revised EIB Group Policy dealing with weakly regulated, non-transparent and non-cooperative jurisdictions and tax good governance ("EIB Group NCJ Policy") was approved by the EIB in 2019. The EIB Group NCJ Policy aims at preventing operations from being misused for, among other things, tax fraud, tax evasion and tax avoidance. More generally, it prohibits entering into new or renewed operations with contracting counterparties incorporated/established in non-compliant jurisdictions. Exceptions are granted in limited cases only, such as when an operation is undertaken in the relevant NCJ and the risk (if any) that this operation could be misused for targeted activities can be mitigated. All EIB operations are assessed on a risk-sensitive basis in line with standards of the due diligence process outlined in, among others, the EIB Group NCJ Policy and its revised implementing procedures approved in 2020. Internal tax integrity due diligence tools, subject to refinement/update from time to time, have also been developed to assess tax integrity due diligence.

REPORTING ON COMPLIANCE RISKS

During 2020, OCCO carried out a first compliance risk assessment following specific regulatory requirements, guidance and industry practices including the 4th and 5th EU Anti-Money Laundering Directives. Based on this exercise, compliance-related controls were identified and selected for inclusion in the annual compliance monitoring and testing plan for 2020/2021. Compliance testing started during 2020. On the basis of the results, regular reporting will be provided to the Bank's governing bodies, enabling them to take informed decisions on compliance risks.

IMPLEMENTING DATA PROTECTION REGULATION

The EIB has had a dedicated Data Protection Officer (DPO) since 2003, as it is one of the first institutions to have institutionalised this role. The EIF has its own DPO. During 2020, the DPO's activities continued to concentrate on ensuring compliance with the new obligations deriving from EU data protection regulation 2018/1725. The DPO focused on the adoption of the necessary implementing acts and procedures. The DPO Implementing Rules describing the duties and tasks of all data protection stakeholders at the EIB have been adopted by the Management Committee and the EIB Group Data Protection Policy has been adopted by the EIB Board. Furthermore, the DPO adopted procedures for the exercise of data protection rights and data protection impact assessments. In addition, the DPO initiated a Bank-wide compliance exercise, including the review of the records of the centralised register and a compliance roadmap with relevant actions for all EIB departments. Last but not least, the DPO continued delivering awareness sessions across the Bank.

COMPLAINTS MECHANISM

The EIB Group's Complaints Mechanism reinforces its commitment to accountability and adheres to international best practices. The Complaints Mechanism enables stakeholders to raise their concerns about decisions and activities of the EIB Group.

Complaints are investigated by the [EIB Complaints Mechanism](#) team, an operationally independent division responsible for assessing whether the EIB Group complies with its internal policies and procedures and the principles of good administration, while proposing corrective actions when necessary. The Complaints Mechanism also enables the alternative and pre-emptive resolution of disputes between complainants and the EIB Group. In addition, the Complaints Mechanism assists the EIB Group, for the common purpose of good administration, by advising on possible improvements in the implementation of its activities.

In 2020, a total of 77 complaints relating to EIB Group-financed operations and/or administration were received (compared to 84 registered complaints in 2019). 67 of these complaints were directly submitted to the Complaints Mechanism, which declared 40 of them admissible (compared to 50 admissible in 2019). The other 10 complaints were filed with the European Ombudsman, who declared all of them admissible (compared to 10 filed with and 8 declared admissible by the European Ombudsman in 2019).

The Complaints Mechanism is a two-tier system based on a memorandum of understanding signed with the European Ombudsman. It is composed of an internal tier – the Complaints Mechanism Division – and an external one – the European Ombudsman. This system makes our Complaints Mechanism unique among multilateral development institutions.



FOUR AREAS OF WORK

The Complaints Mechanism team receives project-related complaints in areas such as environmental degradation, threats to community health and safety, and involuntary resettlement. It also deals with complaints related to access to information or public consultation about projects.

In handling complaints, the Complaints Mechanism team performs two main functions:

- 1. Compliance review:** upon receipt of a complaint, the Complaints Mechanism team investigates it and evaluates whether actions or decisions taken by the EIB Group comply with its internal policies, standards or procedures or with applicable legislation. The compliance review will determine the validity of the allegations.
- 2. Mediation:** as part of its problem-solving approach, the Complaints Mechanism team can offer complainants mediation (which can take different forms) when it is possible to resolve a conflict by working together. The mediation process is designed to build trust and promote dialogue in any given dispute with the purpose of achieving a mutually agreeable solution that is beneficial to all parties.

Furthermore, the Complaints Mechanism performs two additional functions:

- 3. Advisory:** depending on findings during the complaints-handling process, the Complaints Mechanism team may be able to identify possible improvements to the EIB Group's policy framework. Together with the complaint-specific recommendations proposed to resolve a case, the Complaints Mechanism may advise senior management and/or EIB Group governing bodies regarding issues of a systemic nature, providing suggestions for improvement.
- 4. Monitoring:** the Complaints Mechanism team also monitors closed complaints to ensure that the follow-up measures agreed by the EIB Group and/or project promoter are implemented. This process reviews whether complaints are resolved satisfactorily and in the designated time period.

ENVIRONMENTAL MANAGEMENT

The EIB Group has been measuring and managing the environmental performance of its internal operations since 2007. During this time, we have implemented numerous actions and initiatives to improve our disclosure and performance. Furthermore, we have significantly cut our emissions, exceeding the European Union’s greenhouse gas reduction target for carbon emissions by 20-30% by 2020. We have also reduced our net impact per employee by over 50%.

The aim of the environmental management system at the EIB Group is to reduce the negative environmental impact from our internal activities and to set ambitious objectives and targets. Using the EU Eco-Management and Audit Scheme (EMAS) framework allows us to continually improve our environmental performance. EMAS is a premium management instrument developed by the European Commission for companies and other organisations to evaluate, report and improve their environmental performance. EMAS is open to every type of organisation eager to improve its environmental performance. It spans all economic and service sectors and can be used worldwide.

OUR INTERNAL CARBON FOOTPRINT

For the carbon footprint of our internal, corporate activities in Luxembourg, we use the methodology of the Greenhouse Gas Protocol to ensure consistent reporting of our direct and indirect emissions, which include business travel and employee commuting. We are continuing to reduce our carbon emissions and compensate for any remaining and unavoidable emissions by buying high-quality carbon credits.

Since 2014, we have purchased carbon credits generated by the Kasigau Corridor REDD+ Project that prevents deforestation and forest degradation, helping to protect wildlife and promote biodiversity in 500 000 acres of highly endangered Kenyan forest. This landmark project was the first REDD+ project to be validated and verified under the [Verified Carbon Standard \(VCS\)](#) and the [Climate, Community and Biodiversity Standard \(CCB\)](#). The project protects 500 000 acres of dryland forest. In addition, it has already created over 400 local jobs and brings the benefits of carbon finance to nearly 100 000 people in the surrounding communities – including over 4 500 local landowners – through investments in job creation, education, infrastructure, water access and sustainable agriculture.

The EIB Group’s own internal operations could be considered as net zero in terms of our measured greenhouse gas emissions, and therefore aligned with the requirements of the Paris Agreement as the result of full compensation of our residual GHG emissions.

The carbon footprint for each employee (resulting from our own operations) in 2020 was 1.46 tCO₂e. This represents a decrease of 73.0% compared with 2019 and a decrease of 87.8% compared with the 2007 baseline. The EIB Group’s total net carbon footprint was 5 958 tCO₂e. This represents a decrease of 72.2% from 2019 and a decrease of 66.8% compared with 2007. It compares with a 172.6% rise in staff numbers since 2007.



ENVIRONMENTAL MANAGEMENT SYSTEM

In 2018, the EIB Group successfully implemented an environmental management system in accordance with [EMAS \(the Eco-Management and Audit Scheme of the European Union\)](#) and the [ISO 14001 Environmental Management Standard](#). To maintain EMAS registration, the system must be fully audited every three years in addition to undergoing annual audits that verify parts of the system. Since the first full audit and registration in 2018, we have successfully passed two surveillance audits to maintain our registration. The latest 2020 surveillance audit was disrupted due to the coronavirus pandemic, which meant the first part of the audit was held online in April 2020 and the second on-site in September 2020. The next full recertification audit is scheduled to take place in June 2021 and will be subject to COVID-19 restrictions in place at the time.

In December 2019, all members of the EMAS core team at the EIB Group were trained and certified as ISO 14001 lead auditors. The training course, led by the BSI Training Academy, was also attended by members of the European Court of Auditors in Luxembourg. In a special arrangement with this organisation, it was agreed in 2020 that future internal audits at the EIB would be carried out in cooperation with the Court of Auditors to enhance the credibility of each institution's audits.

EMAS provides the EIB Group with a robust framework to measure, monitor, evaluate and report, providing management with a holistic view on the environmental performance of all internal operations. The annual [EMAS Environmental Statement 2020](#), including 2019 performance data, was published in November 2020 and is available online.

NEW CLIMATE PROGRAMME 2021-2025 FOR EIB GROUP INTERNAL OPERATIONS

We are committed to pursuing the aims of the Paris Agreement and European Green Deal not only in our business activities, but also in our own operations as required under the EMAS framework. This commitment has resulted in our new corporate Climate Programme 2021-2025.

The programme applies the global (Paris Agreement) and EU targets for carbon reduction and environmental sustainability to our internal operations by defining carbon-reduction targets to be met by 2025, with carbon neutrality to be achieved by 2050. The climate programme reflects our Climate Bank Roadmap in all our internal activities.

In concrete terms, this means that our Scope 1 and Scope 2 (absolute) emissions (according to the Greenhouse Gas Protocol) as reported in the EIB Group's Carbon Footprint 2018 need to be reduced by around 30%. An 8% reduction by 2025 is foreseen for Scope 3 categories and emissions compared to the levels reported in the 2018 carbon footprint. The reductions will ensure that the EIB Group remains on track for meeting the Paris Agreement goal of limiting the temperature increase to 1.5°C. These commitments have implications for how we work, travel and do business.

- **The way we work:** more digitalisation of internal processes, reducing printing and printers, and minimising waste and single-use plastics, as some examples.
- **The way we travel:** raising awareness of low-carbon options for business travel and commuting, improving video conferencing and teleworking tools to reduce the need for travel, and accelerating the shift to a hybrid or electric vehicle fleet.
- **The way we do business:** involving our business partners in the EU goal of building a low-carbon economy by raising the number of contracts awarded to suppliers that apply circular economy principles, for example, new catering, procurement, repair and maintenance service contracts.

In 2020, the coronavirus pandemic impacted our internal operations significantly. With impressive efforts from all sides, we managed to adapt to the new, unexpected circumstances by accelerating the implementation and adoption of digital workflows and tools and by closing the temporarily unused office buildings. A digital mailroom and the use of digital signatures allowed us to continue working successfully, while enhancing our sustainability performance.

REMOVING SINGLE-USE PLASTICS

In 2019, we signed the Zero Single-Use Plastics Manifesto launched by the Luxembourg-based initiative Inspiring More Sustainability (IMS). By the end of 2020, we honoured our pledge, having eliminated the equivalent of 14 992 kilos or nearly 15 tonnes of single-use plastic, a quantity that we will no longer consume from 2021 onwards. This reduction included the following actions:

Single-use plastics	Selected alternatives
Cups	Ceramic cups or glasses
Straws	Completely removed, no replacement
Stirrers	Wooden stirrers
Food containers	The EcoBox / glass jars
Bottles	Water fountains / aluminium cans / Tetrapak

INTERNATIONAL EXCHANGE

The EIB Group has for many years participated in various networks to collaborate and exchange experiences with peer group organisations from local networks, such as Inspiring More Sustainability, inter-institutional groups including the European Commission, the European Parliament, the European Court of Justice and the European Central Bank, and other international financial institutions, including the World Bank Group, the United Nations, national banks and others. In these networks, best practices are exchanged across a wide range of subjects including sustainability, environmental management, accountability, transparency, internal environmental management, reporting frameworks and others.

Furthermore, regular exchanges between working groups cover topical issues of mutual concern, for instance preparing for a post-COVID-19 world by considering questions such as workspace management, teleworking, mobility and travel, along with a variety of social aspects, including the challenges posed by working from home for some EIB Group staff who have experienced isolation as a result. These exchanges between organisations will increase resilience and preparedness for future crises.

COMMUNITY ENGAGEMENT: THE EIB INSTITUTE

The EIB Institute was set up within the EIB Group to promote and support social, cultural and academic initiatives with European stakeholders and the public. It is a key pillar of the EIB Group's community and citizenship engagement.

DONATION TO FIGHT COVID-19

As part of the EIB Group's response to the COVID-19 crisis, the EIB Institute coordinated a €1 million donation, the largest ever made by the EIB Group. Half of the donation supported well-known, not-for-profit EU research institutes' research and development efforts to find vaccines or treatments for COVID-19. France's Institut Pasteur used the funds to develop diagnostic and serological tests as well as for therapeutic strategies for treating or preventing SARS-CoV-2 infection. The National Institute for Infectious Diseases in Italy, Lazzaro Spallanzani, allocated the money to a research project called "Evaluation of the activation/exhaustion profile of T cells, cytotoxic capacity and cytokine production." The Karolinska Institute in Sweden decided to split the donation between purchasing equipment and reagents and helping fund a project to make SARS-CoV-2 Spike glycoprotein production possible. It also dedicated funds to a programme for combating the rise in mental health problems and suicides seen during the pandemic. The Foundation for Polish Science allocated the funds received to Professor Marcin Drąg's laboratory (Wrocław University of Science and Technology), which identified the enzyme (protease) necessary for the coronavirus to multiply. Blocking the action of this enzyme causes the virus to die. The discovery is extremely important for developing a quick diagnostic test and a cure for COVID-19.

The other half of the donation supported initiatives by Unicef, the Red Cross, Fondation de France, Save the Children, and SOS Villages d'Enfants, helping address the pandemic's impact on some of society's most fragile groups.

INNOVATIONS BENEFITING BIODIVERSITY

Every year, the Social Innovation Tournament (SIT) – the flagship initiative of the EIB Institute – recognises and supports Europe's best social entrepreneurs. In 2020, due to the pandemic, the competition was live-streamed and 15 social innovators took the virtual stage to pitch their projects. Awards were given in both a general category and a special category, which in 2020 was dedicated to projects focusing on the environment and particularly on biodiversity and ecosystem conservation.

Sponsh, a Dutch company, won first prize in the special category for developing a temperature-sensitive smart material that produces water from air, using the natural cycles of day and night. Launched in 2018, Sponsh's first products were water-producing tree guards that are used in reforestation projects to help young trees survive their first hot summers. After ten years, Sponsh will have planted 80 million trees, turned 174 000 ha of degraded land into forests and absorbed 68 million tonnes of carbon from the atmosphere.

The second prize went to BeeOdiversity, a Belgian venture that uses bees as drones to collect billions of environmental samples on large surfaces. The collected data are then processed to monitor industrial and agricultural pollution, assess the quality and diversity of plants, make targeted improvement decisions and involve local communities in enhancing biodiversity.

ACADEMIC CHAIRS FOR CLIMATE RESEARCH

In recognition of the importance of promoting research and debate on the multiple aspects of climate change, the Institute has supported the creation of two university chairs.

The first European Investment Bank Chair on Climate Change Policy and International Carbon Markets (EIB Climate Chair) was created in September 2020 at the European University Institute (EUI) in Florence, Italy, and is held by Professor Jos Delbeke, former Director-General of the European Commission's DG for Climate Action. The chair will work on issues related to carbon pricing and sustainable finance. It will consolidate the EUI's position as a world-class centre of research and teaching on climate change policy. It will connect the EUI's research and training with the EIB's expertise in climate policy, for example through the organisation of scientific events.

The second chair, the European Chair of Sustainable Development and the Climate Transition, was launched at Sciences Po (Paris) in November 2020. Held by Professor Shiv Someshwar, associate professor at Sciences Po and a visiting professor at Columbia University (New York), the chair is resolutely transdisciplinary and seeks to develop integrated approaches to resolving the complex challenges of sustainable development and climate transition. It builds upon the academic excellence of Sciences Po with its global network of partner universities to promote academic dialogue and make recommendations to current and future global policymakers. Both chairs are supported by scientific committees.

SAFEGUARDING EUROPE'S CULTURAL HERITAGE

Shared cultural heritage and values connect Europe's people and communities. Every year, the "7 Most Endangered" programme identifies monuments and sites under acute risk of neglect or destruction and helps rescue them. This innovative programme blends the cultural expertise and lobbying work of [Europa Nostra](#), a renowned European organisation for the protection of cultural heritage, with the technical appraisal and rescue planning skills of the EIB Institute.

Both organisations select seven priority sites. Retired EIB experts working pro bono carry out on-site missions and produce technical reports on the viability and phasing of the project as well as on the funding options. The initiative emphasises the cultural importance of the sites and supports the credibility of the proposed restoration efforts. The [2020 edition](#) included sites in Albania, the Czech Republic, Italy, Norway, Poland, Serbia and Slovenia.

STAFF ENGAGEMENT FOR CULTURE

The EIB Institute believes that arts and culture have the power to improve the working environment by creating a healthy corporate culture. It regularly organises cultural and educational activities for staff, including outings to museums, photography competitions, internal exhibitions and conferences aimed at strengthening corporate culture as well as supporting and promoting local and regional sites of historical and cultural interest.

It has now become a tradition for hundreds of EIB Group staff to take part in the annual Behind the Lens photography competition held to promote internal talent. Photos are judged on their artistic merit, technical excellence and originality, as well as their suitability for future publications by the EIB Group. Every year, we include some of these photos in the Sustainability Report, and to celebrate the staff's artistic output, the shortlisted pictures are also exhibited in the EIB's offices for two months. In 2020, 284 photos were submitted and 1 299 EIB staff voted. These included 100 entries in the Climate Change category, the most popular, and 53 for a new "Go Green" category considering green finance, the circular economy, the green transition and Ireland.

EMPLOYER OF CHOICE

We are committed to EU objectives and values. We are an equal opportunity employer that believes diversity and inclusion are good for our people and our business. With the mission to shape a better future for the European Union and beyond, we hire the most competent and diverse talent from EU Member States.

In 2020, the EIB Group employed 4 092 highly qualified and diverse staff members from all 27 EU Member States and the United Kingdom (2019: 3 964).

DIVERSITY AND INCLUSION

The EIB Group promotes the inclusion of qualified and experienced staff irrespective of their gender, age, racial or ethnic origin, religion or beliefs, sexual orientation/identity or disability. Our diverse backgrounds, perspectives and passions reflect Europe itself and help us shape the inclusive environment in which we work every day.

The Bank's internal Strategy for Diversity and Inclusion was approved by the EIB Board of Directors in February 2018, with its initial targets to be achieved by the end of 2021. It follows the same structure as the EIB Group Gender Equality and Women's Empowerment Strategy, based on the three pillars of Protect, Impact and Invest. Each pillar sets out a strategic ambition:

- **Protect** – The EIB safeguards against any form of discrimination and integrates diversity and inclusion in its rules, policies and processes so that staff compete on an equal footing for hiring opportunities, pay and promotions.
- **Impact** – The Bank works to build and foster a more inclusive work environment, where all colleagues treat each other with respect by listening to different viewpoints, opinions and ideas, through a number of targeted initiatives (internal and external).
- **Invest** – The EIB remains committed to developing its existing staff and also to attracting those who offer different skill sets, competencies and ways of thinking from outside the EIB.

The Bank's primary focus within the current diversity and inclusion (D&I) strategy is on improving gender balance at all levels, through developing talent internally and attracting more diverse talents through a strategic outreach approach. Diversity targets have been set, with the objective of increasing the total share of women in management positions (levels 7/8/9) to 33%, the share of senior executive women (level 6) to 40%, and the share of executive women (level 5) to 50% by the end of 2021. At the end of 2020, the overall share of women at management level was 29.5%, the share of women at senior executive level was 34.7% and at executive level it was 42.5%. Progress is monitored and reported annually to the EIB Board of Directors, and bi-annually to the Management Committee.

STRATEGY IMPLEMENTATION HIGHLIGHTS

In 2020, directorate-level D&I action plans were further developed to intensify the implementation of the strategy and achieve its strategic objectives.

Similar to other international financial institutions, the EIB worked with the global business certification standard for gender equality, Economic Dividends for Gender Equality (EDGE), successfully obtaining EDGE ASSESS Certification in 2020. The EDGE assessment included an audit of our policies and practices, statistical data on gender, an analysis on the gender pay gap, and a full staff survey to gauge perceptions of gender equality at the EIB.

We continued the unconscious bias training launched in 2019 for all managers, relevant personnel staff and other key stakeholders. In 2020, 60% of managers participated in this training, and the aim is for all EIB managers to attend by the end of 2021. In parallel, an online training course was launched for all staff. The overall aim is to ensure continued awareness-building in the area of unconscious bias and inclusive leadership.

An extensive disability consultation with internal and external stakeholders was carried out. After its completion and analysis, we will implement a series of actions in 2021 to ensure that all staff members can be fully included in the workplace, regardless of disability, and to move the EIB Group closer towards the aim of being an employer of choice for persons with disability.

A number of D&I initiatives in 2020 were successful in implementing the strategy. The Joint Committee for Equal Opportunities (COPEC) co-developed an initiative alongside the D&I office for ending the underrepresentation of women in high-level speaking panels, by organising and participating in panels that are as gender-balanced as possible, featuring at least one woman speaker. Staff resource networks are an important part of the EIB's D&I architecture. Through regular meetings and support for diversity-focused initiatives, the D&I office has established regular informal consultation with the networks.

The D&I champions initiative was launched by the D&I office in 2020. The initiative calls for colleagues to volunteer to contribute to EIB Group diversity initiatives, share information and knowledge and stand up for the Bank's values. Over 70 staff members have volunteered and are contributing enthusiastically.

Finally, the D&I office carried out a far-reaching stocktaking review of the current strategy. It outlines the highlights and lessons learned from the implementation of the strategy to date as well as proposing measures to be implemented in 2021 to pick up speed in meeting existing targets.

LEARNING AND DEVELOPMENT

At the EIB Group, we care about people's development. We provide learning opportunities to all our staff and managers in areas such as leadership and management, banking and finance, credit risk, personal professional development, languages and IT.

The coronavirus pandemic heavily influenced the way people worked and learned. In 2020, the EIB Group promoted a digital learning strategy by converting face-to-face classroom learning to a virtual space. Thanks to the new working environment, colleagues adapted their learning habits. Despite the new, challenging circumstances, the average time spent per active EIB staff member on formal learning at the end of the reporting year was 2.1 days (16.9 hours). The training we offered at the EIB covered over 470 sessions (excluding regulatory training), attended by 1 919 unique learners (55% of active staff).

We conduct regular talent reviews to ensure consistency and fairness in assessing each employee's talents and to identify development opportunities, in line with staff's aspirations and the Group's business needs.

In 2020, we continued to encourage our managers and employees to engage in developmental discussions captured in the formal Personal Development Plans. The aim of the discussions is to create a space for open communication between managers and their team members to identify and agree on actions for further developing skills and knowledge and exploring future career opportunities.

RESPONDING TO THE CORONAVIRUS PANDEMIC

The EIB Group reacted promptly to each new development in the pandemic by setting up a crisis management committee to respond to challenges. Putting the safety, well-being and health of colleagues first, we provided appropriate infrastructure that swiftly enabled everyone to work from home from the very onset of the crisis. Acknowledging the different needs and circumstances of our staff, we introduced additional flexibility in working arrangements to allow staff to manage their work and private responsibilities more efficiently. Simultaneously, we put in place a variety of sanitary and physical distancing measures to provide a safe working environment for all staff and external service providers who wanted to come back to work on our premises. Our occupational psychologists and well-being coordinators worked hard to support colleagues who were struggling with social isolation or needed help during and after the first lockdown.



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INDEPENDENT LIMITED ASSURANCE REPORT TO EIB GROUP

We have been engaged by the Management of EIB Group (the European Investment Bank (“EIB”) and its subsidiary, the European Investment Fund (“EIF”) together referred to as “the Group”) to provide limited assurance on the alignment of the statements and indicators marked in italics and with a tick that are disclosed in the EIB Group Sustainability Report, prepared in accordance with the Global Reporting Initiative (GRI) Standards, and in the EIB Sustainability Disclosures, prepared in accordance with the Sustainability Accounting Standards Board (SASB) framework (“the Reports”), with the EIB internal framework for the year ended 31 December 2020, as detailed on page 3 of the Reports.

Group Management’s responsibility for the Report

Group’s Management is responsible for the preparation and presentation of the EIB Group Sustainability Report and the information and assertions contained within it, in accordance with the Global Reporting Initiative (GRI) Standards applicable in 2020 at the Group, as detailed on page 3 of the Report; for determining the EIB Group’s objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Similarly, EIB Management is responsible for the preparation and presentation of the EIB Sustainability Disclosures and the information and assertions contained within it, in accordance with the Sustainability Accounting Standards Board (SASB) framework applicable in 2020 at the EIB, as detailed on page 3 of the Report.

Responsibility of the Réviseur d’Entreprises agréé

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, as adopted for Luxembourg by the Institut des Réviseurs d’Entreprises. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the indicators and statements in the Reports marked in italics and with a tick are free from material misstatement.

We have complied with the independence and other ethical requirements of the Code of Ethics as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier.

We implement quality control procedures that are applicable to the individual engagement in accordance with the requirements of International Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements (ISQC 1).

Summary of work performed

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as



appropriate. These procedures included, to the extent that they apply to the indicators and statements in the Reports marked in italics and with a tick :

- Inquiries of management to gain an understanding of the Group's processes for determining the material issues for the Group's stakeholder groups;
- Interviews with relevant staff at corporate and business unit level responsible for providing the information in the Reports;
- A media analysis and an internet search for references to the Group during the reporting period;
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the Reports;
- Comparing the indicators and statements in the Reports marked in italics and with a tick to corresponding information in the relevant underlying sources, when applicable;
- Verifying that the indicators and statements in the Reports marked in italics and with a tick were correctly derived from the Group's 2020 audited financial statements, when applicable.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with International Standards on Auditing and Assurance Engagements, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or a reasonable assurance engagement. Our limited assurance engagement is not designed to detect all internal control weaknesses or errors in the Reports in meeting the requirements of the internal reporting criteria applicable at the Group in 2020 as the evidence has been obtained on a sample basis. Accordingly, we do not express an audit or a reasonable assurance conclusion on the Reports as a whole or on the indicators and statements in the Reports marked in italics and with a tick .

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the limited assurance procedures performed, as described above, nothing has come to our attention that causes us to believe that the indicators and statements in the Reports marked in italics and with a tick are not prepared, in all material respects, in accordance with the internal reporting criteria applicable in 2020 at the Group, as detailed on page 3 of the EIB Group Sustainability Report and on page 3 of the EIB Sustainability Disclosures.

Luxembourg, May 21, 2021

KPMG Luxembourg,
Société coopérative
Cabinet de révision agréé

S. Chambourdon



SUSTAINABILITY REPORT

2020



The EIB Group consists of
the European Investment Bank and
the European Investment Fund.

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