

2019

SUSTAINABILITY REPORT



European
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Bank

The EU bank



EUROPEAN
INVESTMENT
FUND

EUROPEAN INVESTMENT BANK GROUP

2019

SUSTAINABILITY REPORT



European Investment Bank Group Sustainability Report 2019

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THE EIB GROUP 2019 SUSTAINABILITY REPORT provides an overview of the European Investment Bank Group’s operations and impact as they relate to our objective of supporting smart, sustainable and inclusive growth in a challenging European and global context. The coronavirus pandemic has destabilised European economies, and recovery efforts must focus on sustainable, green development that can serve as a foundation for the future.

The report was prepared in accordance with the Global Reporting Initiative (GRI) Standards “comprehensive” option and should be read in conjunction with the “Sustainability Reporting Disclosures 2019”, a separate document available on the [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 ESG (Environmental, Social and Governance) analysts, civil society organisations, members of the academic community and any other interested parties.

The significance of the topics derives from a materiality assessment conducted in 2018 to identify the EIB Group’s material sustainability topics.

The EIB Group commissioned its external auditors, KPMG, to provide limited assurance on selected statements and figures in the Sustainability Report. These 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
EIB President



Alain Godard
EIF Chief Executive

The year 2019, and the climate protests it brought, may go down in history as a turning point. While climate protests are certainly not new, what we witnessed in 2019 was of a different order. This time, across most continents and cultures, a young generation started an unprecedented global movement, demanding governments' action to solve the existential threat of climate change. Science is on their side, and their demands are well founded. We must act, and we must act now.

We are writing this foreword in 2020, which began with the unprecedented challenge of COVID-19. As countries are struggling to contain the pandemics, it is only natural that all eyes are on health systems and on the businesses - and their workers - that have been severely affected by the lockdown. Yet, we must act, and we must act now. Finding solutions for COVID should not reduce our commitment toward climate. As businesses slowly begin to reopen, we should work to ensure that any recovery plan is fully aligned with the EU's Green New Deal.

Tackling the climate challenge fast and effectively requires substantial investment. In 2019 alone, the European Investment Bank together with the European Investment Fund provided financing of €72.2 billion to promote climate action, to protect the environment, to enable innovation and skills, to support SMEs and mid-caps, to build necessary infrastructure, and to stimulate regional development. Our support triggered around €280 billion of investment overall. 31% of the EIB's financing went in support of climate action alone, making us one of the world's largest multilateral providers of finance for climate action. Going forward from 2021, we will also target finance for environmental sustainability – to address the parallel planetary emergency of biodiversity loss, pollution and degraded oceans and seas, all of which are further exacerbated by climate change.

We welcome the European Council's and the new European Commission's request to the EIB Group to step up our climate action activities and further support efforts to achieve the Paris goal of limiting temperature rise globally to 1.5 degrees. In 2019, following an extensive stakeholder engagement process, the EIB's Board of Directors approved a new Energy Lending Policy to stop financing unabated fossil fuel projects, which will enter into effect at the end of 2021. We are proud of this decision, as a key milestone in the fight against global warming.

We are already increasing our ambitions for 2030 in climate action and environmental sustainability. Our approach builds on three pillars. The first is to increase our own financing. Last year, over 30% of the EIB's new commitments worldwide were dedicated to climate. We are now aiming at 50% for climate and environmental sustainability by 2025. The second pillar is a commitment to unlock at least €1 trillion of investment for climate action and environmental sustainability by working with our public and private partners from 2021 to 2030. The third pillar is to align our activities with the principles and goals of the Paris Agreement by the end of 2020. This will require a change in the Group's policies and actions, which started with our pledge to phase out energy projects that depend on unabated fossil fuels.

In the year ending the former European Commission's term under the presidency of Jean-Claude Juncker, it is also worth highlighting the phenomenal success of the initiative that colloquially bears his name: the "Juncker Plan". Largely delivered by the EIB Group, the Investment Plan for Europe has contributed to fostering growth in the European Union, particularly for smaller companies on the European Union's periphery. By the end of 2019, the total Group financing signed under the European Fund for Strategic Investments (EFSI) amounted to €62.2 billion. This is a legacy we have been proud to support so far, and we will continue to do so going forward.



EIB EKI building. Photo taken by Kuzman Kuzmanov, EIB employee

THE EIB GROUP

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

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

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



Bohinj Lake, Slovenia. Photo taken by Paolo Perron, EIB employee

2019 IN FIGURES

TOTAL FINANCING



TOGETHER €72.2 billion¹

Supporting **€280 billion** of total investment

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

SUSTAINABLE INVESTMENT HIGHLIGHTS

€14.4 BILLION

FOR INNOVATION AND SKILLS

117 million clients with improved mobile services

€15.7 BILLION

FOR INFRASTRUCTURE

30 400 km of power lines constructed/upgraded

€25.5 BILLION

FOR MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES

4.4 million jobs sustained in SMEs/mid-caps

€16.5 BILLION

FOR ENVIRONMENT

5.1 million m² of energy-efficient buildings refurbished or constructed

A MAJOR STEP IN CONTRIBUTING TO LONG-TERM CLIMATE TARGETS

Emma Navarro has served as vice-president and member of the Management Committee of the EIB since June 2018. As part of her responsibilities, she oversees the EIB's operations financing the environment, climate action and the circular economy.

Hakan Lucius is head of corporate responsibility at the EIB, covering sustainability, transparency and stakeholder engagement.

In the following conversation, Hakan Lucius asks Emma Navarro some questions on the EIB Group's contribution to sustainable finance in the European Union.

H. Lucius: Sustainability is a key priority of the European Union. The EIB Group is showing strong leadership in this field, for example with the approval of the new climate bank road map. How will the new ambition set out in this road map contribute to the transition towards a low-carbon future?

E. Navarro: With our new climate ambition we want to significantly step up our climate and environment financing and help unlock the massive investments that will be needed for the decarbonisation of our economies.

We are not starting from scratch. In fact, climate and sustainability financing have long been a top priority for our Bank. Since 2012, we have invested more than €170 billion in climate and environment projects, making us one of the world's largest multilateral climate financiers.

Yet, we are well aware that we are facing an unprecedented challenge. If we want to win the race against climate change and avoid catastrophic consequences stemming from global warming we have to cut carbon emissions drastically. This requires a great transformation of our economies and lifestyles and, of course, massive investments are needed.

Business as usual is not an option. This is why, in November last year, responding to the calls from European leaders, we decided to take a quantum leap in terms of our climate ambition. Under our new Climate Strategy, we will increase our climate and environment financing to 50% of our total lending, supporting €1 trillion of investments for these objectives in the next decade.

We want to use our financing capacity to support investments critical for the decarbonisation of Europe and our partner countries.

This, of course, places EIB as a central piece in the implementation of the European Green Deal, the ambitious plan launched by the European Commission to make Europe the first carbon-neutral continent by 2050. We are ready for the challenge.



Emma Navarro with Hakan Lucius

H. Lucius: Which leads me to the next question: in the effort to reaffirm its role as the EU climate bank, what is going to change in the EIB compared to the status quo?

E. Navarro: We have embarked on a new journey to reaffirm our role as the EU climate bank. This will have significant implications in the way we operate and it is a Bank-wide transformation. Our ambitious climate financing targets mean that we will have to increase the share of green financing in all our activities.

We have also committed to align all our financing activities to the goals and principles of the Paris Agreement. For us, it makes little sense to do great climate work on the one hand, if with the rest of our financing we are failing to respect those principles.

All this will have implications for what we finance, for the projects that we support and how we appraise those projects.

We are also strengthening our risk framework to take into account climate risks. Last year we introduced a new system to assess the physical risks of the projects that we finance and we are now working on a comprehensive plan to develop new climate risk metrics and assess and report on climate risks at a portfolio level.

Overall, this journey is quite fascinating and challenging. We have set the direction of travel but we know that there is a lot to do. We are right now working very hard developing the new climate bank road map to make sure that we are able to deliver on the ambitious investment commitments that we have made for the next decade. The whole Bank is very motivated to deliver on our ambition. This is one of the things I am most proud of.

H. Lucius: In practice, how does the EIB ensure that the activities the Bank finances are sustainable?

E. Navarro: Sustainability is part of our DNA. As a public bank, we are a policy-driven and impact-driven institution. This is reflected in our investment decisions.

For example, the projects that we finance not only need to be financially viable, they also need to support our priorities or public policy goals, such as climate and the environment, supporting SME financing, innovation and critical infrastructure.

We also appraise our projects to take into account the externalities, meaning the economic effects for society. And all projects are carefully checked for alignment with our environmental and social principles and standards, to ensure that they comply with our corporate responsibility commitments.

Our framework is particularly strong on climate. For example, we were one of the first IFIs to introduce a carbon price in the appraisal of our projects more than 20 years ago. We report on the carbon footprint of the operations we finance and compensate our own emissions. And our climate financing is not only closely monitored and reported but also externally audited.

In short, our sustainability framework is robust and compares well with that of peers. Yet, our commitment to sustainability also means that we need to ensure that our sustainability framework remains fit for purpose. We need to continue our efforts to respond to new challenges and needs. This year we will perform a comprehensive review of our environmental and social policy and in that context we will also review our carbon prices to be fully aligned with our climate targets.

H. Lucius: How else is the EIB helping to deliver the European Union's sustainability agenda?

E. Navarro: As I have mentioned before, the EIB is called on to be an important driver of the European Green Deal Investment Plan. Our ambitious climate financing targets will help to scale up green investments. Yet, our investments alone will not turn the tide: we need private investments. This is why current work to make the financial system greener is so important and we are contributing to current initiatives to make this happen.

For example, we are supporting the development of the EU taxonomy at a technical level. This is a critical initiative to give clarity to investors on what climate financing is and to avoid greenwashing. We are committed to implementing the new classification on climate mitigation and adaptation as soon as it comes into force. We will contribute to this work under the new EU Platform on Sustainable Finance.

Second, the development of green products. This is something that the EIB knows well. We launched the first green bond in 2007 and we have supported this market ever since. Now we are also supporting at a technical level the creation of the European green bond standard. This will further help to scale up this market. In addition, we have been working on new green products and new green labels, supporting for example green mortgages and green loans.

Third, we need international consistency. Financial markets today know no borders and we need to have similar standards across jurisdictions. In this regard, we have joined different global initiatives, such as the International Sustainable Finance Platform launched by the European Commission and the network for greening the financial system.

Lastly, we must not forget the importance of a just transition. This aspect is very relevant to our institution given our mission to promote social and economic cohesion in Europe. This is why we will join forces with the European Commission in the implementation of the recently announced Just Transition Mechanism. For us, it is clear that climate action and just transition are two sides of the same coin: we will only succeed in our climate objectives if we provide support to those most affected to ensure a well-managed transition that leaves nobody behind.



Allium Giganteum flower. Photo taken by Thomas Ferré, EIF employee, at the Fondation Monet, Giverny (France)

SUSTAINABLE FINANCE

The EIB Group invests in a sustainable future for all. As the lending arm of the European Union and the world's largest multilateral finance institution, our aim is to promote sustainable development inside and outside the European Union. We are particularly focused on key public policy goals and the most pressing issue our planet faces: the climate crisis.

The message could not be clearer. A landmark synthesis report by the world's leading climate science organisations, presented at the September 2019 United Nations Climate Action Summit, underlined the glaring gap between agreed targets to tackle global warming and the actual reality. The report *United in Science* stated that the official Nationally Determined Contributions (NDCs) of the signatory states to the 2015 Paris Agreement are not sufficient to keep the rise of global temperatures below 2 degrees Celsius (2°C). On the contrary: provided that all countries were able to keep their commitments, global temperatures would still rise by between 2.9°C and 3.4°C. In other words, the current level of commitments needs to be roughly tripled for emission reductions to fall enough to reach the 2°C goal and increased fivefold for the 1.5°C goal.

Yet, the report also clarifies that it is still technically possible to bridge the gap as long as country commitments are increased urgently and backed up by immediate action. The report states that a substantial part of the technical potential can be realised through scaling up and replicating existing, well-proven policies such as the expansion of renewable energies, energy-efficient technologies, reforestation, low-carbon transport, efficient buildings and climate-smart agriculture.

With our targeted investments in support of our four public policy goals of environment, infrastructure, innovation and skills, and SMEs and mid-caps, plus the two cross-cutting objectives of climate action and regional development, we support the EU Member States and countries outside the European Union in fulfilling their commitments in a sustainable manner.

PREPARING THE MARKET FOR THE EU TAXONOMY

In the evolving landscape of standards for sustainable finance, political and industry participants seek our expertise. In 2017, we took an active role in the High-Level Expert Group on Sustainable Finance (HLEG) established by the European Commission to develop concrete legislative proposals to implement the climate and energy-related targets of the European Union. The work of the HLEG benefited from the experience gained in the partnership with the China Green Finance Committee for the creation of a common language in green finance (a [first Joint White Paper](#) was published in November 2017, which was complemented with a [second edition in 2018](#)). The European Commission adopted a Sustainable Finance Action Plan (SFAP) that follows most of the HLEG recommendations. A Technical Experts Group (TEG) was appointed to deliver detailed recommendations in support of the SFAP. A report introducing the TEG recommendations was published in June 2019, and in December 2019, the Council of EU Member States, the European Parliament and the European Commission endorsed the EU taxonomy.

One of the HLEG's proposals was to develop an EU taxonomy defining in detail the criteria that must be fulfilled for an investment to be called "sustainable". The EIB made a vital contribution to this task, drawing on the know-how of its experts, who are seen as leaders in environmental and social standards and climate finance definitions. The TEG's recommendations on taxonomy focus on the first two of six environmental objectives: climate change mitigation and climate change adaptation. Economic activities that contribute substantially to these objectives, while doing no significant harm to other environmental objectives and meeting certain social safeguards, will be regarded as in line with the taxonomy. When adopted, the EU taxonomy will provide a shared definition of core aspects of sustainability, so that a consistent set of standards can be developed for sustainable investment (e.g. green loans and green bonds). In 2019, the Bank became the first issuer to have tuned the documentation of its green and sustainability bonds to the upcoming taxonomy, putting the EIB's funding on a common footing with evolving EU legislation.

The EIB also provided expertise in a second element of the SFAP, the proposals for a voluntary EU Green Bond Standard, also published in June 2019. This standard aims to shed some clarity on green definitions by allowing for integration of the EU taxonomy. It also aims to add stringency in certain areas. For instance, the standard requires the involvement of a third-party external reviewer for verification of certain features of the green bond, such as the reporting on allocations of bond proceeds and the Green Bond Framework that establishes the road map for issuance. This framework also becomes a requirement under the standard.

The mandate of the TEG was extended until 30 September 2020. As the work of the experts group comes to an end, its efforts will be continued by the EU Platform on Sustainable Finance, a permanent forum that both the EIB and the EIF have been asked to be part of. Beyond the European Union's borders, work also continues in the International Platform on Sustainable Finance. The platform aims to promote dialogue to achieve transparency, comparability and good practice across jurisdictions and regions, without imposing identical eligibility criteria. The EIB joined this group in June 2019.

SUSTAINABLE BORROWING: RAISING CAPITAL WITH A PURPOSE

The EIB's lending activities are essentially funded through the issuance of bonds in the international capital markets. EIB bonds are purchased by international investors. Sustainability plays a growing role in these fundraising activities. In 2019, the EIB was the first issuer to update its legal documentation of green and sustainability bonds in accordance with the upcoming European Union sustainability taxonomy.

All the bonds issued by the EIB contribute to a number of sustainability objectives. The bond issuance programme for 2019 amounted to €50.3 billion across a wide range of currencies. All funds are deployed for sustainable development within and outside Europe.

Two debt products stand out for their very specific sustainability criteria: Climate Awareness Bonds (CABs) and Sustainability Awareness Bonds (SABs). CABs were the world's first green bonds; the EIB pioneered this market with its first issuance in 2007. Since then, we have supplied more than €27.7 billion across 13 currencies, with maturities of two to 30 years. In 2019, the Bank sold €3.4 billion in CABs through eight transactions in six currencies, including two inaugural currencies: Danish Crowns (DKK) and Polish Zloty (PLN). While CAB proceeds are allocated to projects contributing to climate change mitigation, proceeds from SABs are allocated to projects contributing to environmental and social sustainability objectives beyond climate. The EIB issued three SABs in 2019 worth €695 million, adding up to €4.1 billion altogether for both climate and sustainability awareness bonds.

DEVELOPMENT OF CAB/SAB ISSUANCE AND ALLOCATIONS TO DISBURSEMENTS, 2015-2019

	2015	2016	2017	2018	2019
<i>EIB Climate Awareness Bonds issuance (in € bn)</i>					
	3.96	3.86	4.29	4.02	3.4
<i>Allocations to disbursements to CAB-eligible projects (in € bn)</i>					
	3.62	4.16	4.40	3.23	3.3
<i>EIB Sustainability Awareness Bonds issuance (in € bn)</i>					
	-	-	-	0.50	0.69
<i>Allocations to disbursements to SAB-eligible projects (in € bn)</i>					
	-	-	-	0.13	0.87

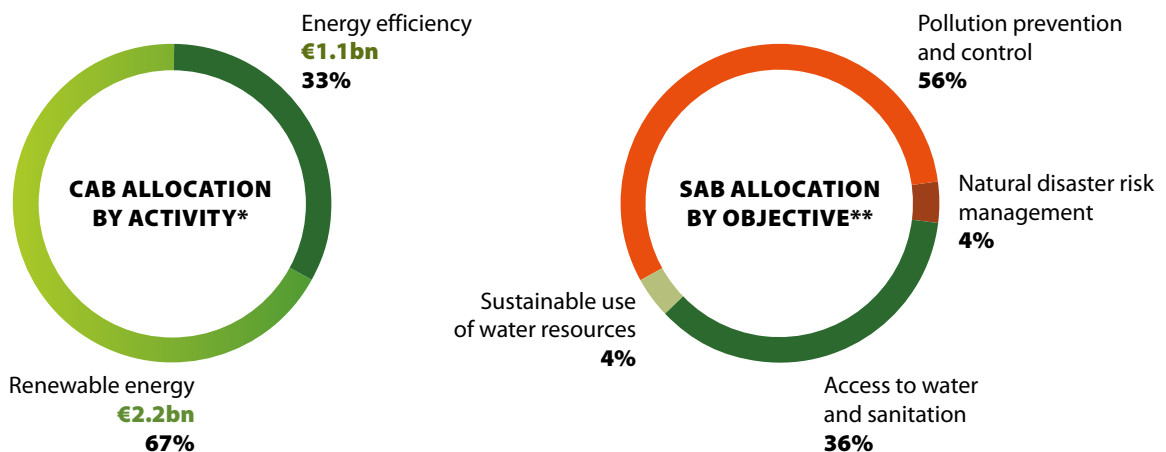
USE OF PROCEEDS FROM CLIMATE AND SUSTAINABILITY AWARENESS BONDS

Proceeds from SABs are maintained separately from those of CABs but are managed following the same approach: they are allocated to a sub-portfolio of the operational money market portfolio. This is in alignment with the Green Bond Principles, the Social Bond Principles, and the Sustainability Bond Guidelines.

During 2019, €3.3 billion of CAB proceeds was allocated to 84 projects in 31 countries. €3.1 billion was disbursed to 68 projects in EU Member States, and €0.2 billion supported 16 projects in countries outside the European Union. Out of this, €2.2 billion contributed to the financing of renewable energy projects, with the remainder being allocated to energy efficiency lending.

SAB proceeds were allocated to 34 projects in 25 countries. During this period, €559 million was disbursed to 13 projects in EU Member States, and €313 million supported 21 projects in countries outside the European Union. The thematic distribution of the proceeds can be seen in the graph below. Detailed allocation reports are available on the [EIB website](#).

CAB AND SAB ALLOCATION BY ACTIVITY AND OBJECTIVES (2019)



*CAB allocations contribute to climate mitigation objective.
 **SAB activities (water supply, sanitation and flood protection) contribute to four environmental and social sustainability objectives.

The Bank so far addresses six objectives with its Sustainability Awareness Bonds, of which two are environmental and four social. Environmental objectives refer to the conservation of natural resources and pollution prevention and control. Social objectives are: access to water and sanitation, natural disaster risk management, universal access to affordable health services, and access to equitable and inclusive education. In 2019, SAB eligibility was extended to health and education activities, with proceeds still to be allocated.

MARKET RATINGS CONFIRM COMMITMENT

Apart from our excellent [credit ratings](#), we are proud of our environmental, social and governance (ESG) ratings, which help responsible investors to make informed investment decisions. At the end of 2019, we enjoyed best-in-class ratings with major sustainability rating agencies.

STRIVING FOR HIGH STANDARDS IN THE PROJECTS WE FINANCE

Projects and investments seeking finance from the EIB Group must not only be financially viable. Since our ultimate goal is to improve people's lives in the long term, we ensure that sustainability is embedded in all our work. This means three things:

- Certain activities are **excluded or restricted** from EIB Group financing
- Projects are subject to **environmental and social standards** and principles
- **Externalities are accounted for** by measuring as far as possible whether society at large gains from the investment

EXCLUSIONS AND RESTRICTED SECTORS

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. We support sectors that make a significant contribution to growth, employment, regional cohesion and environmental sustainability in Europe and beyond (see overview of [eligible sectors](#)).

However, [a number of activities are excluded](#) from EIB lending because they are incompatible with our sustainability objectives. These include the following:

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

Like the Bank, the EIF applies restrictions to its operations for certain activities ([EIF Restricted Sectors](#)). Those restrictions generally concern activities that are considered incompatible with the ethical or social standards of the EIF's public mission and/or do not comply with European Union and/or EIB Group policies.

ENVIRONMENTAL AND SOCIAL STANDARDS

As a public institution driven by the policy objectives of the European Union and the related principles of sustainable development, we aim at promoting sustainable and inclusive growth while protecting the natural and social environments. For this reason, projects financed by the EIB also have to comply with the EIB Statement of [Environmental and Social Principles and Standards](#).

In accordance with the [EIB Statement of Environmental and Social Principles and Standards](#), every beneficiary of EIB financing must meet the requirements for environmental and social aspects within their projects. The principles and standards are implemented based on the Bank's [Environmental and Social Standards](#). They are grouped across ten themes, which make up the standards that investments financed by the EIB must meet:

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

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

For investments in hydropower, investors and promoters must meet the sector-specific standards and criteria set out in the new [Environmental, Climate and Social Guidelines on Hydropower Development](#) published in October 2019.

In the case of intermediated finance, the principles and standards enable promoters to identify and manage the risks and potential impact of projects and to weigh those factors when making decisions. We are providing a free [e-learning course](#) for intermediaries to familiarise themselves with these requirements.

The EIF relies on monitoring activity and an independent risk management function to ensure sustainable and compliant business operations. Its [Environmental, Social and Governance Principles](#) underline the EIF's commitment to responsible and sustainable practices.

INTERNALISING EXTERNALITIES

Markets targeted by our activities are not always sufficiently competitive. Prices are often distorted, and property rights are at times not well defined. This leaves long-term external costs to society, such as carbon emissions, without an (appropriate) price assigned to them. A project's financial return alone may therefore not be an adequate indicator to demonstrate the real impact of an investment on society. Addressing these externalities is the aim of our economic appraisal.

The economic appraisal of our projects, which is different from a financial appraisal, allows the EIB to assess the costs and benefits to society as a whole. This takes into account resources used by the project (human, technological or natural), in some cases using shadow prices, including for Greenhouse Gas (GHG) emissions, and gauges the value generated by the project to determine whether there are overall gains for society. Techniques used include cost-benefit analysis, cost-effectiveness analysis and multi-criteria analysis.

SUSTAINABLE INVESTING

Lending money and providing investment to support sustainable growth and jobs is the core activity of the EIB Group. In doing so we aim to attract other investors, which may considerably increase the overall impact of our activities.

We focus on four public policy goals as priority areas: environment, infrastructure, innovation and skills, and small and medium-sized enterprises. In addition, we pursue two cross-cutting objectives: climate action and regional development.

The EIB's investments are not limited to the European Union. We also support EU policy objectives through investment in more than 150 other partner countries focusing on private sector development, social and economic infrastructure, climate action and economic resilience. In line with our responsible approach to investment, environmental and social concerns are included in all our project due diligence.

ECONOMIC AND SOCIAL COHESION

One of the main priorities of the European Union is to bring cohesion across Europe and with our partner countries. The EIB supports this goal with the full range of our activities. We work to help economically disadvantaged regions compete better and achieve sustainable growth.

A mixture of loans and advisory services enables the EIB to play a critical role in addressing regional economic imbalances and raising living standards across the European Union. Getting finance to the local level where it directly meets the needs of citizens is a priority. To reduce regional economic imbalances and increase living standards across the European Union, *the EIB dedicates almost 30% of all operations in the European Union and pre-accession countries to economic and social cohesion projects.*

We help finance part of local budgets for strategic projects. Our financing enables regions and EU Member States to implement grant-based projects by facilitating the necessary cofinancing at national level. The EIB's contribution to regional development plays a key role in safeguarding jobs and growth by enabling investment to go ahead.

In addition, we promote regional development activities in parts of Eastern Europe that are outside the European Union to support the goals established by the EU European Neighbourhood Policy. This is done by financing projects that promote prosperity and increased regional integration, which in turn contributes to the stability of these regions and helps to forge stronger intraregional partnerships.

The EIB is boosting its support for cities and regions to tackle climate change and foster social inclusion. A range of new projects across Europe will enable cities to benefit from an increase in investments for climate action and environmental sustainability as well as social inclusion activities and investments. Examples announced in 2019 include:

- A loan to the City of Warsaw to co-finance the extension of the second line of the city's metro
- A scheme to protect Athens, Thessaloniki and the Peloponnese from floods and climate change
- A loan to the public transport provider of Rotterdam and the metropolitan area of Rotterdam-The Hague to acquire new electric and diesel-hybrid buses, install charging infrastructure and renew tram and metro tracks around the city
- A loan for the construction of affordable and energy-efficient housing in five cities in Sweden
- Support for clean urban transport in Spain, in cities such as Las Palmas de Gran Canaria, Barcelona, Valencia and Palma de Mallorca

ENVIRONMENT

Creating a healthy and safe environment for people and nature is a key policy area for the European Union and one of our main priorities. We finance projects that protect the environment, improve people's safety and make our children's future more sustainable as well as prosperous.

In 2019, the EIB Group signed loans worth €16.5 billion for projects supporting our environment policy goal.

Among other things, a total population of 1.7 million would face reduced risk of flooding as a result of projects financed in 2019 under this policy goal.

Areas we supported include waste management and recycling projects to help the transition to a circular economy, keeping materials in the value chain and helping to preserve finite resources. Renewable energy and energy efficiency investments make Europe less dependent on energy imports and fossil fuels that contribute to climate change. Sustainable transport including road safety and safe clean urban transport is a key area. Also, our financing of water projects brings improved sanitation and access to drinking water for millions of people.

BIODIVERSITY OFFSETTING, BANKING AND CONSERVATION IN FRANCE

When undertaking larger investment projects affecting the natural environment, contracting authorities, communities and companies are often required to compensate for the residual, unavoidable environmental impact of their activities by investing in restoration initiatives nearby or elsewhere to ensure "no net loss" of biodiversity. However, investment opportunities are often difficult to come by or of insufficient ecological quality. To help address this challenge, the EIB has signed a €5 million loan in France to [CDC Biodiversité](#), a subsidiary of the French national promotional bank Caisse des Dépôts et Consignations.

Against the strong regulatory background in France for recovery of biodiversity, nature and landscapes (Law n° 2016-1087, 8 August 2016), CDC Biodiversité is supporting investments to meet the growing demand for biodiversity offsets and conservation services in France and to realise the commercial potential of this emerging field. CDC Biodiversité will use the loan to support the rehabilitation and management of conservation sites across France and to register and market the biodiversity compensation credits. Under this umbrella, clients who are required to offset their residual unavoidable biodiversity loss can purchase the necessary credits ("unités de compensation").


For the EIB, this is the first project of its kind and at the same time the fifth under the [Natural Capital Financing Facility \(NCFF\)](#) – a financing instrument administered by the EIB and the European Commission. We hope that the operation will help mobilise further investment, including from the private sector, and scale up finance for this and similar biodiversity compensation schemes.



INFRASTRUCTURE

Infrastructure is an essential pillar that interconnects internal markets and economies. Sustainable infrastructure projects play an important role in economic growth and job creation, as well as ensuring competitiveness. However, at the EIB, we also want to focus on the sustainability of our infrastructure financing.

New investment in infrastructure requires substantial financing at reasonable costs. As the EU bank, we have made it a top priority to ensure that we continue supporting these initiatives, investing in energy and transport infrastructure networks as well as urban development with important social infrastructure for health and education. Our projects are ambitious and vital to enhancing economic growth in Europe and beyond.

In 2019, the EIB Group signed loans worth €15.7 billion to support its infrastructure policy goal. Among other things, in the same year, we would power 7.4 million households and help to construct or upgrade more than 30 000 km of power lines. 



Prague railway infrastructure

MAKING RAIL TRANSPORT IN THE CZECH REPUBLIC MORE SUSTAINABLE

East-west transport routes are essential for trade between European neighbours. Modern and efficient railway infrastructure is an important part of promoting cross-border trade in an environmentally sustainable way. The Czech Railway Infrastructure Project, signed in 2019, addresses one of these vital corridors, connecting Prague and the eastern regions of the Czech Republic via Brno and Ostrava with the Polish border. The route is also part of the core Baltic-Adriatic, Rhine-Danube and Orient/East-Mediterranean railway corridors. It is a key part of a European project to encourage a modal shift of freight from road to rail – with associated reductions in emissions.

The EIB financing amounts to €447 million, corresponding to almost half of the total cost. The project will consist of ten components of railway infrastructure upgrading, modernisation and renewal. All selected sections, totalling about 90 km, are double-track and electrified. The project seeks to optimise selected rail sections and remove bottlenecks created by insufficient permissible axle loads and train lengths as well as by speed limitations and limited capacity. Works target railway substructure and superstructure, stations and railway stops, with specific measures to ensure accessibility for persons with reduced mobility, engineering structures such as bridges and tunnels, level crossings with high safety levels, signalling equipment and rock slopes to ensure stability and protection against noise.

The operation will have a positive impact on the environment due to its contribution to shifting transport from road to rail. Removing a source of European traffic rail congestion will yield benefits across the wider transport network, strengthening the European Union's economic, social and territorial cohesion and encouraging safer and lower carbon freight transport.

INNOVATION AND SKILLS

Innovation and skills are key ingredients for ensuring sustainable growth and creating jobs. They play an important part in driving long-term competitiveness and are a top priority for the EIB Group. We are a major partner for business operations that develop innovation and skills for a growing economy.

In 2019, we supported innovation and skills with €14.4 billion of EIB Group financing. Among other things, this would enable 7.2 million very high speed digital connections (optical fibre connections).

Europe faces a major competitiveness and innovation challenge. This is why the EIB Group is partnering with risk capital providers and other facilitators to help innovators turn good ideas into business realities. We support innovative projects from large-scale research to small, specialised spin-outs or digital networks.

URBAN FARMING (R)EVOLUTION WITH A BERLIN START-UP

On average, the food we eat travels approximately 1 500 km and passes through 28 pairs of hands before it reaches our plate, absorbing considerable amounts of energy. Moreover, one-third of food is wasted. Reducing food waste in a world that requires ever more food therefore seems not only ecologically sensible but also a sustainable business.

The German start-up Infarm provides locally grown produce to consumers, cutting out unnecessary energy waste for transportation and refrigeration while also reducing the need for pesticides and fertilisers. Infarm has developed intelligent hardware and software solutions that allow for “vertical farming” of leafy greens, herbs, lettuces and microgreens such as shoots and sprouts. It runs modular indoor farming units that can be stacked in places like supermarkets, restaurants or warehouses. “Each unit is fitted with sensors that allow us to remotely adjust parameters like temperature, humidity, water and lighting to optimise the farming conditions,” explains Martin Weber, chief financial officer of Infarm.

The technology behind this innovative type of urban farming is complex and expensive. Following an EU grant in 2016, Infarm secured significant equity investments from two major venture capital firms: Cherry Ventures and Balderton Capital, both of which are backed by the EIF under the Investment Plan for Europe. “This helped us advance the product and scale up our business, securing important clients,” Weber says. “We hired close to 150 people in the process.” The company is already operating in Paris and will soon open offices in Zurich, London, Amsterdam and the United States as well. An Infarm-grown lettuce which comes from Berlin has a CO₂ carbon footprint of 0.35 kg, compared to up to 3.7 kg for lettuce imported from abroad.



A closer look at Greek basil at the Berlin hub, photo credit: diephotodesigner.de.

SMES AND MID-CAPS

Small and medium-sized enterprises (SMEs) are important drivers of growth, innovation and employment in Europe. SMEs represent 99% of businesses in the European Union and employ two-thirds of the active working population. Supporting access to finance for SMEs and mid-caps² is a top priority for the EIB Group.

In 2019, the EIB Group provided financing for SMEs and mid-caps with total investment amounting to €25.5 billion. In the same year, we supported more than 386 000 companies, which employ over 4.4 million people.

We design and develop innovative products and partnerships to support small businesses, micro-enterprises and mid-caps in all phases of their development. The EIB and EIF work together to mobilise financial and technical expertise and act as a catalyst for third-party investment.

We offer a wide range of mainly intermediated debt finance, risk-sharing products and private equity instruments, providing broad access to funding. We work closely with financial intermediaries such as banks and leasing companies, guarantee providers, microfinance institutions, and private equity fund managers among others.



Winter jacket made from plastic waste, Ecoalf

TURNING WASTE INTO VALUE

Flip-flops from tyres, backpacks from plastic bottles and winter jackets from discarded fishing nets – since 2010, Ecoalf has been making high-end fashion items from plastic waste found in the sea. The founder, Javier Goyeneche, says: “We use what people do not value: waste, to create something that people do value: fashion. We collect marine debris from the bottom of the oceans with the help of fishermen, classify it, process it, treat it and eventually transform it into the thread we use to make clothes and accessories.” Javier recounts how he was shocked by the amount of waste in our seas. “I was out with a local fisherman from Villajoyosa, near Alicante, and their nets were simply full of waste,” Goyeneche says, “even the few fish they caught were not apt for the market because they were full of rubbish inside.

Initially, he persuaded three fishermen to put containers in their boats to collect and separate the waste they caught in their nets. Today, Ecoalf works with 3 000 fishermen across 40 ports, collecting and transforming 250 tonnes of sea waste per year. They found that 78% of what comes out of the sea can be recycled.

Initially, a big challenge was cashflow. “It takes approximately seven months between the moment we collect the waste and the moment we sell a jacket,” Goyeneche explains. To solve this problem, Ecoalf secured an EU-guaranteed loan from Triodos Bank backed by the EIF under the Investment Plan for Europe. The loan enabled the company to continue its activities, creating new jobs and generating growth of 80% – resources that can be applied to producing more products using fewer resources.

² Companies with 250 to 3 000 employees.

CLIMATE ACTION

Climate change is possibly today's biggest challenge. Global warming threatens our livelihoods and causes severe weather events and desertification. The impact of rising temperatures is already undermining nature, economies and human welfare across the globe. Urgent action is needed to mitigate the risks and adapt to the effects of climate change.

For several years, the EIB has made climate action one of its top priorities. Today we are one of the largest multilateral providers of climate finance worldwide.

In 2019, EIB signatures for climate action stood at €19.3 billion, representing 31% of our total financing across all areas of activity, thus successfully meeting our target of devoting more than 25% of our financing each year to climate change mitigation and adaptation activities.

Plans are under way to increase this percentage (see page 30).

We carefully consider the effect of our projects on climate change. In projects resulting in significant change in greenhouse gas emissions, an economic cost of carbon is incorporated into the calculation: we require a higher economic rate of return for high-emitting sectors (such as energy, industry, transportation). A specific Emissions Performance Standard (EPS) is applied for all fossil fuel generation projects to screen out investments where carbon emissions exceed a threshold. We also calculate a project carbon footprint for investment projects with significant estimated emissions (see page 27).

INSURANCE SOLUTIONS FOR DEVELOPING COUNTRIES

Developing countries will likely be hardest hit by the negative effects of climate change. Building the infrastructure necessary to deal with increasing floods and storms and financing reconstruction after climate-related natural disasters is straining the insurance companies expected to cover the cost.

The InsuResilience Investment Fund (IIF), originally an initiative of the German development bank KfW on behalf of the German government, is trying to address the problem. The fund has been set up as public-private partnership, combining two separate sub-funds, one as private debt and one as private equity, managed by BlueOrchard Asset Management. In September 2019, the EIB invested \$25 million in the equity sub-fund. The sub-fund invests in insurers that make use of technology and in digital technology companies developing solutions for the insurance industry (so-called Insuretech). The fund will target investments in key countries in Africa, Asia and Latin America.

The focus on technology is expected to yield data, tech-enabled services, and products to manage the risks and impacts resulting from climate change. These services and products are needed to build out the necessary infrastructure so that vulnerable populations and companies can protect themselves and take adaptation and resilience into consideration when making investment decisions.



Smallholder using Agritask. Agritask provides data-driven decision support tools for end-to-end agronomic management of businesses throughout the agriculture eco-system. Agritask is one of the companies in which the InsuResilience Investment Fund has invested.

CARBON FOOTPRINT OF EIB FINANCING

To determine the expected greenhouse gas emissions from an EIB-financed project and the impact our investment will have on increasing or reducing such emissions, we use a due diligence process focused on climate-related indicators. We apply our carbon footprint methodology to all sectors and not only to climate mitigation projects.

For projects signed in 2019³, we estimate and report the greenhouse gas emissions of projects where emissions are expected to be significant, i.e. emissions above one or both of the following thresholds:

- *absolute emissions (actual emissions from the project) > 20 000 tonnes of CO₂ equivalent (CO₂e) per year for a standard year of the project's operations*
- *relative emissions (estimated increases or reductions in emissions compared to the expected alternative) > 20 000 tonnes of CO₂e per year*

Analysis of our carbon footprint suggests that these two thresholds cover approximately 95% of emissions from the EIB's investment projects. The absolute emissions from each project form the basis of our footprint approach. Assessing and reporting the prospective changes in the level of emissions as a consequence of a project gives us a point of comparison with other technologies or projects.

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

³ We have reviewed and amended our carbon footprint exercise (CFE) thresholds to capture more projects, as part of our Climate Strategy implementation. See Version 11 of our greenhouse gas methodologies published in December 2018 and valid for signatures from 2019 onwards.

2019 CARBON FOOTPRINT

In 2019, 96 of the projects in the EIB portfolio⁴ had estimated emissions above the absolute or relative emissions thresholds and were included in the 2019 carbon footprint exercise. They represent total EIB signatures or allocation approvals of €13.6 billion.

The related total absolute greenhouse gas emissions are estimated at 3.9 million tonnes of CO₂e per year, with carbon sequestration by forestry estimated at 0.9 million tonnes of CO₂e per year. The overall reduced or avoided emissions from the same financing are estimated at 3.1 million tonnes of CO₂e per year in accordance with the carbon footprint methodology.

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

The table below shows the results of these aggregate figures for the last three years of the EIB carbon footprint project. The relative emissions figures show large savings of between 2.9 and 3.5 million tonnes of CO₂e per year. Overall, the EIB's investment projects continue to support reduced emissions.

CARBON FOOTPRINT OF EIB FINANCING, 2017-2019

	2017	2018	2019**
<i>Number of projects</i>	55	68	96
<i>Total EIB amount signed (in € bn)</i>	9.4	9.5	13.6
<i>Absolute emissions (in Mt CO₂e/year)*</i>	5.2	2.2	3.9
<i>Carbon sequestration from forestry (in Mt CO₂e/year)*</i>	0.3	2.8	0.9
<i>Relative emissions (in Mt CO₂e/year)*</i>	-2.9	-3.5	-3.1

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

** Note that 2019 had a different set of GHG thresholds and is hence based on a different dataset than 2018 and 2017 – so direct comparison is not possible.

⁴ Projects with a finance contract signed or large allocations approved in the year. Large allocations under already signed framework loans are those where the individual investment projects have undergone a full individual project appraisal.

ADVISORY AND TECHNICAL ASSISTANCE

Advisory services complement the EIB's investing activity and form an integral part of our "lending, blending and advising" strategy. With our decades of financing and investment experience, we help clients improve and implement investment projects and sustainable strategies within their institutional and regulatory frameworks while enhancing their capacities. Complementing EIB loans, advisory services also catalyse funding from other sources.

In delivering advisory services, we rely on the unique expertise developed by our staff, both inside and outside the European Union, in key areas such as infrastructure financing, climate change mitigation and adaptation, innovation, urban development and small business support. The focus is particularly on less developed and cohesion regions and includes projects involving complex structures such as public-private partnerships or financial instruments.

Ranging from direct project assistance to market and strategic development/capacity building, advisory support contributes to improving the quality of lending operations throughout the project cycle and to enhancing their development impact. They mainly focus on:

- Infrastructure projects, notably in the water and wastewater, information and communications technology (ICT), transport and energy sectors
- Financial sector operations, notably EU financial instruments and platforms, microfinance support and small business lending
- Cross-cutting enablers such as innovation and climate resilience

SPECIFIC ADVISORY SERVICES

EIB advisory services are delivered under a variety of programmes, most of which are supported by the EU budget. Within the European Union, potential beneficiaries can get access to EIB advisory services through the [European Investment Advisory Hub \(EIAH\)](#), which constitutes part of the second pillar of the Investment Plan for Europe. The Hub offers a single point of entry to a comprehensive offering of advisory and technical assistance services for the identification, preparation, development and implementation of sustainable investment projects across the European Union. The Hub is currently particularly active in the field of energy efficiency, urban development and the circular economy (support to this latter area having included innovative web tools, a Circular City Funding Guide and the design of an investment platform in the Netherlands). A further example relates to six different locations throughout the European Union (France, Hungary, Bulgaria, Belgium and Greece), where the EIAH is helping bus companies to optimise the fleet design for clean buses to accommodate refuelling/recharging requirements.

The largest advisory programme is currently the Joint Assistance to Support Projects in European Regions ([JASPERS](#)), a joint technical assistance initiative of the EIB and the European Commission. JASPERS provides advice and capacity building support to public authorities seeking grant assistance for their major projects as well as an independent quality review of the projects before their submission to the European Union.

Under the [InnovFin Advisory \(IFA\)](#) programme, the Bank guides its clients on how to structure research and innovation projects with a view to improving their access to finance by adjusting elements such as their business model, governance, funding sources and financing structure. The programme also undertakes studies on access to finance in key innovation sectors, which increasingly act as enablers to the climate action agenda.

The EIB also manages the instrument for European Local ENergy Assistance ([ELENA](#)), funded by the European Commission's [Horizon 2020](#) programme. ELENA can cover up to 90% of the cost of technical support to prepare renewable energy, energy efficiency and urban mobility programmes.

Through [fi-compass](#), the Bank supports public stakeholders seeking to implement financial instruments and investment platforms using EU funding, with many of these dedicated to energy efficiency and sustainable urban or rural development and smart cities.

In addition, the Bank's [European PPP Expertise Centre \(EPEC\)](#) supports the public sector in delivering better public-private partnerships, leveraging the knowledge and experience of 41 member organisations. Social and environmental benefits are increasingly harnessed through the appropriate design of corresponding contractual arrangements.

Last but not least, the Bank also delivers advisory services outside the European Union, supporting project promoters and financial intermediaries through capacity building and project development, with the aim of delivering better quality sustainable projects, which integrate the Bank's social and environmental standards and best practice.



2019 HIGHLIGHTS

FOCUS ON CLIMATE

The imminent risks posed by climate change globally call for profound changes to the way we do business in the 21st century. The EIB Group is realigning its activity to reflect the need for urgent and ambitious action to combat climate change. In this process, it will support countries, cities and other public and private clients in their transition to a low-carbon and climate-resilient future.

Never has our knowledge about the causes of climate change been greater and the technical means to tackle it more mature than today. The message of climate science is very clear: we must act now and we must act fast to avoid what experts now regard as a major tipping point, namely when global temperatures rise to 1.5°C above pre-industrial age levels.

The global temperature goal is at the core of the 2015 Paris Agreement of the United Nations signed by all 195 countries present at the meeting. However, national commitments received so far are not sufficient to stay well below a 2°C rise in temperature, not to speak of the critically important 1.5°C scenario. More and higher ambition is required.

STEPPING UP CLIMATE FINANCE AND PARIS ALIGNMENT

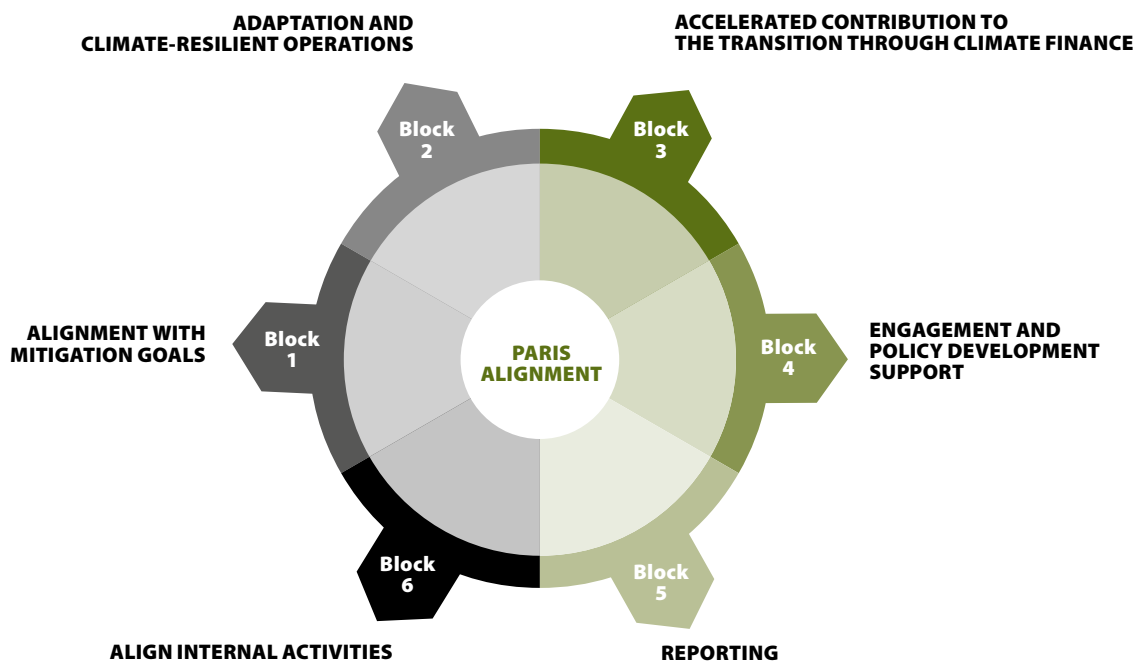
At the UN Climate Action Summit in September 2019, the EIB together with eight other multilateral development banks⁵ pledged in a [statement](#) to raise common, annual global climate action investment to at least \$65 billion, with \$50 billion for low and middle-income countries – 50% above current levels. The collective efforts should double the total level of adaptation finance available to \$18 billion annually by 2025, compared to current levels. This responds to the urgent need to scale up support for climate resilience in individual projects and across countries.

⁵ African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank, European Bank for Reconstruction and Development, Inter-American Development Bank Group, Islamic Development Bank, New Development Bank, and World Bank Group.

In addition, “Paris alignment” has become a focus of attention for multilateral development banks (MDBs) and was a key joint work area throughout 2019. After launching at the COP24 UN conference, six core areas – or Building Blocks – were agreed for a multilateral development bank to be aligned with the targets agreed in Paris in 2015:

1. Alignment with mitigation goals
2. Adaptation and climate-resilient operations
3. Accelerated contribution to the transition through climate finance
4. Engagement and policy development support
5. Reporting
6. Align internal activities

MDBs then came to COP25 to showcase their progress – and through 2020 they will be road testing their approaches on new projects as well as developing an approach for other financing types.



Change is afoot at the EIB Group itself. At the same UN summit, we announced our new climate action and environmental sustainability ambition, an endorsement of the European Commission’s call to be a key pillar of the proposed “European Green Deal” and to play a more ambitious role in climate action. The EIB Group welcomes this vision and the support of various Member States to strengthen the EIB as the European Union’s climate bank.

The EIB Group’s ambition was approved by its Board in November 2019 and builds on three commitments:

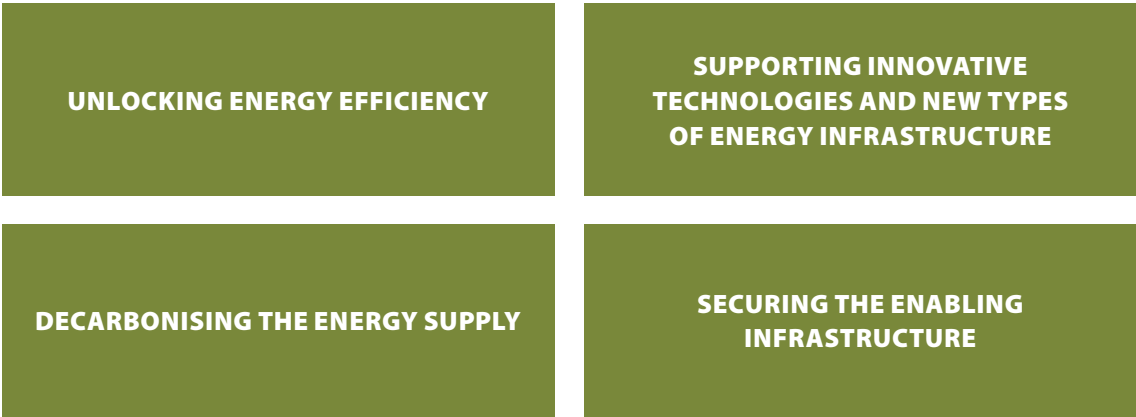
- To align all EIB Group financing activities with the goals and objectives of the Paris Agreement by the end of 2020
- To commit at least 50% of EIB finance to climate action and environmental sustainability by 2025
- EIB Group to unlock and support €1 trillion of climate action and environmentally sustainable investment in the decade 2021 to 2030, with increased support for climate change adaptation and climate resilience

NEW EIB ENERGY LENDING POLICY

The European Green Deal as proposed by the new European Commission increases decarbonisation efforts with the long-term objective of making Europe the world's first climate neutral continent by 2050. An essential tool in fully aligning the Bank with the Paris Agreement is the new Energy Lending Policy that supersedes the 2013 Energy Lending Criteria. The energy sector is central to the EIB. Over the last five years the EIB has provided more than €62 billion of financing for renewable energy, energy efficiency, and other production and distribution of energy.

The publication of the draft Energy Lending Policy in July 2019 aroused considerable interest, mainly for its contentious theme of phasing out lending to fossil fuels. The decarbonisation of the European energy supply is necessary to meet the 2030 EU renewable and energy targets. Despite the recent increase in investment in renewable energy, the energy sector still largely depends on fossil fuels for transport, industry, heating and, in many EU Member States, for power generation. Decarbonisation requires the gradual phase-out of fossil fuel-powered electricity generation, accompanied by at least a doubling of current renewable power generation capacity in the European Union and a significant increase of investment in innovative low-carbon technology.

THE FOUR THEMES OF THE ENERGY LENDING POLICY



During the consultation process, stakeholders both welcomed this proposal and voiced their concerns. The EIB received 149 written contributions from organisations or individuals. Feedback and suggestions were rich and diverse. Three petitions were received, signed by over 30 000 people in total. In line with the EIB Group Transparency Policy, a [consultation report](#) is available. The report provides an overview of the consultation process, the stakeholder submissions received, and the EIB's response.

The EIB's Board of Directors approved the Energy Lending Policy on 14 November 2019. It details five principles that will govern future EIB engagement in the energy sector:

- Prioritising energy efficiency with a view to supporting the new EU target under the EU Energy Efficiency Directive, "unlocking energy efficiency". Significant investment in energy efficiency is required in particular for the refurbishment of existing buildings
- Enabling energy decarbonisation through increased support for low or zero carbon technologies, aiming to achieve a 32% renewable energy share throughout the European Union by 2030
- Increasing financing for innovation, decentralised energy production, innovative energy storage and e-mobility
- Ensuring grid investment that is important to integrate wind and solar, as well as strengthening cross-border interconnections
- Increasing the impact of investment to support the energy transformation outside the European Union.

DELIVERING ON THE EIB'S 2015 CLIMATE STRATEGY

In the lead up to the international adoption in 2015 of the Paris Agreement on combating climate change and the UN Sustainable Development Goals, which also include climate-related targets, the EIB developed its own Climate Strategy, adopted in September 2015 after a full public consultation.

It is structured around three strategic action areas that serve as guiding orientations for the Bank's climate action:

- 1.** Reinforcing the impact of EIB climate financing
- 2.** Increasing resilience to climate change
- 3.** Further integrating climate change considerations across all of the Bank's standards, methods and processes

The strategy has been in full implementation since 2016, with ten action plans being laid out for work in 2016-2020. The strategy provides for a mid-term evaluation of progress achieved by the end of 2018. So in 2018 the Bank began preparing for the mid-term review of the strategy's implementation. A stocktake on progress was carried out by all involved services, accompanied by the development of an outline framework for future progress and monitoring, as proposed in the strategy. Additionally, an external review was carried out and stakeholder engagement on the topic was brought about in 2019 through presentations and a technical exchange with civil society and research organisations in Brussels (see page 43). This mid-term review will continue in 2020 as a springboard for the New Climate Bank Roadmap 2021-2025.

Regarding the aim of increasing resilience to climate change, the EIB launched a climate risk assessment system in February 2019. In a major development, all new investment projects are now systematically screened at the appraisal stage for their climate change vulnerability. After that, Bank teams can engage with clients to support them in carrying out climate risk and vulnerability assessments as needed and in managing their climate risks.

SIGNED AND SEALED: THE EIB GROUP'S ENVIRONMENTAL MANAGEMENT SYSTEM

In March 2019, the EIB Group successfully implemented an environmental management system in accordance with the European Union's Eco-Management and Audit Scheme (EMAS). The EIB Group now joins the wider EMAS family including EU institutions in Luxembourg such as the European Court of Auditors, European Court of Justice, European Parliament and European Commission.



EMAS core team receives an honorary mention at the EMAS Awards in Bilbao under the category Public Medium-Sized and Large Organisations

The EIB Group has been measuring, managing and continually improving its internal carbon footprint since 2007, using various initiatives including the use of renewable electricity, cogenerated heat and power, the replacement of the car fleet and taxi service with lower-emission vehicles, and the replacement of old printers with fewer multifunctional devices. Other 2019 efficiency improvements in some of our buildings include the replacement of halogen lamps with LED lamps, a reduction in the heating purchase from the city of Luxembourg, and improvement of the efficiency of the Air Handling Unit (AHU)⁶ through analysis and subsequent adaptation of the equipment's schedule. One of our main buildings has also been granted an "Excellent" ranking by BREEAM In-Use (BRE Environmental Assessment Method).

The adoption of the EIB Climate Strategy in 2015 committed us to manage our internal environmental impacts as rigorously as we do in our financial operations. EMAS provides a robust framework for our internal services to monitor and manage our performance in a more structured and holistic fashion at Group level. It includes a public commitment to prevent pollution, meet legal compliance with environmental legislation, standards and regulations, and employ the best techniques in sustainable procurement. For us, environmental management under EMAS is much more than just GHG emissions. It is the environment we provide our staff with to meet the environmental objectives of the whole EIB Group.

⁶ AHU is a device used to regulate and circulate air as part of a heating, ventilating and air-conditioning (HVAC) system.

WALKING THE TALK

An integral element of EMAS is the active participation of staff as part of their daily work in order to stimulate and encourage this commitment in their own actions in the workplace, at home and beyond. In the EMAS framework, we encourage staff and inform them of the many single steps that we are undertaking to implement this commitment, such as:

- **Removal of single-use plastics:** The EIB Group has signed the [IMS Zero Single-Use Plastic Manifesto](#) committing us to removing single-use plastics throughout the EIB Group by the end of 2020. The IMS manifesto is based on the proposal for an [EU single-use plastics directive](#) but has a more ambitious deadline
- **Introduction of Eco-Box:** The EIB Group has introduced the Eco-Box, a deposit-return scheme for a multiple-use container eliminating many single-use packages for food that is an initiative of the Luxembourg Ministry of the Environment, Climate and Sustainable Development
- **Sustainable cleaning products:** Following a positive pilot phase, the EIB Group has adopted a new cleaning technology and is deploying it throughout our buildings, replacing many conventional daily-use cleaning chemicals

OUR INTERNAL CARBON FOOTPRINT

For the carbon footprint of our internal, corporate activities in Luxembourg, we use the GHG Protocol methodology to ensure year-on-year consistency in our direct and indirect emissions, which include business travel and employee commuting. We are continuing to reduce our CO₂ emissions and compensate for any remaining and unavoidable emissions through the purchase of high-quality carbon credits generated by the Wildlife Work REDD+ project in the Kasigau corridor in Kenya. This project is the first in the world to be validated and verified under the [Verified Carbon Standard \(VCS\)](#) and the [Climate, Community and Biodiversity Standard \(CCB\)](#). The project protects 500 000 acres of dryland forest and brings the benefits of carbon finance to nearly 100 000 people in the surrounding communities, including over 4 500 local landowners.

By compensating for the residual GHG emissions resulting from EIB own operations, the EIB Group could be considered to be “net-zero” in terms of emissions and in alignment with the Paris Agreement roadmap on our measured footprint.

However, this is only part of the story. We will continue to reduce our impact from our internal activities and set ambitious objectives and targets using the EMAS framework to allow us to continually improve our environmental performance.

The carbon footprint for each employee (resulting from our own operations) in 2019 was 5.41 tCO₂e. This represents a decrease of 6.0% compared to 2018⁷ and a decrease of 54.7% compared with the 2007 baseline. The EIB Group’s total net carbon footprint was 21 434 tCO₂e. This represents a decrease of 4.4% from 2018 and an increase of 19.5% compared with 2007. It compares with a 164% rise in staff numbers since 2007.

⁷ All paper consumption and emissions for 2016, 2017 and 2018 have been re-stated to ensure consistency in methodology applied. This is because paper tonnage reported may have been underestimated in some instances due to assumptions of local printers set to printing in duplex, when a percentage of printing is actually simplex. Please refer to the EIB Group Carbon Footprint report 2019 for details.









THE SUSTAINABLE DEVELOPMENT GOALS GUIDE OUR WORK

As the EU bank, we play an integral role in the European Union's efforts to implement the United Nations Agenda 2030 for Sustainable Development, including the 17 Sustainable Development Goals (SDGs). We consider the SDGs to be a vital guideline for a safe and secure future that brings prosperity and inclusiveness for all.

To measure our contribution to the SDGs, we have developed a methodology to map our project output/outcome indicators to the single targets underlying the SDGs. The following table highlights our global contributions for the year 2019.



Poppy field, Molvange (Moselle). Photo taken by Valérie Hilbert-Pedersen, EIB employee

SDG		Indicator	Value
	Good Health and Wellbeing	Citizens benefiting from improved healthcare services (#)	12 million
	Quality Education	Students directly benefiting from EIB projects, European Union (#)	1.9 million
	Affordable and Clean Energy	Households to be powered with clean electricity (#)	7 million
		Electricity generation capacity from renewable energy sources	12 900 MW
	Decent Work and Economic Growth	Time savings (hours/year)	190 million
	Industry, Innovation and Infrastructure	Additional annual trips made on EIB-financed public transport (#)	631 million
	Sustainable Cities and Communities	Households in new or refurbished social or affordable housing (#)	over 100 000
	Responsible Consumption and Production	Population served by new waste collection and treatment facilities (persons)	9 million
	Climate Action	Absolute emissions (in Mt CO ₂ e/year)	3.9
		Relative emissions (in Mt CO ₂ e/year)	-3.1
		Carbon sequestration from forestry (in Mt CO ₂ e/year)	0.9



EIB EKI building. Photo taken by Marcel Serra, EIB employee

A RESPONSIBLE INSTITUTION

Change starts from within. This is true not just for every individual, but for every institution as well. That is why at the EIB Group we care about transparency and accountability. We strive to constantly improve our internal organisation and our role in the community. As a responsible employer, we stand for equal opportunities and life-long learning. The EIB Institute complements this commitment with initiatives for the common good inside and beyond the European Union.

TRANSPARENCY AND ACCOUNTABILITY

It is a matter of principle that the EIB Group sets an example with the transparency and accountability of our work. We proactively publish information on our role, policies and operations. This improves both the effectiveness and sustainability of our strategies, policies and financed operations, as we gain valuable feedback from our stakeholders.

Transparency therefore helps us to deliver better results and build trust. Stakeholders are invited to consult the [EIB Group Transparency Policy](#), which sets out the principles of access to information and stakeholder engagement applicable to the Bank. Each year, we publish a report on the implementation of the Transparency Policy.

We strive to demonstrate to EU citizens that we further their interests and are accountable to them.

ANTI-FRAUD AND EXCLUSION

The [EIB Anti-Fraud Policy](#) and the [EIF Anti-Fraud Policy](#) establish our zero-tolerance approach towards fraud and corruption and the duty to report any such conduct. While these policies are already aligned in terms of principles and structure, in 2019 work commenced to merge them into a common EIB Group policy. Our anti-fraud policies apply to any EIB Group activity, project or transaction, as well as to our own members of staff and governing bodies. The Fraud Investigations Division is an independent office within the EIB Group's Inspectorate General, and it is the sole office mandated to investigate prohibited conduct within the Group. Prohibited conduct includes fraud, corruption, collusion, coercion, obstruction, money laundering and financing of terrorism affecting the EIB Group's operations and activities. The Fraud Investigations Division cooperates closely with the European Anti-Fraud Office (OLAF) and national authorities.

As part of its anti-fraud efforts, the EIB has an [Exclusion Policy](#), published in February 2018. This 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.

COMPLIANCE AND INTEGRITY

Compliance and integrity are core elements of the EIB Group’s corporate culture. They are the shared responsibility of all EIB Group staff and members of the governing bodies. Ethical and compliant behaviour is embedded in relevant policies, procedures and practices.

Compliance is ensured by an independent directorate under the guidance and responsibility of the EIB [Group Chief Compliance Officer](#). The Group Chief Compliance Officer reports directly to the president of the Bank under the functional authority of the relevant vice-president. While the Group Chief Compliance Officer manages compliance at EIB Group level, he or she coordinates the work of the Office of the Chief Compliance Officer (OCCO) at the EIB and the [Compliance Directorate \(COMPL\)](#) at the EIF.

OCCO promotes the highest standards of integrity and ensures that they are applied to all of the Bank’s activities, as outlined in our Integrity Policy and Compliance Charter. OCCO’s central responsibility is to safeguard integrity and to minimise compliance and reputational risk by defining and developing an adequate compliance policy framework and ensuring its enforcement. Areas of activity within compliance include integrity due diligence on operations and counterparties (including anti-money laundering/combating the financing of terrorism [“AML-CFT”] and tax integrity checks), integrity of staff and governing bodies (including examining all cases of alleged breaches of the Staff Code of Conduct), regulatory compliance, training, clearance of procurement processes for the Bank’s own account and technical assistance procurement. Similarly, the role of COMPL at the EIF includes assessing compliance risk for the institution, producing an independent compliance opinion covering AML, “know your customer” and tax transparency issues for each transaction submitted to the EIF’s Board of Directors, monitoring investment policies and restrictions, and assessing professional conduct issues.

GROUP SANCTIONS POLICY

The EIB Group Sanctions Compliance Policy sets out the EIB Group’s approach to compliance with sanctions that apply to the EIB, EIF and our business. Following the successful implementation of the policy by the EIB’s services – including lending, treasury/borrowing, advisory, corporate and technical assistance procurement services – it became effective as of July 2019.

UP TO SPEED ON TAXATION

Taking note of recent European Union and international developments in the area of taxation and countering the financing of terrorism, in February 2019 the EIB Group updated the EIB Group Policy towards Weakly Regulated, Non-Transparent and Non-Cooperative Jurisdictions and Tax Good Governance (“EIB Group NCJ Policy”).

The EIB Group relies on and complies with the lists of non-compliant jurisdictions and country assessments produced from time to time by the European Union and the international organisations that set standards. All operations are assessed in line with the standards of the due diligence process promoted by the EIB Group AML-CFT Framework and the EIB Group NCJ Policy. Operations with links to non-cooperative jurisdictions are subject to enhanced due diligence to determine whether (a) the levels of transparency and integrity of the relevant operation are satisfactory to the EIB Group, (b) the contracting counterparties can provide plausible justifications for the NCJ determination, or (c) there is a risk that the operation is (or may be) misused for targeted activities. Furthermore, the EIB Group may decide to extend this approach to operations in jurisdictions that are generally cooperative but have not yet resolved outstanding tax good governance deficiencies. In such cases, the checks focus on the identified deficiencies of the relevant jurisdictions.



EIB EKI building

COMPLAINTS MECHANISM

As part of our commitment to accountability and in line with international best practice, the EIB Group has a Complaints Mechanism that enables stakeholders to raise their concerns about the decisions and activities of the EIB Group.

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

In 2019, a total of 84 complaints relating to EIB Group-financed operations and/or administration were received (compared to 108 registered complaints in 2018). 74 of these complaints were directly submitted to the CM, which declared 50 of them admissible (compared to 75 admissible in 2018)⁸. The other ten complaints were filed with the European Ombudsman, who declared 8 of them admissible (compared to 19 filed with and declared admissible by the EO in 2018).

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

FOUR AREAS OF WORK

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

In handling complaints, the CM performs two main functions:

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

Furthermore, the CM performs two additional functions:

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

⁸ Please note that the 2018 report mentions a figure of 94 admissible cases in 2018. These included both the cases declared admissible by the CM (75) and the cases declared admissible by the EO (19). The 2019 report distinguishes admissibility by the CM and admissibility by the EO in order to enhance clarity.

DIALOGUE WITH CIVIL SOCIETY ORGANISATIONS

Involving civil society across all our activities and being transparent is of the utmost importance to the EIB. We believe that being open improves the quality and sustainability of the projects we finance and increases accountability towards all our stakeholders. It is also essential to build trust and meet public expectations.

Civil society organisations (CSOs) can provide valuable input into the development of the EIB's policies and activities. The Bank engages regularly with those groups to address their questions and concerns through three levels of stakeholder engagement:

- **Board of Directors level:** Every year, we invite civil society to participate in a seminar with our Board of Directors and the Management Committee, which represents a unique opportunity for a frank and open exchange with the Bank's governing bodies
- **Policy level:** We organise public consultations and provide opportunities for open dialogue on key policies and strategies. We regularly host workshops and other events on subjects of relevance both for the Bank and for our stakeholders. We also hold bilateral meetings with civil society organisations on specific issues
- **Project level:** We require promoters to implement open and transparent engagement approaches with all relevant stakeholders in operations financed by the EIB, as enshrined in Standard 10 of our Environmental and Social Standards. We firmly believe that stakeholder engagement conducted throughout the project cycle enhances our positive impact on the ground

The annual Board Seminar with Civil Society took place on 4 February. It focused on two themes that were defined in collaboration with CSOs. The first provided an opportunity for participants to explore how global environmental and social challenges are shaping priorities for International Financial Institutions (IFIs) and civil society organisations alike. The second theme focused on the role of innovative approaches and big data in tackling fraud and corruption. In particular, participants discussed how analysis of available data could efficiently complement approaches based on allegations of prohibited conduct. In addition, the Board Seminar provided an opportunity for the Bank to report back to civil society on the outcome of the public consultation on the EIB Complaints Mechanism Policy. On this occasion, the Bank also announced that a public consultation would take place regarding its Energy Lending Policy (see page 32) in 2019, and its Transparency Policy in 2020.

The Board Seminar being an event favouring open exchange with the Board of Directors, additional topics were discussed when raised by participants, particularly during the policy dialogue session. This included issues ranging from climate change to cultural heritage and from engaging with indigenous people to the role of public banks in addressing market failures.

Among several other events, the EIB held a technical workshop on "the EIB's Climate Action and increased ambition for the next decade" on 25 October 2019. This provided an informal opportunity for CSOs and other stakeholders to have an exchange of views on the implications for the institution of becoming the European Union's climate bank and the key elements for aligning with the goals of the Paris Agreement. The aim was to develop a better understanding of the main building blocks of a Paris-alignment approach and their linkages with the EIB's strategic framework for climate action, as well as to discuss options and additional elements that will inform the Bank's activities beyond 2020.

COMMUNITY ENGAGEMENT

Since 2012, the EIB Institute has been promoting and supporting numerous projects inside and beyond the European Union's communities. The Institute's activities focus on supporting higher education and research activities (knowledge), promoting social innovation and social entrepreneurship (social) and encouraging cultural initiatives (arts and culture).

MUSICAL EDUCATION IN TUNISIA

Tunisia 88 promotes musical education as a way to bring about harmony in different cultures. Started in 2016, Tunisia 88 is run in partnership with Action et Développement Solidaire, a local NGO, the charity 88 International and the EIB Institute. Its three founders, Radhi Meddeb, a Tunisian entrepreneur and engineer, Ulrich H. Brunnhuber, until recently the Head of the EIB office in Tunis and a distinguished saxophonist, and Kimball Gallagher, a renowned American classical pianist, believe that music cultivates respect for diversity. The project has already benefited over 10 000 high school students from all over Tunisia and is under the High Patronage of the President of the Republic of Tunisia.

As there is no musical education available in Tunisian high schools, Tunisia88 organises student-led, after-school music clubs in high schools all over the country, in particular in less developed and less privileged areas. Tunisia88 clubs – named after the number of keys of a piano – plan their own musical events in their communities, participate in song-writing contests, and hold regular weekly meetings.

As a highlight in 2019, Tunisia88 held a night-time concert in the Roman amphitheatre of El Jem, attended by 3 000 people, where a choir of Tunisian high school students who had never been on stage before sang with the orchestra Jeunes Cordes de France.

Tunisia88 is embedded in the Bank's broad support for the country, which includes a pilot Positive Behaviour Support programme to improve the educational climate and a 2014 €70 million loan to Tunisia's Ministry of Education to modernise high schools.



Tunisian high school students benefiting from the Tunisia88 project



EIB summer school students

EIB SUMMER SCHOOL

The EIB Summer School, held for the second time from 29 June to 10 July 2019 in Luxembourg, is the latest addition to the annual flagship projects of the EIB Institute. It offers 70 selected students a practical approach to multidisciplinary challenges through ten days of lectures in which EIB Group staff members share their expertise about the Group's role and impact in terms of financial, economic and social development as well as sustainability.

In 2019, participants came from seven universities: the College of Europe (Bruges and Warsaw campuses), Università Commerciale Luigi Bocconi, the London School of Economics, Sciences Po, Dresden University of Technology, and the University of Ljubljana. They represented 28 countries, including 15 EU countries, eight other European countries, and five non-European countries. In 2020, the Summer School will open up to even more partner universities.

OCTOBER DAYS FOR SUSTAINABLE DEVELOPMENT

Making fashion, food and tourism more sustainable was the idea behind the October Days for Sustainable Development in 2019. Every year, the EIB Institute, together with the University of Luxembourg and the national CARITAS organisation, hosts the October Days to engage stakeholders in a global debate on the UN Sustainable Development Goals (SDGs). The event on 17 and 18 October shed light on innovative initiatives that contribute to achieving SDGs 11 (Sustainable Cities and Communities) and 12 (Responsible Consumption and Production) in those three industries.

Dozens of panellists from the private and public sectors, academia, the impact investment community, international organisations, the EIB and NGOs, as well as other experts and key actors have contributed to the debate since the first edition in 2015 – the year of the adoption of the Sustainable Development Goals (SDGs).

EMPLOYER OF CHOICE

Passion might not be the first thing that people associate with the financial sector, but at the EIB Group, a shared passion for the European Union and for sustainable development drives us. We advocate our values through our recruitment policies and the benefits provided to our staff. We promote the inclusion of qualified and experienced talent irrespective of gender, age, racial or ethnic origin, religion or beliefs, sexual orientation or disability.

In 2019, the EIB Group employed 3 964 highly qualified and diverse staff members from all 28 EU Member States (2018: 3 896).

TRAINING AND DEVELOPMENT

We care about development. We provide training to all our staff and managers in areas such as leadership and management, banking and finance, credit risk, personal development, languages, and IT. Overall, the average training time per active EIB staff member at the end of the reporting year was 3.4 days (27.2 hours).

To improve access for everyone to our training offer and reduce our environmental footprint, the EIB defined in early 2019 its digital learning strategy. This includes among other things:

- Comprehensive digital learning offer for languages, IT, selected soft skills and technical skills
- Blended training offer allowing staff to consolidate classroom training through digital learning nuggets
- Shift in learning habits of all colleagues

We conduct regular talent reviews to ensure consistency and fairness in assessing each employee's talents and to identify development opportunities, in line with staff's aspirations and the needs of the Group. This is an honest discussion between managers and their team members, who are ultimately accountable for realisable and realistic development plans.

DIVERSITY AND INCLUSION

"United in diversity" is one of the core principles of the European Union, and it is reflected in the work of our Personnel Directorate. In 2019, the 2018-2021 Strategy for Diversity and Inclusion continued to be implemented. This aims to ensure that all policies, procedures, guidelines and practices are inclusive regarding age, gender, sexual orientation, religion or belief, disability, or racial and ethnic origin. A second pillar of the strategy is to support an inclusive work environment, making the most of complementary competencies in a team and impacting decision-making with a view to greater inclusiveness. Thirdly, we invest in talent to improve diversity representation at all levels of the organisation.

For instance, our stated goal is to raise the percentage of women at the management level to 33%, at the senior officer level to 40%, and at the officer level to 50% by 2021. At the end of 2019, these percentages were at 30%, 33%, and 42% respectively. Measures have also been put in place to ensure that the Bank's programme for emerging leaders is equitably accessed by both women and men (50/50). In addition, we launched a dedicated training course on unconscious bias, to be offered to all EIB managers and human resources consultants and recruiters. Each directorate has a diversity and inclusion action plan specific to their particular needs. We report on this twice a year as part of our normal diversity and inclusion reporting cycle. We also have HR working groups across the Bank sharing knowledge and best practice. To raise awareness about inclusion among staff, all through 2019 we organised events on diversity and inclusion, exchanging knowledge with external experts.

Externally, the EIB Group is a signatory to the Charte de la Diversité Luxembourg, an organisation committed to the promotion and management of diversity through concrete actions that go beyond legal obligations. Our employee resource group "enAble" supports colleagues with a disability, those caring for a person with a disability, and any other motivated and interested staff. enAble is a channel for awareness-raising and advocacy for disability rights. We actively encourage people with a disability to apply in our job adverts and provide special support to them in the recruitment process.

Logistically and financially, we support the three employee resource groups of the Bank (Connected-Women, enAble, LGBT+). We are also part of the International Dual Careers Network (IDCN), which facilitates the inclusion of trailing spouses looking for new professional opportunities through awareness, guidance, and professional networking, assisting the relocation of our new colleagues and their families.

HEALTH AND WELLBEING

The EIB provides occupational health and preventive medical services to all staff.

These services include:

- Periodical medical examinations
- Preventive medicine programmes
- Ergonomics and work psychology
- Travel medicine and vaccinations
- Psychological counselling

Going beyond regular occupational health services, the Bank has also put in place a holistic approach to managing staff health – the EIB Organisational Health programme. This programme takes into account the predominantly psychosocial nature of health and safety risks for financial industry workers, and not only covers preventive medicine and physical health and safety measures, but also pays particular attention to identifying and addressing psychosocial stress factors related to the work environment and work relations, conflict management, role clarity, control, resource allocation and support.

Within this programme, the Bank has dedicated officers in charge of awareness-raising campaigns, risk prevention campaigns and risk detection processes, development of dedicated skills training courses, and a multidisciplinary return-to-work process. Furthermore, the EIB has in place a network of confidential counsellors, EIB staff who have received training to counsel and give support in cases of possible instances of harassment and/or bullying. In 2019, we organised an interactive presentation on psychological safety and the prevention of sexual harassment to the Bank's Management Committee and Directors General.



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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 following information included in the Sustainability Report 2019 for the year ended 31 December 2019 of the EIB Group (“the Report”): indicators and statements in the Report marked in italics and with a tick , prepared in accordance with the Global Reporting Initiative (GRI) Standards, developed by the Global Sustainability Standards Board (GSSB), GRI’s independent standard-setting body, applicable at the Group in 2019, as detailed on page 3 of the Report.

Group Management’s responsibility for the Report

Group’s Management is responsible for the preparation and presentation of the Report, and the information and assertions contained within it, in accordance with the Global Reporting Initiative (GRI) Standards, developed by the Global Sustainability Standards Board (GSSB), GRI’s independent standard-setting body, applicable in 2019 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.

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 Report 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 Report 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 Report;
- 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 Report;
- Comparing the indicators and statements in the Report 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 Report marked in italics and with a tick were correctly derived from the Group's 2019 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 Report in meeting the requirements of the internal reporting criteria applicable at the Group in 2019 as the evidence has been obtained on a sample basis. Accordingly, we do not express an audit or a reasonable assurance conclusion on the Report as a whole or on the indicators and statements in the Report 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 Report marked in italics and with a tick are not prepared, in all material respects, in accordance with the internal reporting criteria applicable in 2019 at the Group, as detailed on page 3 of the Report.

Luxembourg, April 27, 2020

KPMG Luxembourg,
Société coopérative
Cabinet de révision agréé

S. Chambourdon



SUSTAINABILITY REPORT

2019



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