




EIB 2018 Sustainability Disclosures in accordance with SASB Framework

(Sustainability Accounting
Standards Board)



European
Investment
Bank

The EU bank 

EIB 2018
Sustainability
Disclosures in
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SASB Framework
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Published by the European Investment Bank.
Editors: EIB Publishing and Linguistics Division.
Printed on FSC Paper.

About the report

The European Investment Bank (EIB) has pioneered sustainability reporting for well over a decade. Putting a strong emphasis on transparency, accountability and stakeholder engagement, the EIB is upholding its continued commitment with the publication of its first report in accordance with the Sustainability Accounting Standards Board (SASB) framework.


Since 2007, the EIB has issued its Sustainability Report and the related Sustainability Reporting Disclosures, which apply the standards set out by the Global Reporting Initiative (GRI). By issuing this additional report, the EIB is offering the reader a different viewpoint on EIB activities based on a different standard.


In preparation of this report, the EIB carried out a materiality assessment in accordance with the SASB framework. The approach encompassed a decision-making tool, the SASB five-factor model, to evaluate potentially material topics, specifically applied to the EIB.

We trust you will find the information in this report interesting and informative. We welcome any comments or questions you may have and invite you to address them to csr@eib.org.

Icons

To help readers navigate the report, icons are used to indicate the boundaries of each metric.

 External

 Internal

SASB Activity Metrics

Investment banking and brokerage

Metric: FN-IB-000.B



Value (in EUR '000) and number of projects financed by sector

	2018
Agriculture, fisheries, forestry	710,937 10
Composite infrastructure	542,038 5
Credit lines	15,894,962 155
Education	1,751,127 24
Energy	7,444,268 74
Health	982,108 16
Industry	6,068,985 76
Services	3,738,252 60
Solid waste	491,987 11
Telecommunications	2,736,740 20
Transport	10,172,068 91
Urban development	2,626,665 28
Water, sewerage	2,468,079 33
Total	55,628,216

For more Information, please see [EIB financed projects.](#)

SASB Accounting Metrics

Employee diversity and inclusion						
Metric: FN-IB-330a.1						
I EIB gender representation by employee category (%)						
	2018		2017		2016	
	Female	Male	Female	Male	Female	Male
Managers	29.1	70.9	27.4	72.6	26.1	73.9
Executive Staff	42.2	57.8	40.8	59.2	41.1	58.9
Support Staff	85.8	14.2	85.7	14.3	86.3	13.7
Local Agents	55.0	45.0	50.0	50.0	54.5	45.5

Incorporation of ESG factors in investment banking and brokerage activities

Metric: FN-IB-410a.2

E ESG integration

100% of EIB investments incorporate environmental, social, and governance (ESG) factors. Total investment in 2018 amounted to EUR 55.6 billion. For a breakdown by sector, please see FN-IB-000.B.

Metric: FN-IB-410a.3

E Sustainability due diligence

The EIB appraises and monitors all the investment projects it finances with regard to their sustainability credentials such as environmental, social and governance aspects. Certain [activities are completely excluded](#) from EIB financing. In a next step, all projects supported have to meet [EIB environmental and social principles and standards](#).

Furthermore, the EIB makes a separate [economic appraisal](#) of the investment projects to assess their costs and benefits to society as a whole. The economic appraisal takes account of the resources used by the project, whether human, technological or natural, often using shadow prices - including for carbon - and gauges the value of the project for all stakeholders, to determine whether society at large gains from the investment. Only projects that fulfil both the financial and the separate sustainability due diligence can be financed by the EIB.

Business ethics

Metric: FN-IB-510a.1

① Monetary losses as a result of legal proceedings

The EIB has no monetary losses recognised in its 2018 accounts as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations, based on the materiality aspect for the purpose of the annual financial statements.

Metric: FN-IB-510a.2

① Whistleblowing Policy

The Whistleblowing Policy of the EIB is a key element for safeguarding the Bank's integrity. It is aimed at enhancing the Bank's transparency and underpinning the systems it has in place to combat practices that might damage its activities and reputation. This policy applies to all EIB staff members and any other person providing the Bank with services, including consultants and other service providers under contract with the Bank. It covers alleged fraud, corruption, money laundering or financing of terrorism, as well as serious failure or infringement of ethics or integrity.

For more information, please see the [EIB Whistleblowing Policy \(2009\)](#).

Systemic risk management

Metric: FN-IB-550a.1

① Buffer for systemic relevance

Although the EIB is not identified as a global systemically important bank (G-SIB) by the Financial Stability Board, as a matter of prudence the EIB has decided to provide for an additional buffer for systemic relevance of 1.0% CET (common equity tier 1). It has to be stressed that the EIB's self-imposed buffer for systemic relevance is based on its own, independent decision.

Metric: FN-IB-550a.2

① Systemic risk management

The EIB has implemented a holistic capital planning and management process, which ensures that its operations are compatible with its risk appetite, both on a forward-looking and on an historical basis. The Bank uses various metrics, including regulatory capital, for assessing the adequacy of its capital base and for determining the available capital for its new business activities. In the context of its annual Operational Plan, the

Bank prepares projections of key risk metrics to ensure that the proposed business plan is sustainable from a capital perspective. The capital planning and management process also incorporates regular stress tests and sensitivity analyses, to test the Bank's resilience to both systemic and idiosyncratic stresses.

For more information, please see the [EIB Group Risk Management Disclosure Report \(2018\)](#).

Data security

Metric: FN-CB-230a.1

① Cybersecurity attacks or breaches

The Bank did not record any material instances of cybersecurity attacks or breaches by unauthorised third parties in 2018.

Metric: FN-CB-230a.2

① Data security risks

In response to growing and evolving global cybersecurity threats, the Bank is putting in place what it considers to be measures appropriate to its business and remains on heightened alert to such risks. The Bank is implementing a formal cybersecurity risk management framework that protects its critical IT infrastructure while adhering to the EIB Code of Conduct, Staff Regulations and information security policies. This policy framework is being embedded in governance structures so that senior management receives regular reports on cybersecurity developments and metrics. Ongoing technical and non-technical initiatives, mainstreaming of simulations, training and compliance ensure continuous development of policy measures and adherence to them. The management of cybersecurity risks is largely addressed with available in-house expertise and contracted external support or guidance, as required.

Financial inclusion and capacity building

Metric: FN-CB-240a.1

⑤ Financing small and medium enterprises

In 2018, the EIB provided financing to intermediaries in support of SMEs and mid-caps for a total amount of EUR 14.5 billion. In the same year, some 94,100 SMEs and mid-caps were granted new loans through EIB financing.

In alignment with EU recommendation 2003/361/EC, SMEs are micro, small and medium-sized enterprises employing up to 249 employees. Mid-caps are enterprises with 250 to 3000 employees.

Community relations

Metric: RT-CH-210a.1



Engagement with communities

The EIB attaches great importance to engaging with civil society and to building cooperative relations with citizen organisations. The active dissemination of information and a constructive dialogue with civil society organisations (CSOs) are essential to informing the public and to building trust in the EIB and help the Bank meet public expectations. The EIB engages with civil society and builds cooperative relations with its representatives. Public consultations give stakeholders an opportunity to shape the EIB's key institutional and thematic policies. The EIB actively ensures an ongoing dialogue with civil society through events such as its annual seminar with the EIB Board of Directors. As a public institution, the EIB actively promotes the right to access to information, as well as public consultation and participation.

In EIB financing, we apply [EIB environmental and social principles and standards](#). Standard 10 of the Environmental and Social Standards and Principles requires project promoters to uphold an open, transparent and accountable dialogue with all project-affected communities and relevant stakeholders in an effective and appropriate manner. The value of public participation in the decision-making process is stressed throughout the preparation, implementation and monitoring phases of a project. The right to access to remedy, including through grievance resolution, is actively required.

In addition, the EIB Institute promotes and supports social, cultural and academic initiatives with European Union Member States. It is a key pillar of the EIB Group's community and citizenship engagement.

For more information on the EIB Institute, please see the website of [the EIB Institute](#).

Climate change adaptation

Metric: IF-HB-420a.2



Climate strategy

The EIB has made climate action one of its top priorities. It uses its lending and advisory activities to help mobilise financial resources across the planet, channelling them to investments in climate change mitigation and climate change adaptation. The Bank ensures that at least 25% of its financing each year is dedicated to climate change mitigation or adaptation.

As stated in Paris in 2015, in the five years from 2016 to 2020, the EIB is aiming to provide USD 100 billion worth of climate action finance, helping to transform the Paris Agreement into reality. On the sidelines of COP24, several Multilateral Development Banks (MDBs) aligned their approach to the objectives of the [Paris Agreement](#) to work together to catalyse low-emission and climate-resilient development through [a joint declaration](#). As one of the world's biggest providers of climate finance, the EIB is committed to putting the Paris agreement into practice.

The EIB adopted its [Climate Strategy](#) in 2015. The Climate Strategy is structured around three strategic action areas that serve as guidelines for the Bank's future climate action: i) reinforcing the impact of EIB climate financing, ii) increasing resilience to climate change, and iii) further integrating climate change considerations across all of the Bank's standards, methods and processes.

There is growing knowledge pointing to potential systemic risks to the financial system linked to the direct and indirect effects of climate change. The Bank has developed a system to assess climate risk and the vulnerability of its investment projects, designed to improve their resilience to expected climate change impacts. However, not only will climate change generate physical threats to assets and people, but the extent and speed of the transition to a low carbon economy will also create threats and opportunities resulting from significant shifts in technological trends and business models. The Bank therefore recognises that all types of climate change-related risk need to be taken into consideration and incorporated into its due diligence and portfolio risk management.

As part of the sustainability due diligence process, the EIB makes a separate [economic appraisal](#) of the investment projects to assess the costs and benefits to society as a whole. This takes into account the 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. For more information, please see [EIB Project Carbon Footprint Methodologies](#).

The EIB is not only looking at climate risks in new projects, but also within its own portfolio. One of the action plans of the Bank's Climate Strategy led by an ad hoc task force is to work on developing a consistent approach to measuring climate-related risk in its portfolio, as well as to engage with financial industry players on practices for climate risk disclosures.

Greenhouse gas emissions

Metric: EM-CO-110a.1



Direct (Scope 1*) ¹ GHG emissions in Mt tonnes of CO₂ equivalent per year resulting from EIB Group internal operations

	2018	2017	2016
Scope 1 GHG emissions (in Mt CO ₂ e/year)	0.000075	0.000091	0.000098

For more information, emissions calculations, including scope 2 and 3, and details on compensation of scope 1, 2 and 3 emissions, please see [the EIB Group Carbon Footprint report 2018](#).



Carbon footprint of EIB financing

	2018	2017	2016
Number of projects	68	55	70
Total EIB amount signed (in EUR bn)	9.5	9.4	17.7
Absolute emissions (in Mt CO ₂ e/year) ²	2.2	5.2	2.4
Carbon sequestration from forestry (in Mt CO ₂ e/year) ²	2.8	0.3	3.5
Relative emissions (in Mt CO ₂ e/year) ²	-3.5	-2.9	-2.7

The table reports projects with significant estimated greenhouse gas emissions, i.e. emissions above one or both of the following two thresholds:

- absolute emissions (actual emissions from the project) > 100,000 tonnes of 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.

For more information, please see the [Sustainability Report 2018](#).

¹ Emissions from sources that are owned or controlled by the reporting entity (i.e. any owned or controlled activities that release emissions straight into the atmosphere).

² 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.

Greenhouse gas emissions (continued)

Metric: EM-CO-110a.2



Management of Scope 1 emissions

Since 2007, the EIB Group has been managing the carbon emissions resulting from its internal activities as part of its corporate responsibility efforts every year.

For more information, please see [the EIB Group Carbon Footprint report 2018](#).



Carbon footprint of EIB financing

The EIB climate-related standards of the Environmental and Social Standards require its financing to be aligned with EU climate policies, which should be taken into account at all stages of the project cycle.

In the economic appraisal of investment projects, the EIB assesses the costs and benefits to society as a whole. This takes into account the 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.

An economic appraisal, which is different from a financial appraisal, is often needed because markets are not always sufficiently competitive, prices are often distorted, and property rights are at times not well defined, leaving externalities such as CO₂ emissions without an (appropriate) price assigned to them. A project's financial return may therefore not be an adequate indicator to demonstrate the impact on society.

The Bank uses established techniques to appraise a project's economic value, such as cost-benefit analysis, cost-effectiveness analysis and multi-criteria analysis. Cost-benefit analysis is the preferred method wherever sufficient data is available. This is generally the case in sectors such as agro-industry, energy, manufacturing, telecommunications, tourism, transport and water/wastewater. In other areas, e.g. education, health, or urban and regional development, the benefit of a project may not be easily measured monetarily.

Project promoters must ensure that all projects comply with appropriate national and, where applicable, EU legal requirements, including multilateral agreements, related to climate change policy.

The EIB calculates and reports the carbon footprint of the projects it finances to provide transparency on the GHG emissions footprint of its financing activities.



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