

2021

SUSTAINABILITY REPORT



European
Investment
Bank

The EU bank

EUROPEAN INVESTMENT BANK GROUP

2021

SUSTAINABILITY REPORT



European Investment Bank Group Sustainability Report 2021

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Our investments support sustainability everywhere, including in biodiversity. One million species are in danger of extinction, and pollinators are in severe decline. That's a moral challenge to humanity, but it's also an economic problem. Crop pollination contributes the equivalent of €150 billion every year; ecosystems contribute as much as €140 trillion to the world economy annually. The pollinators are small, but their contribution to our lives is huge. That's why we're putting them right on the covers of our major reports this year.

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

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THE 2021 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 GRI standards and should be read in conjunction with the Sustainability Reporting Disclosures for 2021, 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.

To accompany the Sustainability Report and GRI standards, we have also published a set of disclosures in accordance with the Sustainability Accounting Standards Board framework, as well as the Group's report in line with the recommendations of the Task Force on Climate-related Financial Disclosures. All reports are available on our **website**.

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

Chairman of the EIB and EIF Board of Directors

In 2021, the coronavirus pandemic continued to disrupt lives and business around the globe. At the same time, it became clear that the climate and environment crises had reached emergency levels. Urgent action is required if we are to meet the Paris Agreement's target of limiting the global temperature rise to 1.5 degrees Celsius and turning around biodiversity loss. The European Investment Bank Group is ready to tackle these challenges, the biggest of our time.

As we write this report in 2022, we watch with horror and condemnation as the Russian government unleashes brutal, illegal and unjustified aggression against Ukraine. The war in Ukraine makes it even more urgent to continue investing in renewable energy and energy efficiency and reduce our dependency on fossil fuels.

This report offers us an opportunity to reflect on the pandemic. The European Investment Bank Group has shown during this time that fighting COVID-19, financing the recovery, and investing in climate action and environmental sustainability are mutually supportive goals. Innovation, development and green finance are the cornerstones of our approach to creating a more sustainable economy.

In 2021, we delivered a record €94.9 billion in financing, a 23% increase from 2020 and the highest level in the Group's history. Almost half of this financing went towards helping more than 431 000 small to medium-sized enterprises (SMEs) across Europe survive the pandemic. The European Investment Fund (EIF), the Group's subsidiary that focuses on small businesses, was instrumental in supporting these firms. The EIF increased its financing about three-fold to a record €30.5 billion, helping to sustain over 4.5 million jobs. The support provided by the €24.5 billion European Guarantee Fund, which was set up in 2020 by the EIB Group and the 22 participating EU countries, was also crucial in delivering a lifeline to struggling European companies.

As the world adapts to a new reality, we are doubling down on our efforts to ensure that the recovery in Europe — and indeed the world — is sustainable, resilient and green. The transition to a low-carbon economy will require massive investments in innovation, which will be essential for developing the new technology and skills needed to combat climate change. In 2021 we provided €20.7 billion to support innovation, digitalisation and human capital.

The EIB Group's commitment to climate action and environmental sustainability is unwavering. Our new Environmental and Social Sustainability Framework, which was approved by the EIB Board of Directors in February 2022, sets high standards for all our projects. It also includes our first [EIB Group Environmental and Social Policy](#), which outlines how we intend to address environmental and social challenges and uphold human rights in all of our activities.



Meanwhile, we have reaffirmed our role as the EU climate bank and are making excellent progress in increasing our support for climate action and environmental sustainability to over 50% of our overall lending by 2025, which will help leverage €1 trillion of investment over the critical decade ahead. In 2021, the share of the EIB's own funds (excluding the European Guarantee Fund mandate) that went to climate action and environmental sustainability was 51%. This progress does not mean that we have already reached our target, however. Including operations financed by the European Guarantee Fund's mandate to support SMEs, climate action and environmental sustainability financing in 2021 was 43% of total EIB investments. In the future, continuing to grow green finance for SMEs will be an important ongoing task for the Group. In line with our 2020 climate strategy and our Climate Bank Roadmap, we are also proud to announce that as of 2021, our financing activities are aligned with the goals and principles of the Paris Agreement.

We reached further milestones in implementing our Climate Bank Roadmap. In October 2021, the EIB Board of Directors approved the EIB Climate Adaptation Plan, which calls for the EIB to significantly increase its share of climate lending to adaptation projects going forward. We also launched the Paris Alignment for Counterparties Framework (PATH), under which the EIB will assist high-emitting clients in establishing and implementing robust decarbonisation and resilience plans. This framework establishes the EIB Group as the first multilateral development bank to consider not just the climate impact of the projects it finances, but also the climate aspects of the wider activities of its borrowers.



Yet as we move swiftly to bring about a greener, more innovative economy, we are careful to leave no one behind. The EIB Group's support for [the Just Transition Mechanism](#) will help create new opportunities for less developed regions and sections of society currently reliant on jobs in mining or high-emission sectors.

Our efforts go beyond Europe's borders. The challenges we are facing today, such as climate change and the pandemic, affect everyone around the world and require a united, global effort to ensure stability and sustainable growth everywhere. That is why we have established a new development arm, EIB Global, to increase the impact of our funding and improve lives worldwide. Through cooperation with our global partners, EIB Global will support key objectives shared by the European Union and make a strong contribution to [Team Europe](#).

As a Group, we made significant progress in 2021, but there is still much to be done and no time to lose. The next few years will be critical for the transition to a greener and more just economy. The European Investment Bank Group is ready to step up and work with everyone to create a better future.

THE EIB GROUP

The EIB Group is the European Union's long-term financing institution. To achieve sustainable, inclusive growth, we provide finance and technical assistance through two entities: the European Investment Bank and the European Investment Fund.

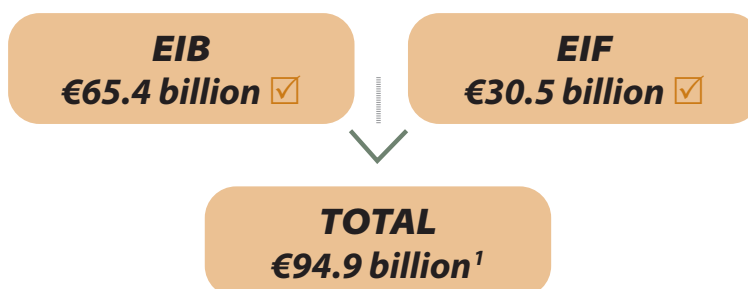
The European Investment Bank (the EIB, or the Bank) is owned by the EU Member States and is the world's largest multilateral borrower and lender. The finance and assistance we provide contribute to the achievement of EU policy goals. We also operate globally as a multilateral development bank.

In 2021, the EIB set up a new development arm, EIB Global, to increase the impact of our work in developing countries beyond the European Union. With EIB Global, we develop tailored strategies for activities outside the European Union, enhance impact and policy dialogue on the ground, and collaborate more closely with our external partners and regional clients.

The European Investment Fund (the EIF, or the Fund) is the European Union's specialist provider of risk finance instruments for the benefit of small and medium-sized enterprises, stimulating growth and innovation across Europe. Through the EIF, we provide financing and expertise for sound, sustainable investment and guarantee operations. EIF shareholders include the EIB, the European Union represented by the European Commission, and a wide range of public and private banks and financial institutions from EU Member States, the United Kingdom and Turkey.

2021 IN FIGURES

TOTAL FINANCING



of which more than:

€86 billion was in the European Union

€8 billion was beyond the European Union

EIB'S PUBLIC POLICY GOALS

Sustainable cities and regions	€13.7 billion
Sustainable energy and natural resources	€14.4 billion
Innovation, digital and human capital	€18.4 billion
Small businesses and mid-cap finance ²	€18.8 billion

EIF'S PUBLIC POLICY GOALS

Competitiveness and growth	€26.8 billion
Innovation	€2.4 billion
Social impact, skills and human capital	€0.3 billion
Sustainability and green transformation	€1.0 billion

CROSS-CUTTING OBJECTIVES

Climate action and environmental sustainability	51% of EIB own resources ³
Economic and social cohesion	41% of EIB own resources ⁴

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

2. Companies with 250 to 3 000 employees.

3. European Union only.

4. EIB own resources excludes support from the European Guarantee Fund.



THE CLIMATE BANK

As the EU climate bank, the EIB Group is accelerating green investments to back the [European Green Deal](#). Our [Climate Bank Roadmap](#) provides the framework for new initiatives in financing climate action and environmental sustainability, while supporting a just transition to a sustainable economy that leaves no one behind. It also sets out how the EIB Group is aligning its financing activities with the Paris Agreement's goals.

TOWARD A LOW-CARBON, GREEN FUTURE

The decade 2020-2030 will be critical in addressing our planet's climate and environment emergency, as the window to limit global warming to 1.5 degrees Celsius is closing. If we let temperatures rise beyond that level, the risk of extreme drought, wildfires, floods and food shortages will increase dramatically.

The latest Intergovernmental Panel on Climate Change reports confirm that climate change is rapid and intensifying, prompting the UN Secretary-General to signal a "code red for humanity." We must do everything we can to cut greenhouse gas emissions, combat environmental degradation, halt biodiversity loss and address global pollution issues, while ensuring that people and companies adapt to the unavoidable effects of climate change.

The European Union is helping to lead the global effort to tackle these challenges. The European Green Deal, a set of policies adopted by the European Commission in 2019, aims to accelerate the transition to a climate-neutral, resilient and sustainable economy. The deal calls for a 55% reduction in greenhouse gas emissions by 2030 and net zero emissions by 2050, while aiming for economic growth that does not deplete natural resources.

In 2020, the EIB Group was called on to become the EU climate bank and to strengthen its role as a leading financier of climate action by supporting the European Green Deal and by investing in Paris-aligned projects.

In November 2020, the EIB Board of Directors unanimously approved the updated [EIB Climate Strategy](#). The EIB and EIF Boards of Directors also approved an ambitious implementation plan: the [2021-25 Climate Bank Roadmap](#). The roadmap sets out in detail how the EIB Group will consolidate its position as the EU climate bank. The unanimous decision by our shareholders sends an encouraging signal about Europe's capacity to deliver on the fight against climate change and on wider environmental and social sustainability.

Our Climate Bank Roadmap lays out clear EIB Group goals for the transition to a low-carbon, climate-resilient and environmentally sustainable economy by:

- raising the EIB's annual financing for climate action and environmental sustainability to more than 50% of our financing by 2025;
- supporting at least €1 trillion of climate action and environmental sustainability investments over the critical decade 2021-2030;
- aligning all our financing activities with the goals and principles of the Paris Agreement.

The EIB Group Climate Bank Roadmap focuses on **four key areas**:

- 1. Accelerating the transition through green finance:** The Climate Bank Roadmap actively supports the focus areas outlined in the European Green Deal, from building greater resilience to climate change to protecting nature in the European Union and beyond. The EIB Group is also ideally placed to support the entire spectrum of technological innovation needed for the transition, from providing seed capital for very early-stage development to buying the senior debt of companies producing mature technologies.
- 2. Ensuring a just transition for all:** Supporting cohesion was one of the founding principles of the EIB when it was established in 1958. Cohesion continues to be a core priority. The Just Transition Mechanism is the cornerstone of the EU response to this challenge, and the EIB Group will play a central role. Globally, the EIB is reinforcing its efforts regarding issues at the heart of social development, environmental sustainability and climate action, gender equality, conflict and fragile states, and forced displacement and migration.

The coronavirus pandemic continues to affect lives and economies around the world, especially the most vulnerable. The pandemic has proven that health, social equality and environmental sustainability are closely interlinked. The EIB Group seeks to address social inequalities and the climate and environmental crises simultaneously.

- 3. Supporting Paris-aligned operations:** Since 2021, our new projects and operations have been aligned with the Paris Agreement. We no longer support projects inconsistent with Paris goals, such as airport expansions or new conventional energy-intensive industrial plants. In addition, to ensure that our support aligns with the objectives of the Paris Agreement, we have agreed to increase the shadow cost of carbon over time, to reach €800 per tonne of CO₂ equivalent by 2050. We use this technical parameter when assessing projects from an economic point of view. It helps us estimate the full value to society when the emission of a tonne of carbon is avoided. We have also agreed to develop a Paris alignment approach to support our counterparties.
- 4. Building strategic coherence and accountability:** The EIB Group's approach is based on three cross-cutting goals:
 - a)** Establishing new policies that set out how climate-related activities fit within the wider context of sustainable finance and overall environmental and social sustainability — including alignment with the [EU taxonomy](#) — and incorporating sustainability as a cornerstone of the EIB Group's additionality and impact.
 - b)** Providing transparency, accountability and quality assurance. To factor climate change, environmental and social considerations further into our financing activities, we are enhancing and developing additional risk management tools to assess physical, transition and systemic risks at the project, portfolio and counterparty level. We are also enhancing impact assessment and reporting across all our financing.
 - c)** Securing institutional support for the EIB Group's activities by building strategic partnerships with selected key stakeholders, communicating on progress and challenges and training employees for the tasks ahead.

THE CLIMATE BANK ROADMAP IN ACTION

In 2021, we announced several key initiatives to deliver on the Climate Bank Roadmap, including the Paris Alignment for Counterparties Framework (PATH), the EIB Climate Adaptation Plan and the plan to integrate the European Union's Just Transition Mechanism into the Bank's financing activities.

PARIS ALIGNMENT FOR COUNTERPARTIES — OUR APPROACH

Under the Climate Bank Roadmap, the EIB Group is committed to aligning all its financing activities with the principles and goals of the Paris Agreement. The [Paris Alignment for Counterparties Framework \(PATH\)](#) furthers our efforts, by considering not just the climate impact of the projects we finance, but also the wider activities of borrowers and financial intermediaries. The framework ensures that EIB counterparties are taking steps towards decarbonising their business activities and strengthening their resilience to climate change, in line with the Paris Agreement goals.

The overarching aim of the framework is to engage with and support counterparties that are either already aligning or striving to align with the goals of the Paris Agreement. In addition, it helps prepare EIB Group counterparties to comply with upcoming EU legislation on disclosures, such as the [Corporate Sustainability Reporting Directive](#).

High-emitting and high-vulnerability counterparties will be asked to publish decarbonisation and resilience plans, if they haven't already done so. Financial intermediaries will be obliged to develop and disclose their climate-related policies in line with recommendations set out by the Task Force on Climate-related Financial Disclosures. The EIB has technical assistance available to support counterparties in developing their capabilities and practices, particularly in more vulnerable regions outside the European Union.

Counterparties involved in non-compatible activities

The PATH framework restricts the EIB from working with companies engaged in incompatible activities, such as new coal-fired power plants, increased oil production, the continued mining of coal (unless under strict conditions), or investments that destroy rainforests and marshlands. Due to the strong effect oil and gas companies can have in decarbonisation, the EIB may however consider approving highly innovative low-carbon projects with those firms, including renewable hydrogen, floating offshore wind farms or carbon capture, utilisation and storage technology.

The framework applies to all counterparties globally, allowing the EIB to help clients within as well as beyond the European Union to decarbonise their businesses and manage relevant climate risks.

“ We are now extending our existing Paris alignment framework beyond the projects we finance, to include the broader activities of corporates and financial intermediaries. The EIB is the first multilateral development bank to do so and is thereby leading the way in greening the global financial system and supporting the Paris Agreement goals. ”

EIB Vice-President Ambroise Fayolle at COP26 in Glasgow, United Kingdom

The PATH framework is a starting point and will be revisited in 2023 as part of the Climate Bank Roadmap's mid-term review.

PARIS ALIGNMENT IN TREASURY INVESTMENT ACTIVITIES

Since 2021, treasury investments have also respected the Paris Agreement goals laid out in the Climate Bank Roadmap. Treasury activities refer to the management of financial portfolios with different instruments and maturities to ensure that the EIB and the EIF hold sufficient liquidity to meet their lending commitments. As part of the Climate Bank Roadmap, environmental factors have been included in our long-term treasury investments since mid-2020. We have developed a methodology adapted to financial markets under the principles of the PATH framework.

The methodology applies to all treasury investments⁵. It is based on the following assessment approach:

- Integrating into treasury decisions the assessment carried out on the lending side to meet the Paris Agreement goals.
- Relying on data from leading independent organisations to measure companies' alignment with the Paris Agreement.
- Quantitative assessment: Appraising the actual reduction of companies' greenhouse gas emissions based on available data over the past three years, indicating whether a company is decarbonising in line with the goals of the Paris Agreement.
- Qualitative assessment: Reviewing companies' Paris alignment-relevant disclosures, which indicate whether a company is adequately acknowledging and preparing for the transition to a low-carbon and sustainable economy.

Investments in green bonds follow the same methodology and, in addition, they are only possible in instruments complying with the green bond principles of the International Capital Market Association (ICMA), or the European green bond standard.

SUPPORTING ADAPTATION TO CLIMATE CHANGE

The 2021 floods and forest fires in Europe illustrated how urgent it is for communities to adapt to climate change. Building on our broad experience in financing climate projects, the EIB aims to protect communities from the catastrophic effects of climate change in the European Union and beyond.

The new EIB [Climate Adaptation Plan](#) outlines the Bank's increased adaptation ambitions. The plan is a key element of the Climate Bank Roadmap and is fully consistent with the EU Adaptation Strategy, which calls for adaptation that is smarter, more systemic and accelerated. The EIB aims to achieve this ambition by strengthening the use of climate data in its operations, supporting the development of adaptation strategies and increasing the level of adaptation finance⁶.

The plan calls for an increase in the EIB's adaptation lending to 15% of climate action lending by 2025, tripling the Bank's adaptation finance compared to 2015-2020. The Bank will increase its adaptation lending by focusing on investments with a higher adaptation impact, enhanced engagement with and tailored advisory support for clients.

5. With the exception of the purchase of securities issued by sovereigns or sovereign-related entities, and supranationals.

6. The [Evaluation of EIB support for Climate Change Adaptation \(2015-2020\)](#) provided a timely assessment and insights in support of the process to elaborate the plan.

Focus areas and client engagement

The climate adaptation plan identifies specific areas in which the Bank can improve adaptation, such as capital-intensive investment in coastal defence, flood management and infrastructure to protect cities from extreme weather. Other areas include protecting energy, transport and health infrastructure, supporting innovative technologies for early warning of extreme events, more efficient water use and additional solutions.

The Bank also aims to strengthen its engagement with public and private sector clients that are willing to develop strategies and investments to better cope with the increased risk of floods, droughts, storms, rising sea levels and other effects of climate change. Cooperating closer with the European Commission and external partners in liaising with clients will provide more targeted support.

Partnerships are a key element of our adaptation strategy. Our collaboration with the [European Centre for Medium-Range Weather Forecasts](#) aims to enhance the use of [Copernicus Climate Services](#), which provides free and open access to climate data for the benefit of the EIB and its clients. In addition, we and the [Global Center on Adaptation](#) are strengthening our cooperation to accelerate climate change adaptation, with a focus on financing adaptation in the regions most affected by climate change.

The ADAPT advisory platform

As part of the new [Climate Adaptation Plan](#), the EIB launched the advisory services platform [EIB ADAPT](#). ADAPT provides technical and financial advisory services for climate adaptation investment projects, focusing on project preparation and capacity building. The initiative is in line with the policy goals of the [InvestEU](#) programme and follows the objectives of the Joint Assistance to Support Projects in European Regions ([JASPERS](#)) programme. The platform provides one-stop-shop access to advisory services for public and private project promoters throughout all stages of the project cycle.

Combining an EU focus with international action

The EIB Climate Adaptation Plan's ambitions are global, although with a strong focus on the European Union, which has been the recipient of the majority of EIB adaptation finance in the past. In line with the [EU Adaptation Strategy](#), the plan also presents adaptation as a central theme in the Bank's development work, by enhancing resilience to current and future climate change as a pillar for sustainable growth.

To accelerate international action on adaptation, the EIB will support solutions to protect people, businesses and ecosystems in some of the world's most climate-vulnerable regions. This will include projects that reduce the impact of climate change on critical water, energy and transport infrastructure, promote climate-resilient urban development, support access to finance, promote skills and entrepreneurship, particularly for women and youth, manage disaster risk, strengthen the digitalisation of agriculture, and other key areas. These solutions will increase resilience to climate-related disasters and the onset of climate change, support the achievement of the Sustainable Development Goals and help address issues such as climate-related forced displacement and migration.

The plan sets out initial objectives for adaptation finance and will be reviewed in 2023 as part of the Climate Bank Roadmap mid-term review.

“ The impact of climate change is already visible today, threatening the lives and wellbeing of more and more people around the world. Together with our partners, we must scale up finance and technical assistance to support adaptation and resilience. With the EIB’s first dedicated adaptation plan, we took a crucial step forward to help achieve the vision of the European Union’s Adaptation Strategy for smarter, more systemic and faster adaptation, both across Europe and globally. ”

Cinzia Losenno, senior climate change expert at the EIB

Harmonising approaches to the Paris Agreement globally

Multilateral development banks and members of the International Development Finance Club jointly published common principles for climate change mitigation⁷ and adaptation⁸ finance in 2015. These principles provided definitions on climate action, which are also used by the EIB.

In the run up to the UN Climate Change Conference — COP26 — in Glasgow, the two groups updated the common principles for tracking climate mitigation finance. As these principles play an important role in harmonising approaches globally, the EIB has ensured compatibility between these principles and the EU taxonomy.

ASSESSING CLIMATE AND ENVIRONMENT-RELATED RISKS

Climate change is already posing risks for companies. Those risks are two-fold: mitigation and adaptation. Mitigation includes the risk that the green transition poses to our existing economic system, as societies radically reduce their carbon emissions to meet the goal of limiting the global temperature rise to 1.5 degrees Celsius. Adaptation refers to the increased risk of the physical impact of climate change, such as severe floods or droughts, that is now “locked in” due to the greenhouse gases that have already been emitted.

The EIB is increasing its resilience and is helping clients to do the same. For example, the EIB has developed a bespoke tool to manage the physical climate risks projects are exposed to — the climate risk assessment (CRA) system. Drawing on robust climate data, the assessment system helps the EIB and its clients understand how climate change may affect investments and identify adaptation responses. The system is a key part of the efforts set out in the EIB Climate Adaptation Plan to ensure all of our projects are in line with the adaptation goals of the Paris Agreement and the EU taxonomy. Going forward, the EIB will continuously update and enhance the CRA system and its underlying data and models to benefit from the latest advances in climate science.

Similar risk assessment systems are also being developed for specific environmental aspects, and they will be used for direct and intermediated lending. The EIB has also developed a biodiversity risk assessment (BRA) system. In the near term, the BRA and the CRA systems will become part of an integrated environment, climate and social risk assessment system.

7. [mdb_idfc_mitigation_common_principles_en.pdf \(eib.org\)](#).

8. [Common Principles for Climate Change Adaptation Finance Tracking \(eib.org\)](#).

ENSURING A JUST TRANSITION

Economic and social cohesion is vital for maintaining sustainable growth and thriving communities. We are ready to support a just transition for the regions most affected by decarbonisation and the shift away from mining, energy production based on fossil fuels and industrial activities.

As laid out in the Climate Bank Roadmap, the EIB will strive to ensure that no people or places are left behind in the transition to low-carbon and climate resilient economies and societies. Our policies and investments harness new sustainable economic development opportunities for those most affected by this transition.

Within the European Union, the EIB plays a central role in implementing of the European Commission's [Just Transition Mechanism](#), a key tool of the Green Deal. The EIB Board adopted a comprehensive proposal by the Group in support of the mechanism at the end of 2021, aiming to help the EU regions most affected by the green transition.

THREE-PILLARED APPROACH TO THE JUST TRANSITION

Pillar 1	Pillar 2	Pillar 3
Support for the EU Just Transition Fund by co-financing national needs, advisory support, and/or managing or co-financing decentralised financial instruments supported by the fund.	Support for just transition projects under InvestEU in the areas of: <ul style="list-style-type: none">• Sustainable infrastructure• Research, innovation and digitalisation• SMEs (through the EIF)• Social investment and skills	Provide lending for just transition projects in the public sector under the Public Sector Loan Facility Mandate in combination with a grant from the European Commission.

An example of the Just Transition Mechanism in action is the intended investment in lignite mining regions of Western Macedonia and the Peloponnese. The programme intends to unlock high-impact sustainable energy, green mobility, social housing and environmental investments, while also providing training to boost employment opportunities across Western Macedonia. The financing will go hand in hand with enhanced technical cooperation and project advisory support to reinforce the implementation of climate action and the Just Transition Mechanism investments across Greece. The agreement was signed in Athens on 24 June 2021.

Just transition high-level principles for multilateral development banks

Together with other multilateral development banks, the EIB has formulated a set of just transition common principles that define the goals, approach, scale, scope, outcomes and process to be used. These principles were formally announced at COP26.

The multilateral development banks that committed to the principles include the African Development Bank, the Asian Development Bank, the Islamic Development Bank, the Council of Europe Development Bank, the Asian Infrastructure Investment Bank, the European Bank for Reconstruction and Development, the New Development Bank and the Inter-American Development Bank. Input was also provided by the World Bank Group.

For these banks, the just transition high-level principles:

- aim to deliver climate objectives while taking into account socioeconomic outcomes, such as potential job losses;
- seize the opportunities associated with the move to net zero carbon economies, through financing, policy engagement, technical advice and knowledge-sharing;
- are based on strategic plans that aim to deliver long-term economic transformation, while involving all stakeholders and furthering inclusion and gender equality.

Beyond the European Union, the EIB will support the just transition through climate action and social development. It will continue to work with other multilateral development banks (MDBs) following common principles and build synergies with its adaptation plan, while supporting other long-term strategies and EU activities in this area.

JUST TRANSITION HIGH-LEVEL PRINCIPLES FOR MULTILATERAL DEVELOPMENT BANKS

Principle 1

MDB support for a just transition aims to deliver climate objectives to enable socioeconomic outcomes, accelerating progress towards the Paris Agreement and the UN Sustainable Development Goals.

Principle 2

MDB support for a just transition focuses on moving away from greenhouse gas emissions-intensive economic activities through financing, policy engagement, technical advice and knowledge sharing, in line with MDB mandates and strategies, and country priorities including nationally determined contributions and long-term strategies.

Principle 3

MDBs will encourage support for a just transition by building on existing MDB policies and activities, mobilising other sources of public and private finance, and enhancing coordination through strategic plans that aim to deliver long-term, structural economic transformation.

Principle 4

MDB support for a just transition seeks to mitigate negative socioeconomic effects and increase opportunities associated with the transition to a net zero economy, supporting affected workers and communities, and enhancing access to sustainable, inclusive and resilient livelihoods for all.

Principle 5

MDB support for a just transition encourages transparent and inclusive planning, implementation and monitoring processes that involve all relevant stakeholders and affected groups, and that further inclusion and gender equality.



EIB GROUP'S CONTRIBUTIONS TO EU REGULATORY OBJECTIVES

DEVELOPING AND IMPLEMENTING THE EU TAXONOMY

The EU taxonomy is a classification system identifying green economic activities that contribute substantially to one of the European Union's six environmental objectives including climate change⁹. The activities must not significantly harm the other five objectives, they must also comply with minimum social safeguards, and they must meet technical screening criteria set for that activity. Specific criteria have been set to determine performance levels for activities to make a "substantial contribution" and "do no significant harm."

The EIB Group has contributed directly to the development of the EU taxonomy by participating in the [Technical Expert Group](#) and its successor, the [Platform on Sustainable Finance](#). The platform is a permanent expert group that assists the European Commission in developing sustainable finance approaches, including the EU taxonomy. EIB Group's representatives participate in the platform along with other experts from the public sector, industry, business, academia, civil society and the financial sector.

In 2021, the EIB assigned 14 members of staff to the technical working group mandated to develop the criteria used to determine whether investments make a substantial contribution to the remaining four environmental objectives not covered by the first Delegated Act. Over 80 economic activities were targeted and the working group's [final report](#) was published in March 2022, outlining all the proposed criteria for determining which activities make a "substantial contribution" and "do no significant harm."

The EIB Group, through its participation in the platform's work, is also advising the European Commission on extending the taxonomy to activities that are significantly harmful to environmental objectives, or have no significant impact on environmental sustainability. The [expert report for a future extended taxonomy](#) was published by the European Commission in March 2022. The EIB Group is also supporting the work on the functioning of Article 18 of the Taxonomy Regulation related to minimum safeguards.

Additionally, the platform has worked on extending the taxonomy framework to cover social objectives. The expert report for a future social taxonomy, which the [European Commission](#) published in February 2022, argues that in the face of the pandemic, unanswered social questions connected to the sustainable transition and continuing human rights abuses, it is important to identify economic activities that help advance social objectives. The EIB also actively contributed to this expert report. A wealth of feedback provided during public consultations in the summer of 2021 reflects the public's high expectations and support for clarity on what constitutes socially sustainable investments.

Key taxonomy-related developments in 2021 included the adoption and then formal approval into law of the Climate Delegated Act and a Delegated Act supplementing Article 8 of the Taxonomy Regulation.

The Climate Delegated Act specifies the technical screening criteria for identifying which economic activities contribute substantially to climate change mitigation and climate change adaptation. It also sets criteria for whether the economic activity in question causes no significant harm to any of the other environmental objectives. A further delegated act for the remaining four objectives is to be developed in the coming months.

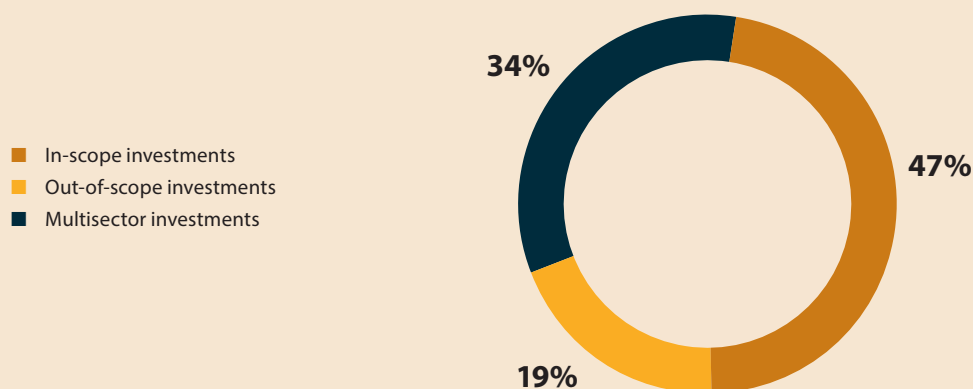
9. The EU Taxonomy Regulation covers six climate and environmental objectives: (i) climate change mitigation, (ii) climate change adaptation, (iii) sustainable use and protection of water and marine resources, (iv) transition to a circular economy, (v) pollution prevention and control, and (vi) protection and restoration of biodiversity and ecosystems.

The Delegated Act, supplementing Article 8 of the Taxonomy Regulation, specifies the content, methodology and presentation of information to be disclosed by financial and non-financial entities, concerning the proportion of green and environmentally sustainable economic activities.

In 2021, we began estimating which proportion of our investments supports sectors or activities that are in scope of the EU Taxonomy Delegated Act. To do so, we assessed all own resource financed projects in 2021, for which we estimate that 47% were in scope of the taxonomy and 19% were out of scope activities. This estimation is not related to the type of entity accessing EIB finance, but only to whether those activities are covered by the Climate Delegated Act, regardless of whether they align (or not) with the taxonomy's substantial contribution criteria. For the remaining 34%, investments were deemed to be a mix of taxonomy in scope and out of scope activities, for example multisector loans.

This assessment was undertaken based on analysis of the actual investments funded by the EIB in each operation signed in 2021. This is not intended as a regulatory-aligned disclosure on eligible activities of the Group's portfolio. Instead, it indicates, for our 2021 financing, for all types of beneficiaries, how much of that financing falls into activities covered by the Climate Delegated Act, how much does not, and how much is a mixture of in scope and not in-scope activities.

EIB 2021 INVESTMENTS IN ACTIVITIES/SECTORS THAT ARE IN SCOPE OF THE TAXONOMY



For the first two objectives, climate change mitigation and climate change adaptation, we are implementing the substantial contribution criteria from the first Climate Delegated Act in our own EIB Group climate action criteria. We are aligning our tracking methodology with the taxonomy as it develops over time, while staying within the climate finance tracking methodologies harmonised with other multilateral development banks and international financial institutions. The Group's methodology is further detailed on page 32, where we describe how we calculate our contribution to climate action and environmental sustainability.

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE

The sustainable finance regulatory framework in the European Union is evolving fast, pushing for common definitions for green finance ([the Taxonomy Regulation](#)), as well as for disclosure requirements to be applied across the board. The EIB Group supports high-quality, standardised and comparable disclosures to improve market transparency and facilitate investors' decision-making.

Since 2014, the European Union has obliged certain large companies to disclose information on how they operate and manage social and environmental challenges. This information helps investors, civil society organisations, consumers, policymakers and other stakeholders evaluate the non-financial performance of large companies. The Non-Financial Reporting Directive¹⁰ (NFRD) lays down the rules for the disclosure of non-financial information by certain large companies.

In April 2021, the European Commission adopted a proposal for a Corporate Sustainability Reporting Directive to make non-financial information more comparable. The proposal amends the existing reporting requirements of the NFRD and in particular:

- extends the scope to all large companies and all companies listed on regulated markets (with the exception of listed micro-enterprises);
- requires that reported information be audited (assured);
- introduces mandatory EU sustainability reporting standards;
- requires companies to digitally “tag” the reported information, so it is machine-readable and feeds into the [European single access point](#) envisaged in the capital markets union.

A draft of the standards is being developed by the [European Financial Reporting Advisory Group \(EFRAG\)](#). The standards will be tailored to EU policies and build on existing international initiatives. The EIB is participating directly in the EFRAG's taskforce for European sustainability reporting standards, as an observer. In addition, Bank and EIF employees are also taking part in related expert working groups that are reviewing the draft standards. This work is being coordinated with the EU platform to ensure consistency, and EIB Group experts are supporting this effort.

10. Directive 2014/95/EU.

SUSTAINABLE FINANCE

Contributing to sustainable finance is central to the EIB Group's activities, from the bonds we issue on capital markets, to our lending and risk sharing activities and advisory services. This chapter describes how we embed sustainability in our goals, risk management, due diligence processes and reporting.





OUR PUBLIC POLICY GOALS

The EIB Group's funding focuses on environmental and social sustainability, climate action and job creation, sustainable infrastructure, innovation and cohesion. By participating in the financing of projects, we help promoters attract other investors, increasing the overall impact of our financing. The public policy goals encapsulate the Group's core priorities and ensure that our activities support EU objectives.

In 2021, we updated our public policy goal framework to reflect relevant policy objectives that will help streamline our target-setting and reporting. These new objectives were shaped by the European Union's budget (the 2021-2027 Multiannual Financial Framework), our role as the EU climate bank, our new additionality and impact measurement framework, and our efforts to give more visibility to our contribution to the United Nations Sustainable Development Goals.

The updated public policy goal framework continues to be based on four policy goals with two cross-cutting objectives, but it rebalances the priorities within certain goals, which have been renamed to reflect the adjustment:

The public policy goals of the European Investment Fund are closely aligned with those of the EIB, while reflecting the EIF's role providing finance to small and mid-cap firms. The EIF's investment activity is planned and monitored in accordance with its public policy goals. The Fund's policy focus is also reflected in its strategy, deployment of resources, reporting and monitoring.

While the EIF had adopted the same cross-cutting objectives as the EIB (see above), the four key pillars of the EIF's Public Policy Goal Framework are different:

EIB PUBLIC POLICY GOALS



EIF PUBLIC POLICY GOALS





THE PUBLIC POLICY GOALS AT WORK

All projects and operations financed by the EIB Group foster sustainable growth. Our public policy goals are a way of structuring our priorities. The EIF and the EIB follow common objectives.

SUSTAINABLE CITIES AND REGIONS

The world's population is becoming increasingly urban. With over 56% of the global population living in cities, the sustainable development of urban areas is critically important. While cities are responsible for an estimated 75% of the world's carbon emissions¹¹, they are also at the forefront of climate action. An increasing number of local leaders are recognising the economic and social benefits of setting climate and sustainability targets for their cities and are implementing practical solutions, such as zero-emission public transport, energy efficient social housing and solar-powered photovoltaic systems in buildings, as well as rethinking urban development with more sustainable living and working approaches.

The EIB supports projects that make life in urban areas more liveable and sustainable. We provide finance for integrated urban development, regeneration and renewal, as well as water and waste management services, low-carbon mobility, education and health infrastructure.

Beyond cities, the EIB invests in projects that provide rural communities with equal access to essential and sustainable infrastructure. **The Bank aims to increase its financing for cohesion regions to 45% of its annual EU lending by 2025.**

In 2021, the EIB Group signed loans worth €13.80 billion to support its sustainable cities and regions policy goal. Among other things, operations signed over the same year would help provide safer drinking water to over 10 million people.

11. UNEP: Cities and [climate change](#).



TALLINN: EUROPEAN GREEN CAPITAL 2023

One of the best-preserved medieval cities in Europe and a UNESCO World Heritage Site, Tallinn, Estonia's capital, is also a haven of parks and green spaces, which serve as habitats for rare species. The city prides itself on its biodiversity and good air quality and has committed to reducing greenhouse gas emissions by 40%¹² by 2030.

With its systemic approach to green governance and interlinked strategic goals that reflect the ambitions of the European Green Deal, Tallinn has been chosen as the European Green Capital for 2023.

The city will lead a newly created network of 19 European cities that are working to improve the quality of life for their residents citizens and reduce their impact on the environment.

The EIB is supporting Tallinn in its role as Green Capital with a €100 million loan, signed in December 2021. The funding focuses on the rehabilitation and upgrade of public buildings — in particular schools and social housing, including energy efficiency measures — and the rehabilitation of parks and other public spaces, urban streets, pedestrian and bicycle pathways.



Tallinn was chosen as the European Green Capital for 2023.

12. From a 2007 baseline year.

SUSTAINABLE ENERGY AND NATURAL RESOURCES

Meeting the European Union's climate and energy targets will require decarbonising much of the energy supply. Renewable energy will play a pivotal role in achieving these targets, through the advancement of wind and solar power, low-carbon technologies (such as hydrogen and biogas) and renewable heat, such as biomass and geothermal.

Wind power, onshore and offshore, and solar photovoltaics are at the core of the EIB's support for cleaner electricity production. The EIB has been a central player in developing the offshore wind sector and in establishing a supply chain.

A successful energy transition, however, will require a more interconnected electricity network. Electricity networks play a critical role in integrating a growing share of renewable energy sources, and thus the decarbonisation of power systems.

The EIB consistently supports electricity network investments for transmission and distribution, with a specific focus on the assets shown below.

POWERING IRELAND'S ENERGY TRANSITION

The Irish company Bord na Móna aims to supply one-third of the country's homes with renewable energy by 2030. Its new 75 megawatt windfarm in Cloncreen, County Offaly, will bring the company one step closer to this goal.

The European Investment Bank and the Bank of Ireland agreed to finance the €100 million project, each providing 50% of the senior debt financing. The windfarm will create up to 100 jobs during construction and supply up to 55 000 homes with renewable energy when completed.

The windfarm is the first project to receive funding under the Irish government's Renewable Electricity Support Scheme. The farm should start supplying energy to the national grid in the fourth quarter of 2022.

"The European Investment Bank is committed to helping to accelerate renewable energy generation across Ireland and around the world," says Christian Kettel Thomsen, EIB vice-president. "The EIB is pleased to make a significant contribution towards ensuring that 70% of Ireland's energy is from renewable sources by the end of the decade."



EIB ELECTRICITY NETWORK INVESTMENTS

Areas of focus

✓ Integration of renewables
(direct connection and development of system flexibility)

✓ Efficient use of energy

✓ Development of electromobility

✓ Intelligent operation and management of power networks

✓ Increased interconnection capacity between markets

In 2021, the EIB Group signed €15.38 billion of investment for projects that support our policy goal of sustainable energy and natural resources. Among other things, operations signed in 2021 helped power over 8 million households and construct or upgrade more than 82 000 km of power lines. ✓

INNOVATION, DIGITAL AND HUMAN CAPITAL

Innovation remains a key priority for Europe in the coming years and will play a critical role in ensuring the EU economy recovers from the coronavirus pandemic in a sustainable way. The climate crisis, ageing and growing populations and dwindling resources are pushing Europeans to transform the way they live, learn, work and produce goods and services. Innovation and technology are crucial to this transformation.

The EIB Group is committed to breaking down investment barriers and helping the European Union lead the next wave of innovation and digitalisation. We aim to drive the emergence and deployment of new technologies that address current challenges and support 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 the EIB supports skills and training to create new job opportunities and help workers and firms adapt to market needs and rapid technological changes.

Targeted EIB finance to support research and innovation will spur the digital and ecological transformation of the EU economy. In line with the objectives of the European Green Deal, EIB and EIF financing focuses on **facilitating the transition to a circular and low-carbon economy** by:

- developing, scaling up and disseminating cutting-edge technologies;
- supporting innovative small and medium-sized enterprises and mid-caps;
- boosting investment in digital infrastructure;
- accelerating the development and adoption of digital technologies.

In 2021, we supported innovation, digital and human capital with €20.70 billion of EIB Group financing. Among other things, this would help 6.8 million subscribers get access to 5G services. ✓

INNOVATION MADE IN FRANCE

Sorbonne University, a world-class higher education institution in the heart of Paris, will soon be home to a centre for entrepreneurship and innovation, called Paris Parc.

Paris Parc will consist of a 15 000 m² flagship building that will house an entire entrepreneurship ecosystem, complete with an incubator, research and development laboratories and new conference rooms. Paris Parc will also host the French office of the Climate Knowledge and Innovation Community (Climate-KIC), a group of research organisations belonging to the European Institute of Innovation and Technology, which is dedicated to climate change and the transition to a zero carbon, climate-resilient economy.

The EIB is providing €33 million in finance for the €67 million facility, whose energy performance will meet the French standard of new buildings requiring nearly zero energy. The project will provide modern laboratories and innovative working spaces, improving workers' skills and fostering research and development.




Paris Parc will be a centre for entrepreneurship and innovation.

FINANCE FOR SMALL BUSINESSES AND MEDIUM-SIZED ENTERPRISES

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

Although many small businesses have sound ideas and high-growth potential, many of them have difficulty securing financing. The European Investment Fund supports Europe's small businesses by improving their access to finance through a wide range of financial intermediaries. The Fund designs, promotes and implements equity and debt instruments that specifically target small and medium enterprises.

In 2021, the EIB Group provided €45 billion in financing for small and mid-cap firms. In the same year, we supported almost 431 000 companies, which employ more than 4.5 million people. 

RESTAURANT WITH A CAUSE

Located in Budapest's wealthy 12th district, the restaurant Hegyvidéki Ízlelő is known for its good food and friendly atmosphere. What many visitors don't know is that it is also a social enterprise, employing people with disabilities such as autism, or hearing or mobility issues.

The restaurant opened in 2019 with the help of an EU guaranteed loan from Erste Bank, backed by the EIF, under the European Union's Investment Plan for Europe.

The project gives disabled employees a chance to serve others and showcase their skills. "Too many people with disabilities work in segregated workplaces, doing assembly line and repetitive work for the minimum wage," says Noémi Ambrus Kíry, the restaurant's chief operating officer. The project aims to break down such stereotypes and boost employees' morale, pride and sense of inclusion in society.

Beyond being an inclusive employer, the restaurant focuses on its culinary expertise. "We don't use our staff as the selling point, but the quality of the food, and that's reflected in the pricing," Ambrus Kíry says. "We've had guests who don't realise what the restaurant is about — for us, this is a very good sign."



The restaurant Hegyvidéki Ízlelő has gained a reputation for its food and for employing people with disabilities.

CLIMATE ACTION AND ENVIRONMENTAL SUSTAINABILITY

From January 2021 the EIB began tracking its financing that makes a substantial contribution to the six environmental objectives of the EU taxonomy, going beyond its previous tracking of climate action to now track both climate action and environmental sustainability¹³.

For the first two objectives, climate change mitigation and climate change adaptation, we will further align our tracking methodology with the framework defined by the EU Taxonomy Regulation as it develops over time. In addition, we will continue using our externally audited tracking system for climate finance, which is harmonised with those of other international financial institutions. We will therefore still apply the joint multilateral development bank climate finance methodology for climate change adaptation and the [MDB/IDFC common principles for climate mitigation finance tracking](#), but will now also be using the specific technical screening criteria from the Taxonomy Climate Delegated Act.

In relation to **climate action**, supporting mitigation remains an important priority of the Bank. We are investing in numerous mitigation projects including:

- Research and development of low-carbon technologies
- Renewable energy
- Low-carbon transport solutions
- Energy efficiency
- Reduced emissions in the solid waste and water sectors
- Sequestration and emissions reduction in the bioeconomy (production, use and conservation of biological resources)

In addition, the EIB invests in projects that help public and private sector organisations reduce the physical effects of climate change. To support the objectives of the EU Adaptation Strategy, the EIB's adaptation plan calls for increasing the share of adaptation support to 15% of the Bank's overall finance for climate action by 2025. This represents an almost three-fold increase in adaptation finance over the past five years.

Our global adaptation efforts will be strengthened by EIB Global, the new development branch through which the EIB aims to increase the impact of its activities outside the European Union.

We have identified the following key areas of investment to enhance the impact of our adaptation finance:

- Coping with water scarcity and flooding
- Protecting the energy and transport sectors
- Building resilience in cities and regions
- Strengthening resilience of food systems, forest and ecosystems
- Enabling adaptation in health, education and public research
- Supporting climate resilience innovation
- Supporting disaster risk management

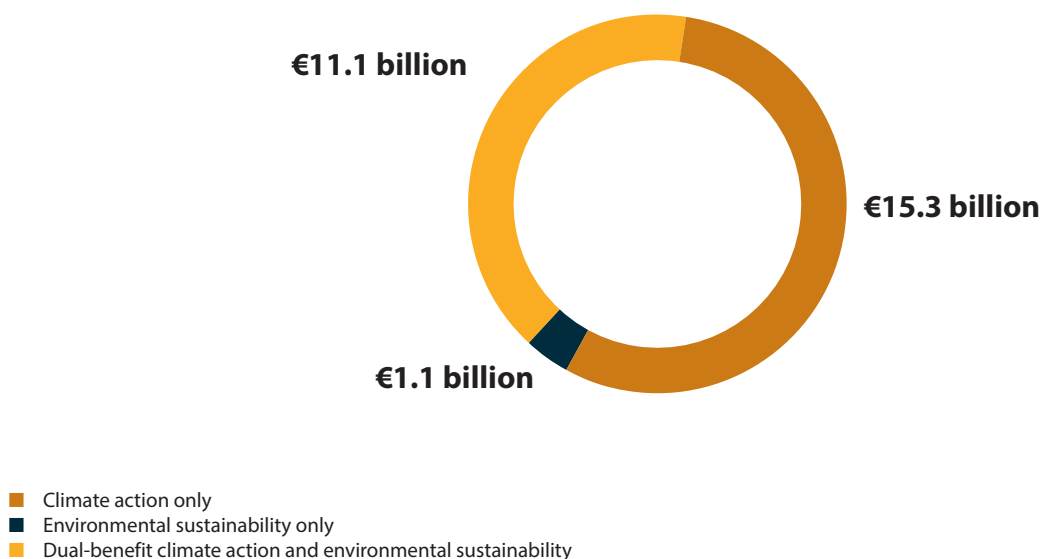
13. The EU Taxonomy Regulation covers six environmental objectives: (i) climate change mitigation, (ii) climate change adaptation, (iii) sustainable use and protection of water and marine resources, (iv) transition to a circular economy, (v) pollution prevention and control, and (vi) protection and restoration of biodiversity and ecosystems. At the EIB Group, the first two objectives have been labelled climate action and the remaining four environmental sustainability, therefore the full set of taxonomy defined environmental objectives is usually referred to as "climate action and environmental sustainability."

In relation to **environmental sustainability**, the EIB has developed interim criteria based on the Taxonomy Regulation, which will be updated once a Delegated Act on these objectives is in place. The EIB is targeting investments that contribute substantially to one or more of the following objectives:

- Water and marine protection, which represent the majority of investments focused on wastewater infrastructure or upgrading water infrastructure to improve efficiency.
- Circular economy, where a constantly increasing share of investment is going to projects in industrial manufacturing or research, development and innovation (RDI) involving the reuse of resources.
- Pollution prevention and control, in which a large share of investment is directed to air pollution prevention and control, often an additional benefit of projects that contribute to climate mitigation (such as renewable energy or public transport projects). To a lesser extent, industrial manufacturing and RDI projects can also lower pollution by reducing the use of chemicals.
- Biodiversity/ecosystem conservation, which is still underrepresented in investment. The area, however, has shown its growth potential, particularly following investments in the Natural Capital Financing Facility, which the EIB is managing on behalf of the European Commission.

In 2021, EIB own resource signatures for climate action and environmental sustainability stood at €27.6 billion (51% of total financing), of which just over €11 billion contributed benefits to both climate action and environmental sustainability objectives (see figure below). For example, electrified transport projects support climate change mitigation and pollution prevention. The 2021 result demonstrates that the EIB is making positive progress towards meeting the target of increasing investment in climate action and environmental sustainability to more than 50% of annual lending by 2025 and beyond.

2021 INVESTMENT IN CLIMATE ACTION AND ENVIRONMENTAL SUSTAINABILITY



WATER ADAPTATION IN SUB-SAHARAN AFRICA

Of all the continents, Africa is the most vulnerable to the effects of climate change. The rate of warming in Africa is more rapid than the global average. The accelerating impact of climate change could make large regions on the continent uninhabitable, which would have dire implications for poverty, food security and human health.

An increase of 1°C in the average global temperature could lead to a contraction of Africa's gross domestic product (GDP) by 2%, while a 4°C increase would shrink GDP by 12%¹⁴. With temperatures rising and the risk of drought increasing across the continent, crop yields are expected to decline sharply. Moreover, the frequency and intensity of heavy rain is expected to increase across Africa, making flooding a particular hazard.

The EIB has provided more money to the global water sector than any other institution. Improving water security and climate change adaptation will be key goals for any future lending. The Bank is funding a number of projects on the African continent to improve water security and climate resilience.

In Benin, the Bank will provide a €125 million loan to extend and rehabilitate rainwater drainage systems and related roads in eight secondary cities. The project will significantly decrease flood risk in a context of increasingly severe and destructive flooding due to climate change. The project will also reduce stagnating water, with a positive impact on human health and economic development. As most of the cities concerned are on or near the coast, a region particularly vulnerable to recurrent flooding, the project will also contribute to reducing the amount of plastic waste dumped into the Atlantic Ocean. The Bank is providing another €27 million loan for Cotonou, Benin's capital, to increase the production of clean drinking water and extend the water distribution network in the city and surrounding area.

The EIB is also investing €116 million in the Lowlands Water Development Project in Lesotho, the second phase of the Lesotho Lowlands Water Supply Scheme. The project aims to improve climate resilience and the security of drinkable water in four areas in the Lowlands of Lesotho. The project will include infrastructure to produce clean water in bulk, improve distribution networks and sanitation, and increase the efficiency of water use, addressing the country's particular vulnerability to the negative impacts of climate change on water security.

Overall, the project will supply treated water to about 300 000 people in the Lowlands who currently do not have access to piped water.



The Lesotho lowlands project will supply treated water to about 300 000 people.

14. Source: *Economic growth, development and climate change in Africa* report.

ECONOMIC AND SOCIAL COHESION

Active policies to promote cohesion are an important part of the European integration process. Those policies help each region achieve its full potential and bring about a convergence of living standards and prosperity across the European Union. Cohesion was a main reason for founding the European Investment Bank in 1958, and it continues to be a priority today.

By supporting investments in innovation, climate-friendly infrastructure, balanced territorial development, skills and competitiveness in the European Union, the Bank is fostering sustainable growth. This work ensures the European Union's competitiveness in the global market and supports social, economic and territorial cohesion, including the increasingly important efforts for the just transition.

The EIB's cohesion financing supports projects in regions where GDP per capita is less than 100% of the EU average.

As a bank that is owned by the EU members, the EIB prioritises projects that seek to address inequalities by providing:

- job and education opportunities;
- access to public infrastructure and services;
- a healthy and sustainable environment;
- support for a thriving economy across the entire European Union.

In 2021, the EIB dedicated more than 41% of own resources operations in the European Union to economic social cohesion and to convergence projects.

SOCIAL AND AFFORDABLE HOUSING IN POLAND

The EIB is providing a €133 million loan to Polish national promotional bank BGK to finance social and affordable housing across Poland. The project, 50% of which is eligible for funding from Sustainability Awareness Bonds, will deliver 5 000 new and 500 renovated housing units throughout Poland, the majority of which are in cohesion regions.

The project provides housing for people who are unable to pay market rates. The legal framework regulating social and affordable housing in Poland sets advantageous conditions for families with children. It also addresses the lack of social housing for people with low incomes. Increasing the availability of social housing availability has significant positive effects, such as reducing poverty, increasing social inclusion and limiting urban sprawl.

The units will be built by private builders of affordable housing as well as by existing municipal groups and housing cooperatives.



SUSTAINABILITY IN DUE DILIGENCE AND RISK MANAGEMENT

As a public institution, the EIB Group has a responsibility to ensure its investments bring the greatest possible benefit to society as a whole. We appraise and monitor all our investment projects and our intermediated operations for environmental, social and governance sustainability credentials. Only activities that fulfil our sustainability due diligence can be financed by the Bank.

Our sustainability due diligence process consists of the following 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 with our Environmental and Social Policy and standards, where applicable. Under our new PATH framework we also consider the climate impact of the wider activities of our borrowers (page 14).
- **Externalities:** the Bank examines the impact of its direct investments on society at large in its economic appraisal.
- **Climate risk assessment:** the EIB Group has developed multiple tools and processes to assess and reduce the climate-related risks and negative impact of its projects, including at the counterparty level and throughout its portfolio.

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 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 deemed 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 freedoms, 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 political or religious content

Similarly to the Bank, the EIF applies restrictions to its operations for certain sectors and activities ([EIF restricted sectors](#)). These restrictions apply to activities that are considered incompatible with the ethical, environmental and social principles of the EIF's public mission and/or do not comply with the European Union's or EIB Group's policies. The EIF's guidelines on restricted sectors are undergoing revision to reflect the EIF's Paris alignment framework, which has been applicable to all its new operations from the beginning of 2021 and also includes further climate, environmental and social commitments.

NEW ENVIRONMENTAL AND SOCIAL SUSTAINABILITY FRAMEWORK

Driven by the policy objectives of the European Union, the EIB takes a proactive approach to ensuring that environmental, climate and social considerations are an integral part of its decision-making.

The EIB Group’s Environmental and Social Sustainability Framework provides the structure for this process, through the Group’s Environmental and Social Policy and the EIB’s environmental and social standards.

Revision of EIB Group Environmental and Social Sustainability Framework

Over the course of 2021, the EIB Group started a major review of the framework to align it more closely with its updated objectives. Specifically, the new EIB Group Environmental and Social Policy lays out an aspirational Group vision for 2030, intended to actively contribute to sustainable development and inclusive growth.

The EIB’s Environmental and Social Standards define the requirements that the EIB’s counterparties must meet when assessing and managing environmental, climate and social impacts and risks in EIB-financed projects. The standards also ask counterparties to identify opportunities to support and promote sustainability objectives.

The revised framework harmonises the Group’s environmental and social requirements with those of other international financial institutions and reaffirms our institutional commitments to the green transition, biodiversity protection, human rights and accountability.

As part of the update, which has been approved by the EIB’s Board of Directors on 2 February 2022, the ten existing environmental and social standards have been revised and a new standard, standard 11 on intermediated finance, has been added. Likewise, the EIF’s [ESG principles](#) have been revised.

ENVIRONMENTAL AND SOCIAL STANDARDS

Standard 1	Environmental and social impacts and risks	
Standard 2	Stakeholder engagement	
Standard 3	Resource efficiency and pollution prevention	
Standard 4	Biodiversity and ecosystems	
Standard 5	Climate change	
Standard 6	Involuntary resettlement	
Standard 7	Vulnerable groups, indigenous peoples and gender	
Standard 8	Labour rights	
Standard 9	Health, safety and security	
Standard 10	Cultural heritage	
Standard 11	Intermediated finance	New

The revision of the framework included a consultation with the public that opened on 3 June 2021. The public was asked to submit written contributions by 6 August 2021 (page 49).

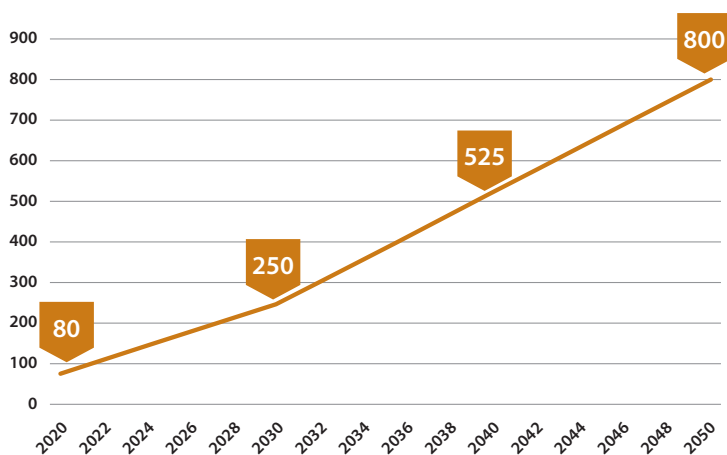
The revised framework was approved in February 2022 by the EIB and EIF Boards of Directors and applies to all new operations as of 1 March 2022, with a transition period until the end of 2022 for the implementation of standard 11.

ECONOMIC ASSESSMENT: MEASURING HIDDEN COSTS TO SOCIETY

Unlike a financial appraisal, the EIB's economic assessment allows the Bank to measure the costs and benefits to broader society that a project generates, taking into account the various resources the project uses (human, technological or natural). Our economic analysis measures a number of environmental externalities, or costs and benefits. 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 degrees Celsius target.** The results of the review prompted us to increase the EIB shadow cost of carbon over time.

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 cost will be reviewed on an annual basis and will be adjusted accordingly.

Road infrastructure is a good example of how the revised cost of carbon will affect investments. Decarbonisation efforts are already underway in road infrastructure, and the EIB will adapt its economic test for large projects to reflect its updated investment criteria. Traffic demand forecasts will be adapted in line with long-term modelling studies, with significant attention paid to the growing share of electric vehicles. Projects' net emissions will be valued at the EIB's new shadow cost of carbon. Adopting these new values will strengthen the business case for projects that save carbon while penalising those that increase emissions.

RISK MANAGEMENT: CLIMATE RISK SCREENING TOOL FOR COUNTERPARTIES

Our climate risk screening tool was developed to assess climate risk as well as counterparty exposure to those risks, and to quantify the potential impact of those risks on the counterparty.

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 portfolio. The methodology captures the physical risk, transition risk and the mitigation/adaptation capacity of each counterparty. The model provides a climate score of 1 (low risk) to 5 (high risk).

The climate risk screening tool does not have a direct impact on pricing, limits and capital consumption, which are determined via credit risk rating models. The tool is currently applied separately from the credit risk rating and is used to quantify and report the share of climate risks in the total risks a counterparty faces. However, climate risk is taken into account in various inputs used in the EIB's credit rating model.

The rollout of the screening tool started in July 2020 across the Group's existing lending and investment portfolios.

In 2021 the tool was updated to reflect internally developed scores for regional physical and transition risks and industry transition risks, with the new version being used as from 1 January 2022.

Further developments and updates of the tools are expected in line with regulatory and internal developments. For 2022, industry physical risk scores are expected to be developed and the country scores will be updated. The tool will also be used to select high-emitting and high-vulnerability counterparties that could be further engaged through the PATH framework.

The EIB is developing an environmental risk score covering loss of biodiversity and ecosystem degradation, water use and management, natural resources and pollution (water, air, soil pollution and waste) for each of the EIB's main credit segments to assess the physical transition and systemic environmental risks for its counterparties. The scoring methodology will enable the EIB to assess all its counterparties according to their exposure to environmental risk based on the double materiality principle¹⁵.

EIF CLIMATE BUSINESS DEVELOPMENT

The EIF is working on a climate business development plan intended to make a meaningful contribution to the Climate Bank Roadmap. The EIF is raising its 2022-2024 climate action and environmental sustainability commitment targets based on its assessment of future funding resources targeting green finance. The new targets are set at 16% of funding in 2022, 22% in 2023 and 25% in 2024. Investments will focus on climate and infrastructure equity funds, equity for climate and environmental technologies and funding for small enterprises and individuals through guarantee products. The plan is also the main EIF business development tool for climate action and environmental sustainability, and it will help the EIF to increase its contribution to these two areas and maximise its impact over the coming years.

The climate action and environmental sustainability targets (key performance indicators) were approved by the EIF Board through the EIF Operational Plan 2022-2024, and the plan was presented to the EIF Board during the EIF climate board seminar at the beginning of 2022.

The plan's commitments are supported by the EIF's strategic sustainability policy and climate framework, which was unveiled in 2020.

The EIF has reviewed its existing practices in due diligence and risk management. In 2022, it will be integrating updated environmental, social and governance (ESG) questionnaires for clients and the newly approved Paris Alignment for Counterparties Framework into its appraisal procedures. The new procedures will enable the EIF to better assess and monitor the ESG strategies, practices and risks of its financial intermediary partners.

15. Double materiality principle: how sustainability issues affect counterparties' business, and in turn how their own activities impact people and the environment.

CARBON FOOTPRINT OF EIB FINANCING

We use a set of published methodologies¹⁶ to determine the expected greenhouse gas emissions from EIB-financed projects. Those methodologies have been harmonised with the approach of other international financial institutions.

When reviewing the impact of EIB lending, we believe it is important to assess significant emissions created and removed from the sectors we fund — and not simply from green sectors. In calculating our annual carbon footprint, we include projects in conventional and renewable energy, energy efficiency, transport, industry, water and solid waste, agriculture and forestry.

In 2021, we estimated and reported the greenhouse gas emissions of projects with significant expected emissions that would exceed thresholds in absolute emissions (actual emissions from the project) and relative emissions (estimated increases or reductions in emissions compared to the expected alternative). For each, the threshold is set at > 20 000 tonnes of carbon dioxide equivalent (CO₂e) per year for a standard year of the project's operations.

2021 CARBON FOOTPRINT

In 2021, 86 of the projects in the EIB portfolio¹⁷ had estimated emissions above the absolute or relative emissions thresholds and were included in the 2021 carbon footprint exercise. They represent total EIB signatures or allocation approvals of €15.6 billion.

The related total absolute greenhouse gas emissions are estimated at 2.3 million tonnes of CO₂e per year. The overall reduced or avoided emissions from the same financing are estimated at 2.3 million tonnes of CO₂e per year in accordance with the carbon footprint methodology¹⁸.

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 Regulation.

The table below shows the results of the aggregate figures for the last three years. The relative emissions figures show large savings of 2.3 to 3.7 million tonnes of CO₂e per year. Overall, the EIB's investment projects continue to support reduced emissions.

16. See our latest version of [greenhouse gas methodologies](#).

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

18. 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. Individual carbon footprints are not subsequently adjusted due to methodology changes for the purposes of aggregating data in the annual carbon footprint exercise. The impact of applying different versions of the methodology has been assessed and is not deemed to be significant.

CARBON FOOTPRINT OF EIB FINANCING, 2019-2021

	2019	2020	2021
<i>Number of projects</i>	96	99	86
<i>Total EIB amount signed (€ billion)</i>	13.6	14.4	15.6
<i>Absolute emissions (Mt CO₂e/year)*</i>	3.9	5.2	2.3
<i>Carbon sequestration from forestry (Mt CO₂e/year)*</i>	0.9	0.3	0.0
<i>Relative emissions (Mt CO₂e/year)*</i>	-2.9**	-3.7	-2.3

* 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 carbon equivalents.

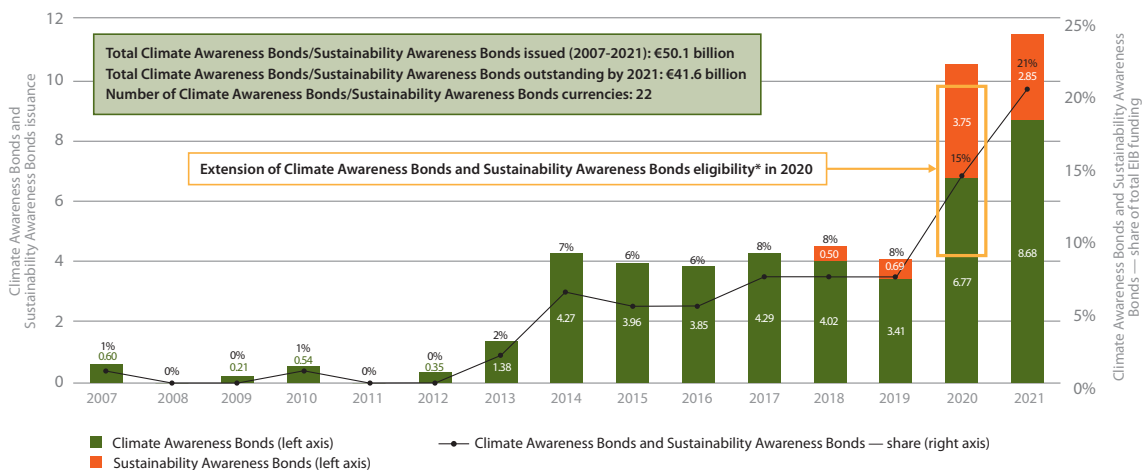
** The relative emissions figure for 2019 has been adjusted from the figure audited by our independent external auditors and reported in the 2019 Sustainability Report (-3.1 Mt CO₂e/year) due to a correction in the data.

SUSTAINABILITY FUNDING

The EIB’s Management Committee identified in July 2021 that sustainability funding was a strategic business development necessary for the implementation of the Climate Bank Roadmap.

Sustainability funding at the EIB includes the issuance of our Climate Awareness Bonds (CABs) and Sustainability Awareness Bonds (SABs). In 2021, sustainability funding reached a record high of €11.5 billion equivalent, making the EIB the largest issuer of green and sustainability bonds among multilateral development banks last year. Sustainability funding raised a record 21% of the EIB’s overall borrowing — a significant increase from 2020 (15%).

A GROWING SHARE OF EIB FUNDING COMES FROM CLIMATE AND SUSTAINABILITY AWARENESS BONDS



***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); 2021: Extended to biodiversity and social and affordable housing projects.

*With regard to 2021 figures, please note that, in addition to the limited assurance report provided by KPMG in the context of this document, a reasonable assurance report will be available with the Sustainability Awareness Bonds Framework and the Climate Awareness Bonds Framework for the year ended 31 December 2021.

The Bank was named “most impressive Supranational Green/SRI bond issuer” by Global Capital, and Environmental Finance recognised our Sustainability Awareness Bond with an award for innovation and use of proceeds for a sustainability bond. The AU\$1.25 billion Climate Awareness Bond, due 2027, was named “SSA Kangaroo bond deal of the year” by KangaNews. The \$1.5 billion global Climate Awareness Bond, due 2031, was the 1 000th bond listed on the Luxembourg Green Exchange (LGX) and was celebrated with a ceremony to ring the exchange bell.

In the EIB’s overall borrowing programme, sustainability funding provided the highest average maturity — 9.7 years — underlining the importance of long-term investors in this market. The EIB also raised funds in a record 15 currencies, promoting EU standards globally.

THE EIB'S SUSTAINABILITY FUNDING IN THE CONTEXT OF EVOLVING EU LEGISLATION

The EU's political and regulatory push is increasing support for sustainable finance.

In March 2021, the EIB Board of Directors approved an independent evaluation of the EIB's Climate Awareness Bond. The report recommends that the Bank continue to play "a key role in further shaping the green bond market" and "lead the way" in applying the EU green bond standard and the EU taxonomy for sustainable activities, which allows the EIB to champion EU standards globally.

Sustainability funding will be gradually aligned with the provisions of the upcoming EU green bond standard, which requires proceeds from bond sales to be used in conformance with the EU taxonomy.

As shown in the table below, our Climate Awareness Bonds focus on climate change mitigation, while Sustainability Awareness Bonds target other environmental and social objectives.

ELIGIBLE ACTIVITIES FOR CLIMATE AND SUSTAINABILITY AWARENESS BONDS

	Climate Awareness Bonds	Sustainability Awareness Bonds	
	Environmental	Environmental (other than climate change mitigation)	Social
Objectives	<ul style="list-style-type: none"> Climate change mitigation (2007) 	So far: <ul style="list-style-type: none"> Sustainable use and protection of water and marine resources (2018) Pollution prevention and control (2018) Protection and restoration of biodiversity and ecosystems (2021) 	So far: <ul style="list-style-type: none"> Access to water and sanitation (2018) Natural disaster risk management (2018) Access to equitable and inclusive education (end 2019) Universal access to affordable health services (end 2019) Health emergencies response and preparedness capacity (2020) Access to social and affordable housing (2021)
Activities	Eligible activities: <ul style="list-style-type: none"> Renewable energy (2007) Energy efficiency (2007) Electric all Infrastructure and rolling stock, and electric buses (06/2020) Research, development and deployment of innovative low-carbon technologies (06/2020) 	Eligible activities: <ul style="list-style-type: none"> Water supply and management (2018) Wastewater collection and treatment (2018) Sustainable forest management (2021) 	Eligible activities: <ul style="list-style-type: none"> Water supply and management (2018) Wastewater collection and treatment (2018) Flood protection (2018) Education (2019), including higher education (2020) Health (2019), including COVID-related activities (2020) Housing (2021)

The 2020 CAB and SAB frameworks¹⁹, published in 2021, detail the EIB’s strategy for applying the EU taxonomy and the EU green bond standard regulations. The independent auditor providing reasonable assurance (ISAE 3000) on these documents, concluded that:

- CAB/SAB frameworks are aligned with the EU green bond standard’s proposal for green bond frameworks, reporting and verification;
- CAB/SAB project eligibility criteria are aligned with the logic of the EU taxonomy²⁰;
- CAB 2020 technical screening criteria for substantial contributions are aligned with the criteria laid out by the technical expert group on sustainable finance for low-carbon transport and technologies, and partially aligned for renewable energy and energy efficiency.

COMPARING GREEN AND SOCIAL BOND PRINCIPLES WITH THE EU GREEN BOND STANDARD

	Green/social bond principles	EU Green Bond Standard	EIB Climate and Sustainability Awareness Bonds
Green projects	<ul style="list-style-type: none"> • Alignment with the green/ social bond principle objectives/project categories 	<ul style="list-style-type: none"> • Alignment with the EU taxonomy 	<ul style="list-style-type: none"> • EU Taxonomy 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 the process for project evaluation and the 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

19. <https://www.eib.org/attachments/fin/eib-cab-framework-2020.pdf>
<https://www.eib.org/attachments/fin/eib-sab-framework-2020.pdf>

20. “aligned with the logic of the EU taxonomy” means “structured to include criteria or processes for the assessment of ‘substantial contribution,’ ‘no significant harm,’ ‘minimum social safeguards.’”

ADVISORY SERVICES

The EIB advisory services team helps with the design, development and successful implementation of sustainable investment projects. Its activities cover strategic and technical advice to project promoters throughout the entire project life cycle, financial advisory services, support for market development or assessment, capacity building and awareness-raising initiatives.

These activities support the European Union's transition to a low-carbon and climate-resilient economy (primarily through a series of European Union mandates).

They aim to:

- create an enabling environment for green investments, and facilitate better access to green finance for public and private sector stakeholders;
- strengthen the capacity of public and private promoters and financial intermediaries to assess, manage and monitor environmental, climate and social risks and develop and implement sustainable investment;
- build a robust pipeline of climate-related projects, enhancing their investment-readiness and thus assuring access to finance, as well as fostering innovation, digitalisation and skills and promoting cohesion for a just transition.

Enabling and improving access to green finance market

Through its advisory services, the EIB has actively encouraged and supported Member States in developing and implementing financial instruments targeting sustainable investments. Through [fi-compass](#), a platform for advisory services developed in partnership with the European Commission, the EIB provides Member States' regional and local governments with support in building capacity and skills, practical know-how and learning tools on financial instruments under shared management.

Highlights in 2021 include the development of new financing models for energy efficiency investments and design, and solutions that facilitate the deployment of climate-related intermediated financing such as the Green Gateway programme (page 47) — a comprehensive yet tailored advisory support package for financial intermediaries that provide financing to small and medium-sized firms.

Conservation and biodiversity

In 2021, the EIB advisory services team began assessing the lessons learned from implementing the pilot [Natural Capital Financing Facility](#), an innovative financing instrument developed in collaboration with the European Commission. The instrument targets investments in biodiversity, ecosystem restoration and climate change adaptation. The assessment will contribute to scaling up EIB financing and advisory support for developing nature-based solutions for climate change mitigation and adaptation.

Accelerating innovation and digitalisation to tackle climate change

In 2021, EIB advisory services emphasised support for innovative low-carbon projects (in areas such as cleantech, renewable energy and sustainable fuels), through enhanced advisory assistance under the NER 300 and Innovation Fund mandates. Their objective is to scale up innovative technologies to tackle climate change. Targeted sectors include hydrogen, floating wind, solar, biofuels, renewable heating/cooling, iron and steel. Between 50 and 70 projects are expected to benefit from EIB advisory support in 2022. That support is designed to improve projects' investment-readiness, bankability and financing prospects.

EIB advisory services are also provided across key innovation areas, helping sector players to identify trends and opportunities, as illustrated by close cooperation with Hydrogen Europe, the Solar Impulse Foundation and the European Space Agency (ESA).

EIB advisory services are facilitating the twin transition towards a green and digital economy by supporting studies on access to finance for emerging disruptive technologies (such as artificial intelligence, blockchain and quantum technologies) and by assisting industries in the deep-tech sector (ranging from IQM, a leader in quantum computers, to Spire Global, a provider of space-based data and analytics).

Ensuring a just transition

To ensure a just and sustainable transition for all, EIB advisory services also target those regions and communities most affected by decarbonisation, addressing the social, employment, economic and environmental effects of the transition. Advisory services include guidance on strategies, market development or assessment, or support for project preparation and implementation offered under the Just Transition Mechanism and the InvestEU programme.

GREEN FINANCE ADVICE FOR GREEK PUBLIC TRANSPORT

The Greek Ministry of Transport is working closely with the urban transport authorities of Athens and Thessaloniki to improve bus services in the two cities. Expanded services will involve the purchase of around 1 500 green buses over the next ten years.

The Transport Ministry looked at European Investment Bank financing and EU structural funds to support the project. JASPERS helped the ministry develop a ten-year fleet replacement plan and define the first investment phase in 2023-2024, with a view to future applications for European Union grants.

To complement JASPERS' support on structural funds, the [European Investment Advisory Hub](#) (EIAH), a partnership between the European Investment Bank Group and the European Commission under the Investment Plan for Europe, accelerated the implementation of the project. The EIAH supports the identification, preparation and development of investment projects across the European Union, building on local partnerships across Europe and the EIB Group's long-standing expertise in delivering sound investment projects.

EIAH experts evaluated bus technologies and their effectiveness and fleet sizes to accommodate efficient bus services, maintenance strategies and more, laying the groundwork for the preparation of a feasibility study and an analysis of the risks, benefits and costs. The advisory input was key to speeding up the project, making the bus renewal plan investment-ready.

The combined support of the hub and JASPERS will help Athens and Thessaloniki to meet their climate objectives. By planning and investing wisely in green technologies, Athens and Thessaloniki can provide their citizens with cleaner and more comfortable urban transport.

In 2021, the EIB began providing dedicated advisory support to Pillar 1 of the Just Transition Mechanism (page 18). This support is channelled through the [Joint Assistance to Support Projects in European Regions \(JASPERS\)](#) programme, an advisory initiative run by the EIB and the European Commission. Under JASPERS, advisory services are provided to Member States and regions in Central and Eastern Europe to help them manage, develop and implement their just transition project pipelines, contributing to the achievement of the Just Transition Fund's targets.

With its long-term experience in cohesion policy as well as strong representation in countries with the highest Just Transition Fund allocations, the EIB advisory services team is well placed to provide this support.

THE GREEN GATEWAY

Financial intermediaries play a key role in making the EIB's and EIF's funding accessible to medium-sized companies, SMEs and other eligible final beneficiaries. The EIB advisory services team provides financial intermediaries with the necessary tools and knowledge to respond to the evolving requirements of the green financing market.

The Green Gateway advisory initiative was established in 2020 by the EIB, with funding from the European Union. The initiative initially targeted EU members, and later expanded with additional donor support to cover countries beyond the European Union. It primarily targets commercial banks, national promotional institutions and other final beneficiaries that are partnering with the EIB to help them promote green projects.

The advisory package consists of two main pillars that combine online knowledge-sharing and eligibility checks with tailored support for financial intermediaries. The **first pillar** is the Green Gateway portal, which includes guidelines and case studies on green investment criteria, and the [Green Checker](#), an online tool developed to support financial intermediaries in originating, appraising and reporting on green investments financed through the EIB's intermediated debt products or other financing sources.

The **second pillar** of the Green Gateway provides targeted bilateral advisory support to accelerate lending to climate change mitigation, adaptation and environmental sustainability projects. The objective of this support is to enhance the internal capacity, procedures and tools of financial intermediaries to screen and originate eligible transactions and report the impact on the loan portfolio. Financial institutions in Poland, Romania, Bulgaria, Greece and Austria have already benefited from bilateral advisory services under this programme. Outside the European Union, the first beneficiaries are in Georgia and Morocco.

An aerial photograph of a sandy beach with waves crashing onto the shore. The water is dark blue and green, with white foam from the waves washing onto the golden sand. The text "2021 SPOTLIGHTS" is overlaid in the upper right quadrant.

2021 SPOTLIGHTS

PUBLIC CONSULTATIONS ON THE ENVIRONMENTAL AND SOCIAL SUSTAINABILITY FRAMEWORK AND THE EIB'S TRANSPORT LENDING POLICY

As the bank of the European Union, we have a particular responsibility to be open and transparent towards our stakeholders, such as academia, non-governmental organisations and the public at large. We attach great importance to actively listening to and engaging with those interested in what we do.

To this end, we organise formal public consultations on key corporate and sectoral policies, which are relevant to the wider public. This process allows us to benefit from the expertise of a wide range of individuals and organisations when drafting or updating our policies. The approach supports our policy development and reinforces the EIB's transparency and accountability.

Three important public consultations were held in 2021 on: our Transparency Policy (page 66), the updated Environmental and Social Sustainability Framework, and the revised EIB Transport Lending Policy.

THE EIB GROUP ENVIRONMENTAL AND SOCIAL SUSTAINABILITY FRAMEWORK

The social and environmental regulatory landscape has changed enormously since we introduced our environmental and social standards. New EU climate and sustainability strategies, such as the European Green Deal and the EU sustainable finance action plan, in addition to evolving practices and feedback from clients and promoters, have prompted us to review our own environmental and social statement and standards.

The EIB Group's proposal for a new Environmental and Social Sustainability Framework was opened to public consultation from 3 June to 6 August 2021. A series of 13 informational webinars gave the public an overview of the issues and the opportunity to talk to EIB experts about the new EIB Group policy, the Bank's 11 environmental and social standards and our approach to human rights.

Stakeholder issues and feedback

A total of 55 contributions were received from stakeholders, representing a cross-section of civil society organisations (such as researchers, academia and non-governmental organisations), banks, financial institutions, private industry, public authorities, professional networks and think tanks.

In accordance with the Transparency Policy, the EIB operates under the principle of presumption of disclosure. All written contributions were published at the end of the consultation period on an EIB public consultation website made available for this purpose. Respondents could choose to contribute anonymously.

The stakeholders provided detailed feedback during the public consultation, to which we responded through a public consultation report and an issue matrix outlining our responses to the comments received. The following is a selection of the issues raised most frequently and the steps that the EIB is taking to resolve them:

- **The importance of putting the protection of biodiversity and climate action on an equal footing.**
We have addressed this concern by strengthening our commitment to promoting and helping to implement the objectives under the Convention on Biological Diversity and the post-2020 Global Biodiversity Framework.
- **The requirement for the Group to apply internationally agreed animal welfare standards in our operations.**
Our commitment to only support operations that do not impinge on the sustainable use of natural and living resources addresses this concern. We recognise the importance of EU animal welfare standards, including the internationally recognised “Five Freedoms” for farmed animals.
- **Ensuring that the EIB is not financing projects that are unacceptable on environmental, climate and social grounds.**
We are updating our “Types of Activities” in our list of excluded activities to reflect developments in sectoral policies, and the environmental and social commitments made by the Bank.
- **The roles and responsibilities of the Bank and promoters in managing environmental, climate and social impacts and risks should be more clearly defined.**
It is for that reason that we are (i) revising the promoter’s role, responsibilities and approach in assessing and managing environmental and social impacts and risks throughout the project cycle; and (ii) amending the EIB’s due diligence and monitoring to include an EIB risk categorisation system.
- **The EIB’s human rights-based approach and the related distribution of responsibilities within its operations were not clearly defined.**
This was addressed by strengthening the human rights considerations in the new Environmental and Social Sustainability Framework and related internal procedure and guidelines, and the Bank’s intention to develop a standalone approach to human rights in EIB operations to further clarify its approach for stakeholders. In addition, the new framework sets the operating parameters, including the roles and responsibilities of the EIB and its promoters, and a summary of EIB environmental, climate and social due diligence and monitoring. The policy states that the Group upholds the rights of stakeholders to engage with it and its counterparties freely and without fear or coercion. It has no tolerance for reprisals, intimidation, threats, harassment, violence or any other abuse of the rights of individuals, and in particular those of human rights’ defenders and environmental activists²¹.

21. The EIB has developed specific guidelines to help promoters manage the risk of reprisals. See chapter 8 of the [Guidance Note for EIB Standard on Stakeholder Engagement in the EIB Operations](#) on “Addressing risks of reprisals”.

- **Under standard 11, the Bank should establish a “referral list” that defines higher-risk sub-projects and automatically refers them back to the EIB for review and non-objection.**

Financial intermediaries are required to have an environmental, climate and social (ECS) risk management process in place that identifies, assesses, manages and monitors these types of risks entailed by projects benefiting from EIB finance.

This environmental, climate and social risk management process will be reviewed by the Bank. The review will determine whether the financial intermediary must refer higher-risk sub-projects back to the EIB.

TRANSPORT LENDING POLICY

The European Investment Bank is one of the largest financiers of European transport infrastructure and mobility solutions. The Bank’s transport lending policy sets out the guiding principles and criteria that guide its contribution to this sector.

The current transport lending policy was last revised in 2011. Since then, the need to accelerate the transition to cleaner, greener and more resilient transport has grown. Our EIB climate strategy published in 2020 requires the revised transport policy to refer to the longer-term transition towards climate-resilient development and to limiting the global temperature rise to 1.5 degrees Celsius. This policy will take into account the most recent scientific knowledge and best practices, in accordance with the goals and principles of the Paris Agreement. While greenhouse gas emissions have declined steadily in the European Union in recent years, transport emissions have continued to increase.

The EIB wants to strengthen the impact of its future support for transport and mobility by following a policy that focuses on the safety, accessibility, greenness and efficiency of transport systems. To this end, it is redefining its priorities for investments in the transport sector, within the eligibility criteria specified in its Climate Bank Roadmap.

As a public institution that values stakeholder engagement, we were eager to listen to the general public, partners, non-governmental organisations and the transport industry to understand their perspectives on the transport investment priorities that we, as the EU climate bank, should have in the critical decade up to 2030.

A public consultation on our transport lending policy began on 26 July and was open until 29 October 2021.

Dialogue with the public centred on EIB support for sustainable transport and considered key trends and investment challenges that the sector faces. To guide the discussion and solicit input, the EIB prepared a consultation document outlining the key challenges and issues at stake, along with a comprehensive set of questions²². An online meeting was held on 14 October 2021 to give stakeholders the opportunity to engage directly with EIB staff.

In total, 118 contributions were received. The draft revised transport lending policy, which includes information on the public consultation process and on how the outcome was taken into account, will be published and considered by the Bank’s governing bodies in the second quarter of 2022.

22. The [independent evaluation of EIB support to urban public transport in the EU \(2007-2019\)](#) was also published in this period.

ACTIONS TO SUPPORT THE BLUE ECONOMY

Covering over 70% of the Earth's surface, oceans and seas play a vital role for the planet's climate and biodiversity. They also provide food, medicine, jobs and livelihoods for billions of people around the globe. Major industries such as shipping, fishing, aquaculture and coastal tourism depend upon ocean health.

Our oceans are under threat. Climate change, pollution (including plastic, chemicals and noise), unsustainable and unregulated fishing practices and over-exploitation threaten coastal and marine ecosystems, reducing their natural ability to restore themselves. This in turn endangers human health and local economies. Such problems disproportionately affect vulnerable and marginalised people, who depend on the ocean for food and income, while rising sea levels threaten coastal communities.

Keeping our oceans healthy is crucial for sustainable development. This is reflected in the Sustainable Development Goals of the United Nations' Agenda 2030, particularly in SDG 14: Life below water. The challenge lies in managing human activities to use the ocean wisely, protect biodiversity and distribute resources equitably. Over time, sustainable ocean management could help the ocean produce as much as six times more food and generate 40 times more renewable energy than it currently does²³. Moreover, it can help reduce greenhouse gas emissions, lift millions of people out of poverty, improve social and gender equality, increase economic and environmental resilience and build the industries of the future²⁴.

Financial markets and institutions can play an important role in driving ocean sustainability. As a new source of growth with an annual economic value estimated at €2.2 trillion, the blue economy is increasingly attracting investors, insurers, banks and policymakers. Recent research shows that investments made today in blue economy activities, such as offshore wind production, sustainable ocean-based food production and the decarbonisation of international shipping, are expected to return a benefit-cost ratio of more than 5:1 by 2050²⁵.

EIB BLUE ECONOMY FINANCING

The EIB Group, as the EU climate bank, is a key player in advancing a sustainable blue economy. We partner with public, private and non-government entities to support initiatives that not only reduce ocean pollution and preserve marine ecosystems, but also provide economic and social benefits to the global community.

Our blue economy financing covers activities that are:

- marine-based (such as capture fisheries, aquaculture, marine renewable energy, maritime transport, and maritime and coastal tourism);
- marine-related (such as seafood processing, shipbuilding and repair, port activities, and research and innovation in ocean industries);

23. Costello, C., L. Cao, S. Gelcich et al. 2019. "The Future of Food from the Sea." Washington, DC: World Resources Institute. <https://www.oceanpanel.org/blue-papers/future-food-sea>; IEA and ETP. 2017. "International Energy Agency, Energy Technology Perspectives 2017." www.iea.org/etp2017.

24. <https://www.oceanpanel.org/ocean-action/files/executive-summary-ocean-solutions-report-eng.pdf><https://www.oceanpanel.org/ocean-action/files/executive-summary-ocean-solutions-report-eng.pdf>

25. Konar, M., and H. Ding. 2020. "A Sustainable Ocean Economy for 2050: Approximating Its Benefits and Costs." Washington, DC: World Resources Institute. <https://www.oceanpanel.org/Economicanalysis>

- aimed at reducing the impact of land-based activities on the marine environment (such as solid waste and wastewater management, and pollution reduction);
- focused on protecting the coast from the effects of floods (such as coastal protection projects and stormwater management).

THE EIB AT THE FOREFRONT OF SUSTAINABLE BLUE ECONOMY INITIATIVES

The [Sustainable Blue Economy Finance Principles](#) were developed jointly by the European Commission, the EIB, the World Wide Fund for Nature and the World Resources Institute. The principles have been embedded in the [Sustainable Blue Economy Finance Initiative](#) hosted by the United Nations Environment Programme Finance Initiative. This umbrella initiative is creating a pioneering global investment framework to guide sustainable investments in the blue economy.

The initiative is promoting the adoption of the blue economy principles across mainstream finance, investment and insurance sectors. So far, over 50 public and private companies have joined the initiative. In early 2021, members and signatories of the initiative agreed to report publicly and annually on their progress in implementing the principles.

Alignment with the climate and sustainability agenda

The EIB Group is committed to supporting a sustainable blue economy. This support will come through the application — in the activities concerned — of our sustainability-related standards, which are intrinsic to our project-screening and selection process. These standards ensure investments are in line with the Climate Bank Roadmap targets and, in turn, with the goals and principles of the EU taxonomy, the Paris Agreement and the UN Sustainable Development Goals.

Blue economy initiatives at the EIB include the following:

Blue Sustainable Ocean Strategy (Blue SOS)

The EIB launched the Blue Sustainable Ocean Strategy (Blue SOS) in 2019 as a pledge to improve ocean health, build resilient coastal environments and encourage activity in the blue economy. The EIB announced its commitment to increase its lending for sustainable ocean projects to €2.5 billion from 2019 to 2023. To achieve this target, Blue SOS supports projects in four key sectors: sustainable coastal protection, blue biotechnology, sustainable seafood production, green shipping, and research and development.

As of December 2021, the EIB Group had deployed a total of €764 million in support of the four key sectors, about 30% of the target amount. Around €488 million of overall funding has supported projects in green shipping, €251 million in coastal protection investments, €19 million in the production of sustainable seafood²⁶ and €6 million in research and development. Furthermore, the EIB's investment efforts under Blue SOS have mobilised over €1.6 billion of financing in the sustainable blue economy.

For several Blue SOS sectors, project development has been delayed by the coronavirus pandemic. The pandemic slowed progress on green shipping and seafood value chains in particular. Moreover, it has led to a substantial increase in single-use plastics for personal protective equipment, e-commerce and food packaging, placing additional pressure on already strained waste management systems and posing the danger of increased pollution of marine environments.

26. With seafood production we refer to primary production, such as fisheries and aquaculture, as well as processing and preserving of fish, crustaceans and molluscs.

Clean Oceans Initiative

The Clean Oceans Initiative funds projects that reduce the discharge of plastics into the oceans, supporting circular solutions to ocean plastic pollution and increasing the collection and recycling of plastics. Started in 2018, this global initiative is led by the EIB, the German and French development banks, KfW Group and Agence Française de Développement. The initiative initially aimed to finance €2 billion in private and public sector projects contributing to its objectives by 2023. Two new partners from Italy and Spain, Cassa Depositi e Prestiti and Instituto de Credito Oficial, joined the Clean Oceans Initiative in 2020.

At end December 2021, more than 80% of the target and 37 Clean Ocean Initiative projects had been signed by the partners. The projects cover solid waste management, wastewater collection and treatment, and stormwater management.

At the One Ocean Summit in Brest, France, in February 2022, the European Bank for Reconstruction and Development became the sixth initiative member. The initiative also announced it would raise its financing target to €4 billion by the end of 2025.

Clean and Sustainable Ocean Partnership with the Asian Development Bank

In January 2021, the EIB and the Asian Development Bank signed a memorandum of understanding to set up the Clean and Sustainable Ocean Partnership, a joint initiative on clean and sustainable oceans and the blue economy in the Asia-Pacific region. The institutions will strengthen their collaboration, targeting opportunities to co-finance projects to promote cleaner oceans through the reduction of land-based plastic and other pollutants discharged into the ocean. The projects will also improve the sustainability of all socioeconomic activities taking place in oceans, or that use ocean-based resources.

BlueInvest

BlueInvest is an initiative by the European Commission and the European Investment Fund that aims to improve access to finance and investment for enterprises active in the blue economy.

At end December 2021, the EIF had signed or approved around €100 million in blue economy investments, which are expected to mobilise €300 million in funds.

PORTUGAL BLUE

Building on the BlueInvest Fund experience, the EIF has also started a blue economy mandate called Portugal Blue, in partnership with Banco Português de Fomento (BPF), the Portuguese national promotional institution.

Portugal Blue, a €50 million equity partnership between the EIF and the BPF, will provide financial support to Portuguese startups, small to medium-sized businesses and mid-caps that are active in the blue economy, regardless of their development stage. The programme was announced in October 2020 and the EIF is now receiving applications from fund managers.

In October 2021, Faber Blue Pioneers Fund was introduced as the first fund to benefit from Portugal Blue. Faber Blue Pioneers Fund invests in early-stage startups developing deep tech solutions for ocean sustainability and climate action.



Ocean renewable energy

The EIB has been at the heart of financing growth in offshore wind power. It has co-financed more than one-third of all offshore wind production in Europe and has also committed to financing the next major innovation in the sector, floating offshore wind. Since 2003, the EIB has financed 33 offshore wind projects in Belgium, Denmark, Germany, France, the Netherlands, Portugal and the United Kingdom, signing loans worth more than €10 billion. In addition, the Bank stands ready to support the commercial demonstration of innovative wave and tidal technologies.

CLEAN OCEANS INITIATIVE PROJECTS SIGNED BY THE EIB (2018 TO DECEMBER 2021)

Number of projects	Projects cost (€ million)	EIB loans (€ million)
9	1 899.4	604.2

BLUE SOS DIRECT OPERATIONS SIGNED FROM 2019 TO DECEMBER 2021

Sector	Number of projects	Project cost (€ million)	Blue SOS relevant project cost	EIB loan (€ million)	EIB Blue SOS financing (€ million)
Sustainable coastal development and protection	5	1 321	624	560	251
Sustainable seafood production	Multiple allocations (multibeneficiary intermediated loans)	n.a.	n.a.	n.a.	19
Green shipping*	7	1 109	934	488	488
Research and development	3	1 290	64	127	6
Total	16	3 720	1 622	1 175	764

* including marine research vessels

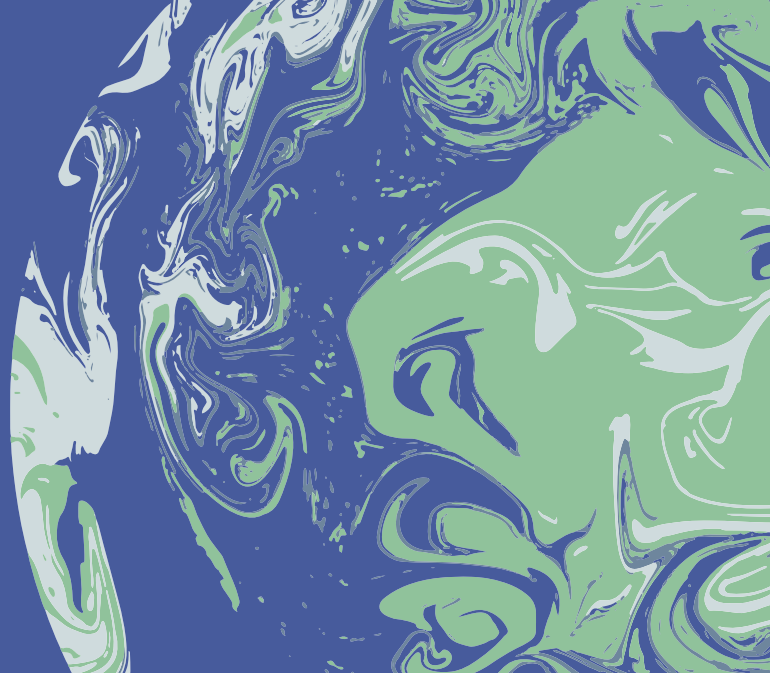
Looking ahead

The EIB will continue to cooperate with the European Commission to support the blue economy and the EU Mission to Restore our Ocean and Waters. We will also collaborate further with the Sustainable Blue Economy Finance initiative and its partners, supporting the development of investment guidance.

The European Investment Fund and the European Commission will jointly prepare a framework to stimulate investments in blue innovation and to implement the [farm to fork](#) and other bioeconomy strategies. Target areas include innovation in the blue bioeconomy, the production and marketing of sustainable seafood and algae products, as well as sustainable maritime tourism and environmental solutions.

The EIF and the European Commission will also continue to jointly develop solutions for equity and guarantee funding. This approach allows Member State authorities (such as a ministry, a regional authority, a local council, or another public or private body) to match their national resources with funding from European sources, in particular the European Maritime Fisheries and Aquaculture Fund. As part of the proposed measures of the framework, the EIB Group, through the EIF, can provide market-testing and expertise in product structuring, private fundraising and the implementation of EU mandates.

COP26



THE EIB GROUP AT COP26

The EIB Group was a major contributor to the COP26 summit in Glasgow, where we announced a string of new initiatives and international partnerships.

During the United Nations Climate Change Conference of the Parties (COP26) in Glasgow from 31 October to 12 November 2021, countries, companies, financial institutions and civil society came together to accelerate action on meeting the Paris Agreement goals.

At the conference, the EIB Group presented important initiatives that will help us to implement our Climate Bank Roadmap. They included:

- The launch of our PATH framework for the Paris alignment of our counterparties (see page 14).
- The launch of the EIB's adaptation plan to strengthen investment and technical support to protect projects from the impact of more extreme weather, and to increase the climate resilience of infrastructure (see page 15).

We also made a number of announcements that show how the EIB connects climate, innovation and development through its climate action activities while protecting and investing in nature to support climate objectives.

One such announcement was our decision to join the [Nationally Determined Contributions Partnership](#), an initiative that ensures countries have access to the technical assistance, knowledge and financial support needed to implement their nationally determined contributions to cut emissions and to adapt to climate change, as well as efforts to meet the Sustainable Development Goals.

Mobilising private capital for climate change and green projects, particularly in developing countries, was among the key topics discussed at COP26. One element of the EIB's response was the establishment of the Emerging Markets Climate Action Fund.

EMERGING MARKETS CLIMATE ACTION FUND (EMCAF)

EMCAF is a fund-of-funds²⁷ that supports [climate-focused investment funds](#) and projects active in emerging markets and developing countries. Its focus will be on climate mitigation, climate adaptation and access to electricity.

With a target size of €500 million, this fund-of-funds aspires to become a European flagship for impact investing, mobilising private capital to get climate action projects off the ground in Africa, Asia, Latin America and the Middle East. EMCAF investments are expected to support a significant amount of new clean energy capacity globally.

The conference was also an opportunity to advance our discussions on private-sector mobilisation — on climate mitigation and adaptation — with partners such as the [United Nations Environment Programme Finance Initiative](#), the Global Center on Adaptation and the World Resources Institute.

The EIB contributed strongly to discussions on the energy transition and the need to ensure a just transition globally. It joined the new [Global Energy Alliance for People and Planet](#), which aims to accelerate the transition to green energy and renewable power in developing countries. We are also working with the European Commission on the [International Just Energy Transition Partnership](#) with South Africa. The European Commission, the United States, the United Kingdom, France and Germany announced a package of \$8.5 billion to support South Africa's just transition. The amount includes a potential contribution of up to €1 billion from the EIB.

The importance of innovation and technology in the net zero transition was underscored. Our partnership with the European Commission and Bill Gates on the [Breakthrough Energy Catalyst](#) will mobilise up to \$1 billion from 2022 to 2026 to accelerate the deployment and commercialisation of innovative technologies that will help deliver the European Green Deal and the European Union's 2030 climate targets.

The EIB published a [joint statement](#) with other multilateral development banks on our shared climate ambition. We also presented a joint update on our work on Paris alignment, which includes progress on the longer-term strategies and principles of the just transition.

The topics of cities, gender and nature are gaining prominence in the work of multilateral development banks. The conference was an opportunity to showcase our joint initiatives in these areas:

- **Cities:** We featured the progress made to support cities, notably through the [City Climate Finance Gap Fund](#) and [Financing Energy for Low-carbon Investment - Cities Advisory Facility \(FELICITY\)](#).
- **Gender:** Together with the CDC Group, the UK development finance institution, and the European Bank for Reconstruction and Development, the EIB released the [Gender Lens Climate Financing Investing Guide](#) on behalf of the 2X Gender and Climate Finance Taskforce (see box below).
- **Nature:** The EIB joined fellow multilateral development banks on a [joint statement on nature](#), undertaking to do more work to protect nature and stop biodiversity loss. The statement strongly emphasises the need to find more synergies between the climate and environmental emergencies.

27. A fund-of-funds is an investment vehicle where a fund invests in a portfolio composed of shares of other funds rather than investing directly in [stocks, bonds](#), or other securities.

On top of our own ambition and the joint statement from multilateral development banks, the EIB also endorsed a number of broader collective statements, including the [global methane pledge](#) — announced by the United States and the European Union and supported by over 100 countries — and the United Kingdom’s statement on [international public support for the clean energy transition](#).

BALANCING GENDER EQUALITY

Gender equality has been paramount to EIB Group projects and investments for several years now. The [Group strategy on gender equality](#) aims to embed gender equality and, in particular, women’s economic empowerment, in the EIB Group’s activities.

In 2021, the EIB announced its second gender action plan (GAP). GAP 2021-2024 will build on the successes of GAP 2018-2020 and has the same structure, which focuses on upholding the rights of women, enhancing the impact of our operations on gender equality, and investing in women’s entrepreneurship and economic empowerment. The new GAP aims to better track our impact on gender equality by tagging specific operations.

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. 2X Challenge criteria are guiding EIB investments worldwide, and they provide a harmonised way of defining investments focused on gender. The Bank joined the 2X Challenge as a member in June 2021 to contribute to the target of raising \$15 billion for gender lens investment by the end of 2022. The Bank also joined the Gender Finance Collaborative.

In 2019, the EIB set up [ShelInvest](#), an initiative to boost gender equality and female economic empowerment across Africa by providing access to credit and financial services. 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. In 2021, we doubled our commitment to ShelInvest, mobilising €2 billion of gender lens investment in Africa, which is guided by the 2X criteria.

In 2021, the EIB Group deepened its support for women’s economic empowerment in Africa by investing in several funds, banks and microfinance institutions targeting women-led businesses and by providing technical assistance to advance gender equality through the Africa Women Rising Initiative.

For example, the EIB invested \$24.6 million in Alitheia IDF, which raised \$100 million by December 2021, making it the largest gender-inclusive private equity fund by value in Africa. Led by two women principal partners, Alitheia IDF invests in growth-stage companies across six African countries: Nigeria, South Africa, Ghana, Zimbabwe, Lesotho and Zambia. The fund invests in businesses that engage a significant percentage of women, in sectors such as agribusiness, consumer goods, health, education, creative industries, and financial and business services.

THE EIF: SUPPORTING SMALL BUSINESSES THROUGH THE CORONAVIRUS PANDEMIC



The coronavirus pandemic caused economic uncertainty to rise to unprecedented levels. That uncertainty has hit small businesses the most. At the onset of the pandemic in Europe, the EIF reacted rapidly to address the most urgent liquidity needs of European small and medium-sized enterprises. It has since sustained this support through several initiatives, each with the same goal: ensure that Europe’s small businesses survive and continue to grow after the pandemic.

From early 2020 onwards, the EIF continued financing European small and medium-sized enterprises (SMEs) and focused on quick pandemic response measures, which were extended across the main guarantee instruments to 30 June 2022.

Despite market difficulties, and thanks to our valuable partnerships with EU institutions, national and regional governments and our financial intermediaries, the EIF has deployed a record €30.5 billion in commitments to the market.

Many bilateral or multilateral measures put in place with the cooperation of EU members have addressed local challenges or complemented Europe-wide efforts to address firms’ financing needs, whether they are small startups or bigger firms ready to scale up.

COVID-19 SUPPORT MEASURES

SME finance to combat illiquidity and capital constraints		
Pan-European Guarantee Fund	Enhanced terms for EU mandates	Regional initiatives
EIB Group initiative offering guarantee, securitisations and equity solutions	Increase in guarantee rates and other measures to enhance existing programmes	Local governments entrusting EIF with targeted regional programmes
↓	↓	↓
New finance across participating EU countries	Making existing programmes work harder for SMEs	Improving access to finance on a local level

THE PAN-EUROPEAN GUARANTEE FUND

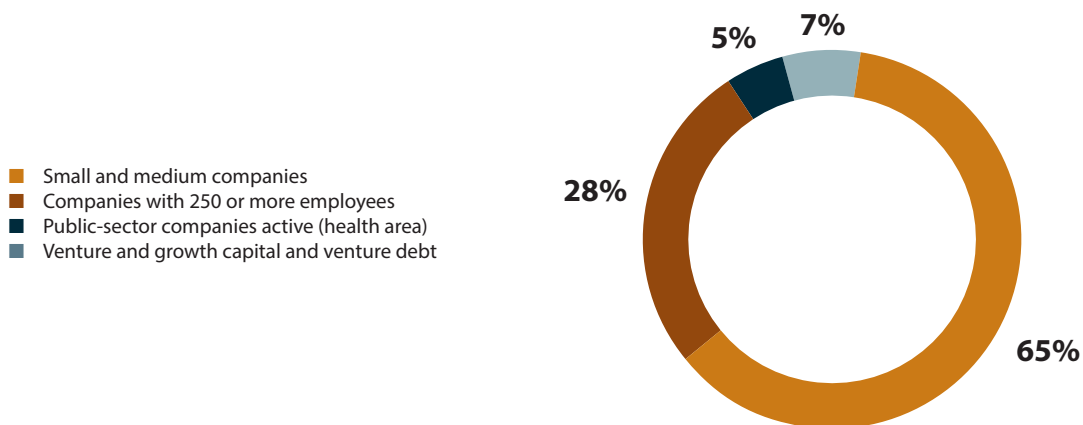
The Pan-European Guarantee Fund (EGF) was established at the request of the European Union, which asked the EIB Group to support companies affected by the coronavirus pandemic.

All 27 EU members were invited to contribute to the €25 billion fund, with allocations equal to their share of EIB capital. The fund was endorsed by the European Council on 23 April 2020 as part of the overall EU pandemic response package.

The Pan-European Guarantee Fund provides guarantees that help free up capital for investment by national promotional banks, local banks and other financial intermediaries, which in turn increased the financing available for SMEs, mid-caps and larger firms.

At the end of 2021, €23.2 billion in available EGF guarantees were approved, which are expected to mobilise approximately €174.4 billion of additional financing.

BREAKDOWN OF SUPPORT FROM THE PAN-EUROPEAN GUARANTEE FUND



ENHANCING EQUITY FUNDING

Across the EIF's equity business lines, our main objective during the pandemic was to continue supporting business angels, venture capital and private equity fund managers so they could sustain their investment strategies.

The EIB risk capital resources mandate remained one of the stable sources of equity capital in the European venture capital and private equity ecosystem. In 2021, it provided around €900 million of equity financing to support information and communications technology, growth, life science, and social and climate impact funds.

Under InnovFin Equity, the EIF introduced additional support measures, including the RE-FIT programme, which provided €100 billion for innovative business.

The EIF is also acting as an implementing partner of the German Corona Matching Facility alongside KfW Capital. The facility has focused on ensuring that finance is available during the coronavirus crisis. The Corona Matching Facility is a limited-term financing measure that has helped firms meet their liquidity needs during the coronavirus crisis.

EXTENDED TERMS ON DEBT FINANCING

As part of the [Investment Plan for Europe](#), the European Fund for Strategic Investments unlocked €1 billion of financing for the EIF. The EIF has used this money to provide guarantees worth €2.2 billion to financial intermediaries, leveraging €8 billion in available financing for businesses, including micro- and social enterprises, as well as SMEs in the cultural and creative sectors.

Following the European Union's decision to prolong the timeframe and extend the scope of the state aid temporary framework adopted on 19 March 2020 for an additional six months, the EIF extended its pandemic support measures for existing intermediaries until 30 June 2022.

GARDENLIVING: A GREEN LIFESTYLE CONCEPT

GardenLiving in Espoo is the first green lifestyle concept store in Finland. Offering inhouse experts and design know-how, it is a one-stop shop for indoor and outdoor plants as well as garden-related services such as landscape architecture, interior green design and garden maintenance advice.

When the coronavirus pandemic hit and Finland went into lockdown, everything came to a halt — including the store's business. "All our orders stopped immediately," explains Eva Wuite, founder and manager of GardenLiving. "But bills had to be paid — for all the stock of products we had bought for the entire season (April-October). That's the point where you urgently need more liquidity."

The business managed to combat the crisis with the help of an EU-guaranteed loan through Finnvera, backed by the EIF: "We needed the extra loan to cover this difficult period," Wuite says. "It helped bridge the gap and expand our services as well as plan for e-commerce as the second wave intensified. The cash flow gave us more time to react."

Despite the sharp drop in orders at the beginning of the coronavirus pandemic, particularly for business-to-business sales, demand from consumers increased. "As the months went by and people stayed at home, they started to spend more time taking care of their gardens," Wuite says. "They started to value different things and put more effort into making their home a nice place to spend more time in. That helped us a lot."



Eva Wuite, founder and manager of Garden Living.

OUR CONTRIBUTION TO THE SDGS IN 2021

The United Nations' 2030 Agenda includes 17 Sustainable Development Goals (SDGs), a pathway to sustainable peace and prosperity for people and a healthy planet. Newly formulated EU policies explicitly take the SDGs into account, and the EIB is playing an important role in implementing the agenda and contributing to sustainable growth worldwide.

Over the last five years, the EIB Group has been tracking and reporting how our projects contribute to the SDGs. Since 2020, we have expanded our reporting to include more information and to demonstrate the full impact of our investments throughout the world. As the EU climate bank, the EIB naturally puts climate action at the heart of our mission, but our activities have an impact on many other Sustainable Development Goals too.

The EIB's methodology for SDG reporting, in financial terms and in terms of project outputs and outcomes, is comparable to the methodologies adopted by other multilateral development banks. All the projects that the EIB supports are designed to have a positive socioeconomic impact, as well as sound financial returns.

The EIB's SDG reporting methodology defines the relationship between the EIB's project-level indicators and the SDGs. All indicators are mapped to the appropriate SDGs independently of the original context for taking on the project and each indicator may be mapped to up to two different SDGs. Each project thus contributes to all of the SDGs for which its data has been mapped (typically a project is linked to up to three SDGs). This approach takes into account the full range of interaction among the SDGs and minimises the number of arbitrary decisions required in the mapping process.

BRINGING SUSTAINABLE BONDS AND GOALS TOGETHER

The EIB and United Nations Development Programme (UNDP) highlighted the role of sustainable bonds in helping the global community achieve the UN Sustainable Development Goals at a special conference held in 2021.

"The Sustainable Development Goals and Bonds — Working together for Impact" event focused on the needs of emerging markets. Senior representatives from the Indonesian and Uzbek Finance Ministries joined UNDP Administrator Achim Steiner, EIB President Werner Hoyer, Vice-President Ambroise Fayolle, Head of EIB Capital Markets Eila Kreivi and Head of EIB Global Partners Maria Shaw-Barragan for the wide-ranging discussion.



























Steiner opened the conference, emphasising that of the approximately €300 trillion of financial assets on the markets, only 1% would be needed to achieve the SDGs. He also highlighted the value of the EIB-UNDP partnership, whose memorandum of understanding has been renewed for another five years.

Steiner emphasised that "together we are helping to spur a game-changing SDG investment push. This help will ensure that every country and every community can play its part in shaping a global, inclusive and green recovery and ultimately economy," he said.

As President Hoyer pointed out: "Our joint effort will support countries in closing the SDG financing gap by unlocking new types of debt instruments and promoting transparency in sustainable financing."



The following table shows a selection of indicators from projects signed in 2021 and illustrates how their impact contributes to specific SDGs:

Selected project indicator	EU + non-EU	SDG
SMEs/mid-caps supported (#)	431 000	 
Jobs sustained in SMEs/mid-caps (#)	4.5 million	 
Electricity generation capacity (MW)	11 400, of which 99.7% is from renewables	 
Power lines installed/upgraded (km)	82 200	 
Households that could be supplied with energy generated by projects (#)	8.1 million	 
New subscribers with 5G services enabled (#)	6.8 million	
Households with fixed fibre connectivity (#)	3.5 million	
People benefiting from improved health services, including COVID-19 vaccines (#)	783 million	
People benefiting from improved infrastructure (#)	94.3 million	 
People benefiting from a new waste collection system (#)	12 million	
People with safer drinking water (#)	10 million	 
People with improved sanitation (#)	3.8 million	 
People benefiting from reduced flooding risk (#)	826 000	
Rolling stock purchased or rehabilitated (#)	6 300	 
Additional passenger trips made on EIB-financed public transport (#)	346 million	 
Students in education facilities benefiting from EIB finance (#)	170 000	



GOOD CORPORATE GOVERNANCE

As the EU bank, we strive for transparency and accountability in everything we do. Our corporate culture is based on the highest standards of integrity, and we build trust by openly engaging with all our stakeholders. We believe a diverse and inclusive workforce is a faithful reflection of Europe and essential for our success.



THE EIB TRANSPARENCY POLICY

The EIB Group transparency policy is modelled on EU transparency legislation, taking into account the EIB's specific role as a bank. It is based on the guiding principles of openness, ensuring trust and safeguarding sensitive information, and underscores a willingness to listen and to engage.

Our policy calls for:

- proactive publication, notably covering the environmental and social aspects of projects;
- the disclosure of information and documents held by the EIB on request, subject to disclosure exceptions (to protect privacy, commercial interests, decision-making, etc.) after consulting with counterparties, as applicable;
- stakeholder engagement, notably through public consultation on selected EIB policies.

The policy is the most consulted of all the EIB's policies. It draws upon years of experience and extensive dialogue with stakeholders.

REVISION OF THE TRANSPARENCY POLICY

On 19 November 2021, the EIB Board of Directors approved a revised Transparency Policy following a comprehensive public consultation opened on 21 December 2020 and closed on 12 March 2021. The EIB received a record 41 contributions from the 97 organisations and individuals that took part.

The revised policy maintains the existing key principles and introduces the following notable improvements:

- increased transparency about governance, publicising the dates of regular meetings of the Board of Directors, Management Committee and Audit Committee;
- increased transparency about intermediated finance operations, with commitments to (i) publish summaries of projects funded through financial intermediaries with a total project cost greater than €50 million, and (ii) assess disclosure requests on this type of lending on a case-by-case basis;
- increased transparency about the EIB's additionality and impact, with a commitment to publish additionality impact statements detailing (i) why the EIB intervenes in the project, (ii) what the expected results and impact are, and (iii) how the EIB contributes to facilitating and strengthening the project;
- increased clarity about the disclosure exception regarding the protection of commercial interests, referencing the Market Abuse Regulation and providing non-exhaustive examples of common cases where this exception can apply;
- ending of the presumption of non-disclosure regarding completed investigations, meaning that we commit to assessing disclosure requests on final investigation findings on a case-by-case basis;
- increased clarity about the time taken to respond to complex disclosure requests, with examples of typical cases in which a reply may require more time. We also commit to informing the applicant of the delay and its reasons.

TRANSPARENCY E-LEARNING TOOL FOR STAFF

Following the recommendations of the EIB Group Complaints Mechanism as well as from the Audit Committee, the EIB has developed an e-learning course on the policy to raise awareness among employees. This voluntary e-learning course came online in 2021 and focuses on the key features of the policy and its benefits.

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 its governing bodies.

In line with the EIB governing bodies' aim to strengthen risk management at the Group, a reorganisation of the EIB Risk Management and Compliance Directorates took place in 2021 following the appointment of a Group chief risk officer in 2020. The reorganisation harmonised the management of financial and non-financial risks and improved the oversight of EIB Group risk, while ensuring the independence of the EIB's compliance function.

The EIB and the EIF chief compliance officers are responsible for all compliance-related topics. The EIF chief compliance officer reports to the Group's chief risk officer. While the chief risk officer oversees compliance for the EIB Group, both functions have direct access to the relevant governing bodies.

Ethical and compliant behaviour is embedded in relevant policies, procedures and practices.

RECENT POLICY REVISIONS

In September 2021, the Management Committee approved the revised EIB Group whistleblowing policy, marking another important milestone in the revision of policies and procedures conducted as part of the programme for changing the Group's compliance culture. This programme, started in 2018, aims to minimise compliance, conduct and reputational risks and to promote a strong compliance culture.

Following the recommendations of the European Banking Authority and Basel Committee on best banking practices, the board will continue to be closely involved in establishing compliance policies and promoting a compliance culture that includes ethical behaviour. The goal is to reinforce the protection of the EIB Group's reputation through a collective commitment to EIB Group values and integrity principles. The new whistleblowing policy strengthens the EIB ethics framework and promotes a culture of speaking up in line with the core values of the Bank. The new policy aligns itself more closely with the Whistleblowing Directive and introduces an enhanced definition of misconduct and good faith, extends the level of protection granted to whistleblowers who are not EIB Group staff members and sets out clearly the circumstances in which public reporting is allowed.

In the third quarter of 2021, the EIB Board of Governors adopted a governance package including new codes of conduct for the [EIB Board of Directors](#), the [Management Committee](#) and the [Audit Committee](#), together with revised operating [rules of the Ethics and Compliance Committee](#), amended operating rules of the [Appointment Advisory Committee](#), and changes to the [rules of procedure](#). These revisions include more stringent rules on conflicts of interest and post-employment activities for members of the Bank's governing bodies, and address expectations expressed by both the European Ombudsman and the European Parliament.

Furthermore, in July 2021, the EIF and EIB Boards approved the EIB Group Anti-Money Laundering and Combating the Financing of Terrorism policy (AML-CFT), replacing the EIB Group's anti-money laundering and combating financing of terrorism framework of 2020. The policy and its implementing procedures help prevent the EIB Group, its governing bodies and its staff and counterparties from being used for or associated with money laundering, the financing of terrorism or other criminal activities. The new policy also addresses the possible misuse of funds from the EIB Group or other sources for activities that are illegal or abusive under applicable laws.

The policy is in line with the principles and standards of, among others, relevant EU legislation as amended and supplemented over time.

In 2019, the EIB approved a revised EIB Group policy dealing with weakly regulated, non-transparent and non-cooperative jurisdictions, and tax good governance, called the EIB Group Non-Cooperative Jurisdictions (NCJ) policy. This policy helps prevent operations from being misused for tax fraud, tax evasion and tax avoidance. More generally, it prohibits new or renewed operations with contracting counterparties that are incorporated or established in non-compliant jurisdictions. Physical implementation exceptions for non-compliant jurisdictions are envisaged to avoid penalising the local population of countries where the EIB Group has received an EU mandate to provide finance and to support the EU objectives of development.

All EIB operations are assessed for possible risks in line with the due diligence process outlined in the EIB Group non-cooperative jurisdictions policy and the revised implementing procedures approved in 2020. This includes the application of internal tax integrity due diligence tools.

In 2021, the EIB was subject to an InvestEU pillar assessment audit performed by an external auditor on sub-pillars 6b on tax avoidance/NCJ and 6c on AML-CFT. The auditor assessed and tested (i) the design of the Bank's relevant systems, controls, rules and procedures as well as (ii) their operating effectiveness against criteria set out in the Invest EU pillar assessment terms of reference. The auditor's report did not result in any main findings or critical recommendations.

The EIB Group Sanctions Compliance Policy, which came into effect in July 2019, sets out our approach for complying with sanctions that affect our business. The sanctions landscape remains challenging and complex, and the Bank's Compliance service has been working continuously to improve and enhance processes, systems and controls. The sanctions risk stems mainly from the EIB's external lending and other business activities outside the European Union. The EIB remains fully committed to applicable sanctions and regulations, aligning with the EIB Group sanctions policy and its corresponding implementing procedures. The sanctions policy principles are further enforced through the EIB Group sanctions compliance programme.

REPORTING ON COMPLIANCE RISKS

In 2021, the Bank's Compliance service produced a Group compliance risk report based on an assessment of money laundering and terrorism financing risks within the Group. The review took into account specific regulatory requirements, guidance and industry practices including the fourth and fifth EU Anti-Money Laundering Directives. The identification of key risks and controls is completed through an annual risk-based compliance monitoring programme, which reviews and tests the design and effectiveness of the control framework. The Bank regularly reports to EIB management and governing bodies on the evolution of compliance risks, enabling them to take informed decisions on these risks.

IMPLEMENTING THE DATA PROTECTION REGULATION

The EIB has had a data protection officer (DPO) since 2003, and is one of the first institutions to have formally introduced this role. The EIF has its own officer. In 2021, the officer continued to concentrate on ensuring compliance with the new obligations deriving from EU data protection regulation 2018/1725, emphasising the adoption of the necessary implementing acts and procedures. The EIB Management Committee has adopted the DPO implementing rules describing the duties and tasks of all those involved in data protection at the EIB, while the EIB Board has adopted the EIB Group Data Protection Policy. Furthermore, the officer adopted procedures for data protection rights and data protection impact assessments. In addition, the officer initiated a Bank-wide compliance exercise, including the review of records of the centralised register and a compliance roadmap with relevant actions for all EIB departments. Last but not least, the officer continued delivering awareness sessions across the Bank.

ACCOUNTABILITY

The Inspectorate General comprises three independent control and accountability functions: complaints, evaluation and investigation. All of these functions fall under the authority of the independent inspector general. The mission of the Inspectorate General is to help ensure the EIB Group's resources are used for their intended purposes, to verify that they achieved their intended outcomes and to promote good administration and learning. The Inspectorate General helps ensure that the EIB is accountable for its activities and learns from them.

COMPLAINTS MECHANISM

The EIB Group's Complaints Mechanism is committed to accountability and adheres to international best practices. The Complaints Mechanism enables the general public to raise concerns about the EIB Group's decisions and activities.

Complaints are investigated by the EIB Complaints Mechanism team, an independent division responsible for assessing whether the EIB Group complies with its internal policies, procedures and the principles of good administration. It reports to the inspector general and, when necessary, proposes corrective actions. The Complaints Mechanism also provides a channel for the pre-emptive resolution of disputes between complainants and the EIB Group. In addition, it assists the Group in ensuring good administration by advising on possible improvements.

In 2021, a total of 64 complaints relating to EIB Group-financed operations and/or administration were received (compared with 77 registered complaints in 2020). 56 of these complaints were directly submitted to the Complaints Mechanism, which declared 39 of them admissible (compared with 40 declared admissible in 2020). The other eight complaints were filed with the European Ombudsman, who declared six of them admissible (compared with ten declared admissible by the European Ombudsman in 2020).

The Complaints Mechanism is a two-tier system based on a memorandum of understanding signed with the European Ombudsman. The EIB Group Complaints Mechanism Division acts as the internal unit, while the European Ombudsman acts as the external one. This system makes our Complaints Mechanism unique among multilateral development institutions.

We receive complaints about projects in areas such as environmental degradation, threats to community health and safety, and involuntary resettlement. The Complaints Mechanism also deals with complaints about access to information or public consultation about projects.

In handling complaints, we perform two main functions:

1. **Compliance review:** upon receipt of a complaint, we investigate it and evaluate whether the actions or decisions taken by the EIB Group comply with its internal policies, standards and procedures, and with applicable legislation. The compliance review will determine the validity of the allegations.
2. **Mediation:** as part of our problem-solving approach, we offer complainants mediation when possible. The mediation process is designed to build trust and promote dialogue 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 the findings of the complaints-handling process, we may be able to identify possible improvements to the EIB Group's policy framework. Along with providing complaint-specific recommendations to resolve a case, the Complaints Mechanism may advise senior management and/or EIB Group governing bodies on issues of a systemic nature, providing suggestions for improvement.
4. **Monitoring:** we also monitor 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.

EVALUATION

The Inspectorate General's Evaluation Division (IG/EV) assesses the relevance and performance of EIB Group activities and identifies what works, what doesn't and why. The Evaluation Division carries out independent evaluations of ongoing and completed initiatives in all areas of the EIB Group's activity, including policies, strategies, programmes, partnerships and financing instruments. It operates in line with international principles and standards for evaluation, which are reflected in the EIB Group evaluation policy approved by the EIB and EIF Boards of Directors in June 2021.

The Evaluation Division helps the EIB Group to be accountable to its stakeholders and to draw lessons on how to continuously improve its work. The Evaluation Division's work feeds into the Group's strategic discussions by providing independent and credible evidence to inform decision-making. As the evaluation function of the EIB Group, it also promotes evaluation as a public good in Europe and beyond.

ANTI-FRAUD AND EXCLUSION

A new EIB Group anti-fraud policy came into force on 5 August 2021 replacing the 2013 EIB anti-fraud policy and the 2015 EIF anti-fraud policy. The policy reaffirms the EIB Group's zero-tolerance approach towards fraud and corruption. It applies to any EIB Group activity, project or transaction, as well as all members of the EIB Group's governing bodies and staff.

The policy mandates the Inspectorate General's Investigations Division to independently investigate prohibited conduct within the EIB Group. Prohibited conduct includes fraud, corruption, collusion, coercion, obstruction, money laundering and the financing of terrorism as well as the new concepts of theft at EIB Group premises and the misuse of EIB Group resources or assets. The division cooperates closely with national authorities, the European Anti-Fraud Office, and the newly established European Public Prosecutor's Office, which started operations on 1 June 2021.

The division's mandate extends to proactive measures to address fraud and corruption that might remain undetected by usual monitoring. This activity is based on a proactive integrity review methodology, which identifies red flags and indicators of fraud and/or corruption. Projects are independently selected for review by the division through a risk assessment process.

As part of its anti-fraud efforts, the EIB implements an exclusion policy. This policy sets out the rules and procedures for the exclusion of entities and individuals found to have engaged in prohibited conduct from EIB-financed projects and other EIB activities for a certain period of time.



ENVIRONMENTAL MANAGEMENT

The EIB Group regularly assesses its internal environmental impact. We identify and implement measures to reduce emissions, track our energy consumption and our waste and water management. In addition, we continue to raise awareness within the organisation about our environmental and carbon footprint.

In 2020 the EIB Group committed to the Climate Bank Roadmap, which sets ambitious targets to align all its operations with the Paris Agreement. As part of this commitment, the EIB wishes to improve its own environmental management and lead by example with its own internal practices.

In 2018, the EIB implemented its environmental management system in accordance with the EU Eco-Management and Audit Scheme (EMAS) regulation and ISO 14001 certification. EMAS provides a robust framework for all EIB Group internal operations and supports the implementation of important programmes and initiatives.

The Group's EMAS environmental management system is audited on an annual basis, and in 2021 we successfully passed our recertification audit, ensuring EMAS registration for another year.

NEW EMISSION ABATEMENT TARGET

Having surpassed the European Union's target of a 20-30% reduction in carbon emissions by 2020 (compared to the baseline year 2007), the Group has now set a new carbon reduction target aligned with the Paris Agreement by applying the Science Based Targets (SBT) methodology. More specifically, we are committed to reducing our Scope 1, Scope 2 and Scope 3 absolute emissions by 12.4% by 2025, with 2018 as baseline year. If we take into consideration the EIB Group's expected growth²⁸ over the next years, the reduction target is set at around 30%. This has implications for the way we work, travel and do business.

In 2021, we introduced specific measures in support of this objective, including the following:

The way we work

This year we introduced centralised bins to support our efforts to increase the amount of waste recycled. Our water-consuming food waste crushers are no longer used and our restaurants now offer flexible portions and glass jars for takeaway meals. In all sanitary facilities at EIB Group buildings, we use paper towels that are collected in special-purpose disposal bins and taken for recycling after use. Moreover, to improve energy efficiency we have reviewed and adjusted the default settings of building installations and IT equipment.

The way we travel

We are committed to efficient travel and reducing unnecessary emissions. Our IT department has implemented Microsoft Teams for online meetings and collaboration. We are also devising a mobility strategy to support hybrid working. All colleagues received a free subscription to Vel'OH, Luxembourg's bike rental service, encouraging staff to commute to work in a more environmentally friendly way. EIB staff that travel to Brussels can use a new shuttle service that we are sharing with fellow EU institutions in Luxembourg.

The way we do business

In 2021, we completed the rollout of the electronic signature and digital mailroom. A database of materials for the East Building has also been set up, allowing the EIB to purchase goods and services based on well-informed decisions in line with the principles of the circular economy.

While our focus in 2021 was on raising awareness within the organisation and implementing technical improvements, our initiatives in 2022 will focus more on making the Bank a low-carbon workplace.

28. Assuming an expected growth (in terms of full time employees) of about 2% per year, based on internal calculations.



INTERNAL CARBON FOOTPRINT

The EIB Group's commitment to measure and manage its carbon footprint is consistent with the environmental and social policies, principles and standards the Bank applies to the projects it finances. By understanding our carbon footprint, we can work with our divisions and external service providers to identify and implement measures that reduce emissions and track our performance against targets.

The EIB leads by example in managing its environmental performance and disclosing the impact of its internal operations. We have reported on the environmental impact of our internal operational activities for over a decade.

Since 2007, the EIB Group has reduced its emissions intensity per employee by over 91%.

The carbon footprint for each employee (resulting from our own operations) in 2021 was 0.99 tCO₂e. This represents a decrease of 32.4% compared with 2020 and a decrease of 91.7% compared with the 2007 baseline. The EIB Group's total net carbon footprint was 4 356 tCO₂e. This represents a decrease of 26.9% from 2020 and a decrease of 75.7% compared with 2007. It compares with a 193.9% rise in staff numbers since 2007. ✓

The EIB Group's own internal operations could be considered net zero in terms of measured greenhouse gas emissions, due to the full compensation of our residual greenhouse gas emissions, therefore being aligned with the requirements of the Paris Agreement. ✓

Since 2014, we have offset our residual emissions through the purchase of Verified Carbon Standard carbon credits generated by the Kasigau Corridor REDD+ project. The project prevents deforestation and forest degradation, while helping to protect wildlife and promoting biodiversity in 500 000 acres of highly endangered Kenyan forest. In line with accepted best practice, the EIB Group reviews its offset of greenhouse gas emissions every three to five years.

The last review carried out in 2018 (a comparative analysis of available options for offsetting carbon emissions) confirmed that the Kasigau project was still one of the best offset solutions on the market. The Bank has commissioned a study to review the overall strategy, looking at emissions avoidance or sequestration, to ensure we continue to follow best practices.

Carbon avoidance offsets

Carbon avoidance offsets are projects that seek to prevent carbon from being introduced into the atmosphere, for example by paying to protect a rainforest from logging or connecting more renewable energy to the grid.

Carbon sequestration offsets

Also known as carbon removal offsets, carbon sequestration offsets take carbon out of the atmosphere and store it. These include projects such as reforestation and afforestation, or restoring peatlands and coastal vegetation — all of which store carbon.

COMMUNITY ENGAGEMENT

The EIB Group founded the EIB Institute in 2012 to support community projects within the European Union and beyond. The institute's activities focus on social, cultural and academic initiatives that promote cohesion, development and innovation across Europe. The institute also provides disaster relief for humanitarian catastrophes worldwide.

PROMOTING SOCIALLY ENGAGED ARTISTS

The EIB's art collection consists of around 900 artworks, including paintings, photographs, sculptures and installations. A committee selects new works every year and, in line with the European Union's fundamental principles of diversity and inclusion, focuses on artists that are underrepresented in the art world.

Most recently, the EIB art collection has been enriched with artworks by socially engaged artists from the Middle East and North Africa, as well as by Black European artists. The decision to acquire these works was part of a commitment to redress cultural imbalances in the collection.

Environmental concerns are a common theme running through the 2020 and 2021 acquisitions, tying in with the EIB's role as the climate bank. Many of the selected artists show how the issue of social injustice is closely interlinked with the destruction of the environment.

We will continue to expand the collection in a way that fosters cross-cultural dialogue and promotes emerging talent.

DISASTER RELIEF FOR FLOODS

The EIB Institute regularly provides grants for disaster relief. In 2021, the institute donated €500 000 for flood relief in Germany and Belgium, and community disaster preparedness in Luxembourg. The relief was provided to victims of the severe flooding that devastated northwestern Europe on 14 and 15 July 2021, claiming over 200 lives and injuring many more. Thousands of residents in these countries were forced to flee their homes and whole regions suffered damage.

Throughout 2021, we coordinated six further donations to non-governmental organisations following humanitarian catastrophes. The donations were to help the victims of the earthquake in Croatia, help fight the coronavirus pandemic in India and Tunisia, tackle the famine in Madagascar, help the population of La Palma where severe volcanic eruptions took place throughout the second half of the year, and support relief efforts after the earthquake in Haiti.

AWARD-WINNING RESTORATION

The 18th century wooden church in the village of Urși, Romania, is beautifully decorated with post-Byzantine frescoes. With the support of the EIB Institute, the church has been painstakingly restored using traditional materials and techniques garnered from the local community, experts and international volunteers.

Work began after the church was listed by the [7 Most Endangered \(7ME\)](#) programme in 2014. The 7ME programme is an initiative of the EIB Institute and Europa Nostra, a major European non-governmental organisation that protects cultural heritage. The group identifies monuments and sites at acute risk of neglect or destruction and helps rescue them, using the technical skills of retired EIB experts and the cultural expertise of Europa Nostra advisors.

The church restoration has received recognition. The project claimed both a Grand Prix and the Public Choice Award at the 2021 European Heritage Awards / Europa Nostra Awards held in Venice during the European Cultural Heritage Summit in September 2021.

NURTURING SOCIAL INNOVATION

Based in Porto, IRIS is Portugal's first regional social innovation incubator, providing social entrepreneurs with intensive support, investment opportunities and networks. EIB President Werner Hoyer, accompanied by Vice-President Ricardo Mourinho Félix, visited the incubator during its participation at the Porto Social Summit to see how the EIB Institute is supporting regional development through social innovation.

The pilot project has so far helped over 50 Portuguese social impact startups test and scale their businesses. Companies involved in the programme provide services such as upgrading abandoned urban areas, supporting unpaid caregivers and connecting young people with older adults. In 2021, IRIS started a programme to reach out to children through a children's book and online courses and materials for educators available on the website mudaramundo.pt.

ARTS AND CULTURE

We believe that arts and culture have the power to improve the work environment by creating a healthy corporate culture. We use the arts to connect with staff, stakeholders and, ultimately, the EU general public. The EIB also supports emerging European artists from all Member States. Through our annual artists' development programme, we pair young artists with a renowned contemporary artist who will mentor them.

Reaching out to EIB Group staff is a very important part of the EIB Institute's mission. We regularly organise cultural and educational activities, such as outings to museums, photography competitions, internal exhibitions and conferences. The goal is to strengthen corporate culture as well as to support and promote historical and cultural sites in the region. Hundreds of EIB Group staff now take part in the annual Behind the Lens photography competition, which promotes talented employees. 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.

The shortlisted pictures are also exhibited in the EIB's offices for two months. In 2021, 284 photos were submitted and 1 299 EIB staff voted. The most popular category was "Climate Change" which had 100 entries, while the new "No More Plastic" category attracted 53 submissions. Environmental themes have always been at the centre of Behind the Lens, reflecting the staff's deep commitment to climate issues.

Through exhibitions, artists' development programmes or staff engagement, our arts and culture activities foster innovation and corporate citizenship. They also allows us to interpret the present more clearly and think more creatively about the future, which is particularly important at a time when the climate crisis is demanding new and more sustainable solutions.



EMPLOYER OF CHOICE

At the EIB Group, we hire talented professionals from across the European Union who share our vision of shaping a sustainable future for all. As an equal opportunity employer, we provide a diverse and inclusive workplace, foster employee growth and development, and endorse a positive work-life balance.

DIVERSITY AND INCLUSION

The EIB Group promotes the inclusion of qualified and experienced staff regardless of gender, age, racial or ethnic origin, religion or beliefs, sexual orientation/identity, disability or any other form of diversity. Our diverse backgrounds and perspectives reflect Europe itself and help us shape the inclusive environment in which we work. At 31 December 2021, the EIB Group employed 4 412 staff members from all 27 EU Member States (2020: 4 092).

The Group's diversity and inclusion strategy was approved by the EIB Board of Directors in February 2018, with targets set for the end of 2021. It is based on the three pillars of protect, impact and invest. We will be announcing a renewed approach to diversity and inclusion in 2022.

The current strategy focuses on improving gender balance at all levels by developing talent internally and attracting more diverse professionals through strategic outreach.

Our results by the end of 2021 were as follows:

- Women held 30.1% of management positions, compared with the target of 33%.
- Women represented 35.4% of senior level staff, compared with the target of 40%.
- Women represented 42.8% of officer level staff, compared with the target of 50%.

It is important to note that since the strategy was developed, the positions of head of unit, as well as head of office in the extensive network of EIB representations around the world, have become key managerial positions. Taking this wider definition of “manager” into account, women represented 35% of all managers at the EIB at the end of 2021, compared with 27.8% at the end of 2017, before the strategy was adopted.

Moreover, the Group’s recruitment activities have decreased since the strategy was developed. Staffing budgets have remained flat, weighing on recruitment and diminishing the EIB Group’s ability to achieve its gender balance targets through external hiring.

Efforts to achieve gender balance will continue in 2022 through the development of a gender balance data model that sets indicators to measure, monitor and improve gender balance. In the course of 2022, the EIB will further develop its approach, data measurement tool and monitoring model.

Inclusion of disabilities

2021 was also a watershed year for disability inclusion. The EIB Group joined Valuable 500, a global collective of 500 national and multinational organisations committed to making a positive impact on society by putting disability at the heart of their inclusion agenda.

The EIB also continued to cooperate with key stakeholders across our organisation to increase awareness about inclusion. An example is enAble, a staff-led support network for colleagues living with a disability or caring for a person with special needs. enAble also works to raise awareness and advocate for disability rights.

In December, we marked the International Day for Persons with Disabilities with our own Disability Awareness Week and in the summer of 2021, we became a member of PurpleSpace, the world’s leading organisation for supporting disability networks.

Further areas of diversity

In 2021 the EIB continued to raise awareness of LGBTIQ inclusion by organising a week of initiatives and communication in May and July. We also provided resources such as an LGBTIQ glossary and guidance on “how to be an ally.” Based on a consultation involving internal and external stakeholders on the topic of LGBTIQ, the EIB Group has been working to further LGBTIQ inclusion by reinforcing the EIB Proud Network as well as by adding a gender option to our data collection system for external candidates and staff.

To foster ethnic diversity, the EIB is collaborating with the non-profit association Diversité Europe. The association promotes the representation of ethnic minorities in European institutions and creates a safe space for discussing experiences related to ethnic diversity, discrimination and bias.

LEARNING AND DEVELOPMENT

At the EIB Group, we care about the development of our employees. We provide learning opportunities for all our staff and managers in areas such as leadership and management, banking and finance, credit risk, corporate technical skills, personal development, languages and IT.

The coronavirus pandemic heavily influenced the way people worked and learned. In early 2020, the EIB Group began converting face-to-face classroom learning into virtual instruction and encouraged autonomous learning by investing in digital technology.

Our staff have adapted well to the new working environment and have developed new skills. An active EIB staff member spent an average of over 35 hours on learning (including instructor-led virtual and self-learning modes). The learning offered at the EIB covered over 665 sessions (excluding regulatory training) and 2 389 unique learners attended (roughly 62% of active staff).

ORGANISATIONAL HEALTH AND WELLBEING

The EIB Group is committed to safeguarding the health and wellbeing of its staff and to promoting a safe and healthy working environment as per its health, wellbeing and safety policy, which was adopted in 2019.

We want employees to benefit from a safe and healthy working environment, and we work hard to:

- define and implement policies and processes to allow the EIB Group to comply with its legal duty to safeguard the health and wellbeing of its staff, in accordance with best practices and international standards of occupational health;
- provide support and advice to both staff and managers on work-related issues (such as stress or conflict) and facilitate reintegration after long-term sick leave;
- identify further measures to enable healthy working, such as raising awareness on the main risk factors like stress management, conflict resolution or mental health;
- perform fitness-for-work assessments (pre-employment, upon request or after long-term sick leave), periodical medical examinations, medical services for travel, immunisations, psychological counselling, emergency and first aid and follow-up for staff on sick leave.

Furthermore, we have established an external network of professionals that we can refer employees to if they need further support, such as counselling on work-related issues. For non-work-related issues, the EIB Group's health insurance scheme covers up to 60 sessions with psychologists and 80% of the costs.

The coronavirus pandemic has highlighted the importance of promoting mental health in addition to physical health. Since 2020, various measures have been introduced to support the Crisis Management Committee on pandemic matters, including the establishment of:

- a wellbeing page on the intranet;
- a team of volunteer EIB staff to support colleagues and retirees during the lockdown and beyond (such as talking to colleagues who are alone or feeling isolated, grocery shopping, running errands or walking the dog if a colleague is ill);

- additional support by wellbeing coordinators for colleagues struggling with isolation or balancing work with responsibilities at home;
- special pandemic concessions such as a home-office equipment allowance and exceptional permission for all EIB staff to telework from abroad.

In June 2021, an institution-wide psychosocial risk assessment was initiated to identify the factors of work-related stress and to recommend measures for reducing their impact and improving working conditions.

We are currently implementing a comprehensive mental health education plan, which includes raising awareness through certified training sessions in mental health first aid. In May 2021, we started a monthly series of webinars on various health and wellbeing topics. In all, over 1 200 people participated in five webinars over the second half of 2021.



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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 2021, 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 2021 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 2021 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 2021 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 2021 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 2021 at the Group, as detailed on page 3 of the EIB Group Sustainability Report and on page 3 of the EIB Sustainability Disclosures.

Luxembourg, July 1, 2022

KPMG Luxembourg,
Société anonyme
Cabinet de révision agréé



S. Chambourdon



SUSTAINABILITY REPORT

2021



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