Sustainability Awareness Bonds Framework
For the year ended 31 December 2020
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1. Management Responsibilities

The management of the European Investment Bank (respectively, “Management” and the “Bank”) is responsible for the preparation and content of the Sustainability Awareness Bonds Framework (hereafter “the SAB Framework”). SABs complement Climate Awareness Bonds by extending the same approach from climate change mitigation to further areas of environmental and social sustainability.

The SAB Framework has been properly prepared to describe, in all material respects, the SAB-related objectives, procedures, responsibilities, and processes, such description being the SAB Internal Criteria of the Bank (hereafter referred to as the “SAB Internal Criteria”), as further detailed in section 2 below. The SAB Framework also entails the reports prepared based on the SAB Internal Criteria.

Management considers that SAB Internal Criteria are aligned to both the Green Bond Principles 2018 (hereafter the “GBP”) and the Social Bond Principles 2020 (hereafter the “SBP”), with the former being especially relevant to underlying green projects and the latter to underlying social projects. SABs are thus “Standard Use of Proceeds Bonds” as per Appendix I to both of the GBP and the SBP, respectively, and “Sustainability Bonds” as per the Sustainability Bond Guidelines 2018 issued in June 2018 (hereafter the “SBG”).

The GBP were included in EIB’s list of “Best Banking Practices in the field of Financial Activities” in 2018 and the SBP were included in such list in 2020.

In June 2019, under the aegis of the European Commission (EC), the Technical Expert Group on sustainable finance (TEG) proposed:

a) an EU Taxonomy for climate change mitigation and adaptation¹ (hereafter the “TEG Taxonomy Proposal”), finalizing such proposal in March 2020².

b) a new “European Union Green Bond Standard” (hereafter the “TEG EUGBS Proposal”), complementing such proposal with a Usability Guide in March 2020³.

The TEG Taxonomy Proposal is the core reference for the EU Sustainability Taxonomy (“EUST”) the EC is bound to establish in the context of the Regulation on the establishment of a framework to facilitate sustainable investment⁴ (“EU Taxonomy Regulation” or “EUTR”) that entered into force in July 2020.

The TEG EUGBS Proposal is the core reference for the EUGBS the EC is bound to establish in the context of an EUGBS Regulation the EC proposed on 6th July⁵. The TEG EUGBS Proposal requires alignment of the use of proceeds with the EUST, or, in absence of the EUST, with the logic of the EUST.

At this stage, the EU Taxonomy Regulation:

a) includes only environmental objectives;
b) states that, by 31 December 2021, the Commission shall publish a report describing the provisions that would be required to cover other sustainability objectives, such as social objectives.

Coherently with the above, Management expects that:

1. the potential future inclusion of social objectives in the EU Taxonomy Regulation could lead to the adoption of an “EU Social Bond Standard”;
2. any such “EU Social Bond Standard” would apply the same logic of the EU Green Bond Standard to social bonds and the social part of sustainability bonds, requiring the alignment of the use of proceeds with the EUST, or, in absence of the EUST, with the logic of the EUST.

In line with the Climate Bank Roadmap 2021-2025, Management plans to gradually align:

1. EIB’s tracking methodology for climate action and environmental sustainability (“CA&ES” or “green”) finance with the framework defined by the EU Taxonomy Regulation, as this develops over time;
2. the SAB Internal Criteria with the EUGBS as retained and over time amended by the EC, notably to progressively align the SAB Project Eligibility Criteria for environmental objectives with EUTR-aligned CA&ES eligibility criteria.

In addition, Management plans to gradually align the SAB Internal Criteria with any future “EU Social Bond Standard” as retained and over time amended by the EC, notably to progressively align the SAB Project Eligibility Criteria for social objectives with any future social component of the EUST, or, in absence of such component, with the logic of the EUST.

For these purposes, the Bank adopted SAB documentation tuned to evolving EU legislation on sustainable finance for the inaugural issue in September 2018 (as further described under 2.3.1.3 below) and the Finance and Projects Directorate have jointly developed:

- an Initial plan for SAB product development (environmental objectives) and alignment with the EU Green Bond Standard in the context of the Climate Bank Roadmap;
- an Initial plan for SAB product development (social objectives) and alignment with the EU Social Bond Standard in the context of the Climate Bank Roadmap.

These plans have already led to first extensions of SAB eligibilities in 2020 (as further described under 2.1 below).

Management considers that:

(a) the SAB Internal Criteria are aligned with the Technical Expert Group’s EU Green Bond Standard Proposal of June 2019/March 2020 in the areas of “Green Bond Framework”, “Reporting”, and “Verification”;7

7 Management expects that any potential future EU Social Bond Standard would apply the same logic of the EU Green Bond Standard to social bonds and the social part of sustainability bonds. Statement (a) therefore applies in the areas of both environmental and social sustainability.
(b) in the remaining area of the EU Green Bond Standard Proposal, “Green Projects”, the SAB Project Eligibility Criteria are aligned with the logic of the EU Sustainability Taxonomy;

(c) the environmental objectives of SAB-eligible projects are a sub-set of the environmental objectives of the EU Taxonomy Regulation;

as detailed in sections 2.3.1.1 and 2.3.2.1.4 as well as in Annex 1 and Annex 2 of this SAB Framework.

Management is responsible for establishing and maintaining effective internal control over its SAB related activities in conformity with the SAB Internal Criteria. As outlined in section 2 below, the Bank has implemented a process of segregation of responsibilities in respect of the process for project evaluation and selection carried out by the Projects Directorate, and the management of proceeds carried out by the Finance Directorate.

KPMG Luxembourg, Société Coopérative, the Bank’s independent auditor, has issued a reasonable assurance report, including a tailored version of the Sustainability Bond External Review Form as per SBGs, which accompanies this SAB Framework.

The external auditor has been given unrestricted access to all financial records and expected impact records and related data. Management believes that all representations made to the external auditor during its assurance engagement were valid and appropriate.

Luxembourg, 7 October 2021

[Signatures]

Bertrand de Mazières  
Director General of Finance

Christopher Hurst  
Director General of Projects

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8 “aligned with the logic of the EU Sustainability Taxonomy” means structured to include criteria or processes for the assessment of “substantial contribution”, “no significant harm”, “minimum social safeguards”. In line with the previous footnote, this definition applies in the areas of both environmental and social sustainability.
2. **SAB Internal Criteria**

The Management of the Bank has prepared the SAB Framework in accordance with the Sustainability Bond Guidelines\(^9\) supported by internally developed guidelines (together referred to as the “SAB Internal Criteria”) as further outlined below.

### 2.1. Objectives

“Accountability in the future disbursement in the fields of renewable energy and energy efficiency and precise definition of the types of projects to be included in this category” was proposed by the Director General of Finance and approved by the Management Committee of the EIB as the key objective of EIB’s first Climate Awareness Bond (CAB) issued in 2007. These objectives were reiterated on the occasion of the upgrade of the CAB Internal Criteria in 2015\(^10\). SAB complement CAB by extending the same approach from climate change mitigation to further areas of environmental and social sustainability.

The EC Action Plan on Financing Sustainable Growth of March 2018\(^11\) – notably the EU Taxonomy Regulation which entered into force in July 2020 – is redefining the framework of the Bank’s sustainability lending and funding.

This plan aims to establish a unified EU classification system – or taxonomy – for sustainable activities. Once this framework will enter into force, the Bank expects that the market will consider that the Bank’s loans and its other investments are EU-sustainable only if the funds are deployed in economic activities that live up to the requirements of the EU Sustainability Taxonomy. Equally, the EU Green Bond Standard proposal released on 18 June 2019, explicitly requires that EU Green Bonds are allocated to economic activities that live up to the requirements of the EU Sustainability Taxonomy. The Bank believes that this principle would therefore directly apply to SABs, whose allocation should be to EU-sustainable disbursements.

Regarding the EU Taxonomy Regulation’s environmental objectives beyond climate, the EUTR states that “the Commission shall adopt the delegated act … by 31 December 2021, with a view to ensuring its application from 1 January 2023”.\(^12\)

The EU Taxonomy Regulation considers a broad range of eligible activities. The Bank believes that this highlights the relevance of a gradual extension of SAB allocations in the context of the EC Action Plan on Financing Sustainable Growth. This can be achieved via: progressive extension of SAB eligibilities; alignment – in all activities covered by the EUST – of SAB Project Eligibility Criteria with EUST technical screening criteria; alignment – in all activities not covered by the EUST – of SAB Project Eligibility Criteria with the logic of the EUST;\(^13\) and establishment of the required procedures and IT-infrastructure.

In this context, EIB’s Management Committee and Board of Directors have approved the following policy documents in November 2020:

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\(^9\) As per Sustainability Bond Guidelines 2018: “Sustainability Bonds are bonds where the proceeds will be exclusively applied to finance or re-finance a combination of both Green and Social Projects. Sustainability Bonds are aligned with the four core components of both the GBP and SBP with the former being especially relevant to underlying Green Projects and the latter to underlying Social Projects.”

\(^10\) See section 2.1 of the 2019 CAB Framework


\(^12\) see Articles 11, 12, 13, 14, and 15

\(^13\) As per footnote 8 above
1. *Climate Bank Roadmap 2021-2025*[^14], which states that EIB will:

- increase its level of support to climate action and environmental sustainability to exceed 50% of its overall lending activity by 2025 and beyond (item 6 p.vi);
- align its tracking methodology for green finance with the EU Taxonomy Regulation (item 5.3);
- reflect such alignment via extension of the eligibilities of EIB’s green and sustainable bonds (item 2.49), i.e. CABs and SABs;
- gradually align CABs/SABs with the proposed EU Green Bond Standard (item 2.49).

2. *Climate Strategy*[^15], which states that the EIB will:

- continue to extend the scope of its CABs and SABs to cover additional activities, in line with the proposal for an EUGBS;
- support the Green Bond Market in quantity and quality.

In anticipation of these developments, the Finance Directorate created a “Sustainability Funding” team in its Capital Markets Department entirely dedicated to the development and issuance of CABs and SABs in 09/2018. This team has, in close cooperation with the relevant services:

- adopted new CAB/SAB documentation (09/2018), as described in 2.3.1.3 below, that foresees allocation of proceeds to EIB’s lending activities aligned with the EU Taxonomy Regulation and therefore permits a gradual extension of loan eligibilities in line with evolving EU legislation on sustainable finance;
- developed jointly with the Projects Directorate “Initial Plans for CAB/SAB Product Development and Alignment with the EU Green Bond Standard in the Context of the Climate Bank Roadmap” (30/04/2020).[^16]

The Projects Directorate collaborates closely with the Finance Directorate on CAB/SAB since inception. The Projects Directorate has developed an EU Taxonomy Alignment Transition Plan for the alignment of CA&ES definitions with the EU Sustainability Taxonomy. This plan is described in table 5.3 of chapter 5 of the Climate Bank Roadmap. This will enable the identification of EUTR-aligned green loans and other lending products – at a moment when the demand for these products is growing – and thereby also facilitate extension of CAB/SAB eligibilities. This table is reported here-below:

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[^16]: These plans include product development in the area of both environmental and social sustainability, as requested by a work plan approved by EIB’s Management Committee in February 2020
In March 2020, the Projects Directorate established CAB and SAB Coordination Groups, which support the Projects Directorate’s dedicated dialogue with the Finance Directorate further. Supported by the Sustainability Funding Team, both coordination groups prepared first extensions of CAB/SAB eligibilities during 2020 and at the beginning of 2021— in line with aforementioned product development plans. These 2020-2021 extensions are highlighted in bold in the following diagram, which describes the status quo regarding the complementary CAB/SAB eligibilities.

**Table 1: CAB/SAB eligible objectives and activities**

<table>
<thead>
<tr>
<th>Climate Awareness Bonds</th>
<th>Sustainability Awareness Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives</strong></td>
<td><strong>Environmental (other than climate change mitigation)</strong></td>
</tr>
<tr>
<td></td>
<td>So far:</td>
</tr>
<tr>
<td></td>
<td>• Pollution Prevention and Control (2018)</td>
</tr>
<tr>
<td></td>
<td>• Protection and Restoration of Biodiversity and Ecosystems (2021)</td>
</tr>
<tr>
<td><strong>Activities</strong></td>
<td>Eligible activities:</td>
</tr>
<tr>
<td></td>
<td>• Research, development and deployment of innovative low carbon technologies (2020)</td>
</tr>
</tbody>
</table>

Source: Climate Bank Roadmap 2021-2025, p. 59.
In 12/2020:

1. the Evaluation Operations’ independent report on “Evaluation of EIB’s Climate Awareness Bond” (the “EV CAB-Report”)\(^\text{17}\) recommended that:
   
   - “The EIB should continue to play a key role in further shaping the green bond market and fostering its development”, notably “through regular reference sized issuance” – as “market participants expect the EIB to increase the overall volume of CAB and SAB issuance”; and
   - “The EIB should continue to lead the way in demonstrating the application of the EU Green Bond Standard and the EU Taxonomy and championing EU standards globally.”

2. the Finance Directorate adopted a formal Policy on CABs and described it in a second CAB Note (the “FI CAB Policy Note”), which reiterates the CAB-objectives of 2007 and extends them to SABs, illustrates the progress already made with regard to both CABs and SABs and delineates the intended course of EIB’s strategy for both instruments in the context of the EU Taxonomy Regulation and the Climate Bank Roadmap.

In March 2021, EIB’s Board of Directors has approved the EV CAB-Report, which extends the CAB-recommendations to SABs, and in July 2021, EIB’s Management Committee has retained “Sustainability Funding” (i.e. CAB/SAB-funding) as Sub Action Plan 4 in Action Plan 2 “Strategic business development” of the Climate Bank Roadmap.

2.2. Procedures and responsibilities

With regard to the SAB programme, the Bank has implemented a segregation of responsibilities between the Projects Directorate and the Finance Directorate.

In 2020, such responsibilities were carried out as follows:

2.2.1. The Projects Directorate

i) defines the SAB-eligibility criteria;

ii) at appraisal, assesses the SAB-eligibility of each project to be presented to the Board of Directors and enters a SAB-eligibility percentage in the IT-system, if applicable, for each such projects;

iii) on a monthly basis,
   - reviews the loans approved by the Board of Directors in the preceding month;
   - amends the SAB-eligibility percentage entered in the IT-systems, if necessary;

iv) on a quarterly basis,
   - generates and reviews a list with all eligible disbursements;
   - checks and resolves any inconsistencies in the related SAB eligibility percentages or SAB reporting indicators stored in the IT-systems of the Bank;

• submits the checked list to the Finance Directorate to permit the Finance Directorate to reconcile the data provided by the Projects Directorate with the data separately provided by the dedicated IT-tool operated by the Finance Directorate and to investigate any discrepancy with the Projects Directorate;
• enters any change of the SAB eligibility percentage in the Bank’s IT-systems on a timely basis, permitting in particular the Finance Directorate to re-run the IT-tool based on the amended SAB eligibility percentages prior to the semiannual SAB data freeze, book the SAB data into the SAB portfolios and publish the final SAB allocation report in accordance with the requirements of the Finance Directorate;
v) on an annual basis, provides to the independent external auditor and the Finance Directorate the validated impact report on the SAB-recipient projects in the format required by the Finance Directorate for publication in the SAB Framework.

2.2.2. **The Finance Directorate**

i) whenever needed, retrieves all the SAB-relevant cash-flows (issues/disbursements), converts them into EUR where applicable\(^\text{18}\), matches them on a first-in-first out basis and calculates the daily balance of unallocated SAB-proceeds;

ii) on a quarterly basis:

• reconciles the disbursement list provided by the Projects Directorate with the data separately provided by the dedicated IT-tool operated by the Finance Directorate and investigates any discrepancy with the Projects Directorate;
• re-runs the IT-tool based on any change of the SAB eligibility percentages in the Bank’s IT-systems by the Projects Directorate;
• provides:
  o the total volume of SAB issuance during the quarter and since the beginning of the year,
  o the total volume of SAB-eligible disbursements during the quarter and since the beginning of the year,
  o the total volume of SAB-proceeds allocated to such disbursements during the quarter and since the beginning of the year,
  o the balance of the SAB-portfolios at the beginning of the year, at the beginning of the quarter and at the end of the quarter, and
  o the list of recipient projects (project identification, project name, project location and the SAB allocation made to the project during the quarter) during the quarter and since the beginning of the year.

iii) on a semi-annual basis:

• re-runs the IT-tool based on any change of the SAB eligibility percentages in the Bank’s IT systems by the Projects Directorate prior to the SAB data freeze,
• books the balance of the unallocated SAB-proceeds into the SAB-portfolios,
• calculates, for each day of the preceding six months, the daily interest on the daily outstanding balance of the unallocated SAB-proceeds, adding the total interest (i.e. the

\(^{18}\) All unswapped non-EUR cashflows are converted into EUR by the dedicated IT-tool using the last available end-of-month ECB exchange rate.
sum of the daily interest amounts) accumulated since the previous booking to the balance of the unallocated SAB-proceeds.

iv) at the end of the year, provides all the relevant information via the following standard passus:

“During [relevant year], EIB issued EUR xxx of Sustainability Awareness Bonds. In the course of the year, EUR xxx of disbursements were found eligible for allocation of proceeds from SAB issuance and EUR xxx of SAB proceeds were allocated to such disbursements following EIB’s allocation procedures. The balance of unallocated SAB-proceeds in the treasury SAB-portfolio amounted to EUR xxx at the beginning of the year and to EUR xxx at the end of the year.”

2.3. Processes

In line with the SBGs, SAB-related processes have four core components (use of proceeds, process for project evaluation and selection, management of proceeds and reporting), which are described hereafter and summarized in Annex 3.

2.3.1. Use of proceeds

§ 1 “Use of Proceeds” of the GBPs and the SBPs state that “the cornerstone of a Green [Social] Bond is the utilization of the proceeds of the bond for Green [Social] Projects, which should be appropriately described in the legal documentation for the security. All designated Green [Social] Projects should provide clear environmental [social] benefits…it is recommended that issuers provide an estimate of the share of financing vs. re-financing…”

In this area, EIB’s SABs align with the GBPs and the SBPs, and therefore with the SBGs, as follows:

2.3.1.1. Utilization of the proceeds

Proceeds from SABs are allocated to eligible disbursements which take place only following the value date of the issuance of the bonds. Investments financed by the EIB that substantially contribute to environmental and/or social objectives other than climate change mitigation are eligible for SAB allocations.

The EIB is in the process of aligning its SAB Project Eligibility Criteria with the EU Taxonomy Regulation in a stepwise manner. At this stage, the EUTR includes only environmental objectives. According to Article 3 of the EUTR, an economic activity shall qualify as environmentally sustainable where that economic activity:

a) contributes substantially to one or more of the environmental objectives set out in the EU Taxonomy Regulation;

b) does not significantly harm any of the environmental objectives set out in the EU Taxonomy Regulation;

c) is carried out in compliance with the minimum safeguards laid down in the EU Taxonomy Regulation; and

d) complies with technical screening criteria that have been established by the Commission in accordance with the EU Taxonomy Regulation19.

19 During the transition period until the EU Taxonomy and Technical Screening Criteria are fully available, “compliance with technical screening criteria” means compliance with the “logic of the EU Sustainability Taxonomy” as defined in footnote 8.
Social sustainability objectives are defined by the EIB until extension of the EU Taxonomy Regulation to such objectives.

The SAB Project Eligibility Criteria applied in 2020 are detailed in Annex 1.

**2.3.1.2. List of activities allocated in 2020**

2.3.1.2.1. **Water projects** contributing substantially to the following sustainability objectives:

**Environmental objectives**
(as per article 9 of EU Taxonomy Regulation as further described in item 2.3.2.1. below)

2.3.1.2.1.a. **Sustainable use of water resources (Article 12 of EUTR)**
All investments aimed primarily at (i) increasing water use efficiency such as the upgrade of water production, transfer, storage and distribution infrastructure; (ii) increasing wastewater reuse such as tertiary treatment, aquifer recharge, dual networks; and (iii) improving watershed management through measures such as drought management plan, aquifer protection, green infrastructure.

2.3.1.2.1.b. **Pollution prevention and control (Article 14 of EUTR)**
All investments aimed primarily at preserving the quality of water bodies (ground water, surface water, sea) such as the upgrade of wastewater collection networks; urban drainage and storm water management; construction/expansion/upgrade of wastewater treatment plants; wastewater treatment facilities for non-utility activities; development of advanced wastewater treatment technologies to meet environmental requirements not yet encompassed in the EU Law (e.g. micro-pollutants).

**Social objectives**
(as defined by EIB until extension of the EU Taxonomy Regulation to social sustainability objectives)

2.3.1.2.1.c. **Access to water and sanitation**
All investments aimed primarily at improving access to water and sanitation services and to increasing water security such as water production, transfer, storage and distribution infrastructure; wastewater network extension, connections and on-site sanitation facilities;

2.3.1.2.1.d. **Natural disaster risk management**
All investments aimed primarily at prevention of flood related disasters such as grey and green infrastructure (e.g. coastal protection works, dams, reservoirs, dykes, drainage systems, storm water infrastructure, early warning systems, eco-system based rainwater collection, re-use and natural flood protection).

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20 Including water loss reduction program (e.g. pressure control), upgrade of IT systems, capacity building to reduce Non Revenue Water etc.

21 As per definition of Green Infrastructure provided in EIB’s Guide “Investing in Nature, Financing conservation and nature-based solutions”.

22 As per definition of Green Infrastructure provided in EIB’s Guide “Investing in Nature, Financing conservation and nature-based solutions”.
2.3.1.2.2. **Education projects** contributing substantially to the following sustainability objective:

**Social objective**
(as defined by EIB until extension of the EU Taxonomy Regulation to social sustainability objectives)

2.3.1.2.2.a. **Access to equitable and inclusive education**
All investments aimed primarily at improving access to equitable and inclusive education such as the construction, upgrade or renovation of academic facilities of public institutions for pre-primary, primary, secondary education (ISCED 0-3) and higher education (ISCED 5-8);

2.3.1.2.3. **Health projects** contributing substantially to the following sustainability objectives:

**Social objectives**
(as defined by EIB until extension of the EU Taxonomy Regulation to social sustainability objectives)

2.3.1.2.3.a. **Universal access to affordable health services**
All investments aimed primarily at improving universal access to affordable health services such as the construction, upgrade or renovation of healthcare infrastructure and provision of health technologies and equipment for delivery of healthcare, public health and prevention services

2.3.1.2.3.b. **Health emergencies response and preparedness capacity**
All investments aimed primarily at improving health emergencies response and preparedness capacity such as construction, renovation or upgrade of healthcare infrastructure; provision of health technologies and equipment; and emergency-specific operational expenditures (e.g. consumables, drugs, services, staff costs) for response and preparedness capacity to Health Emergencies defined by WHO (epidemics, pandemics, natural disasters, man-caused disasters)

2.3.1.3. **Documentation**

The Prospectus/Final Terms of issue for each SAB explicitly state that:

“Sustainability Awareness Bonds (SABs) complement CABs by extending the same approach from climate to other areas of environmental and social sustainability. The proceeds of the Bonds will be allocated to EIB’s lending activities contributing to sustainability objectives in line with the European Union legislation…”

and specifies that:

“Sustainability objectives and activities are subject to revision in the context of the European Union legislative developments. Such revisions will not be notified to Bondholders.”

2.3.1.4. **Clear environmental and social benefits**

The Project Eligibility Criteria in Annex 1 are defined by the Projects Directorate.
The EIB is in a process of aligning its SAB Project Eligibility Criteria with the EU Taxonomy Regulation in a stepwise manner. In this context, “clear environmental and social benefit” means “substantial contribution” to the environmental and social sustainability objectives listed in 2.3.2.1 below.

### 2.3.1.5. Share of financing versus refinancing

There is no refinancing of previously allocated project disbursements with new SAB issues.

### 2.3.2. Process for project evaluation and selection

§ 2 “Process for project evaluation and selection” of the GBPs and SBPs states that “the issuer of a Green [Social] Bond should clearly communicate to investors: the environmental sustainability [social] objectives; the process by which the issuer determines how the projects fit within the eligible Green [Social] Projects categories …; the related eligibility criteria, including, if applicable, exclusion criteria or any other process applied to identify and manage material environmental and social risks associated with the Projects."

In this area, EIB’s SABs align with the GBPs and SBPs, and therefore with the SBGs, as follows:

#### 2.3.2.1. Environmental and social sustainability objectives\(^\text{23}\)

2.3.2.1.1. Art. 3 (3) of the Treaty on the European Union states that: “The Union shall establish an internal market. It shall work for the sustainable development of Europe … aiming at … social progress …. and a high level of protection and improvement of the quality of the environment..”

2.3.2.1.2. Art. 309 of the Treaty on the Functioning of the European Union states that: “The task of the European Investment Bank shall be to contribute, by having recourse to the capital market…, to the balanced and steady development of the internal market in the interest of the Union.”

2.3.2.1.3. Art. 7 (2) of the Statute of the European Investment Bank states that: “The Board of Governors shall lay down general directives for the credit policy of the Bank, in accordance with the Union’s objectives”.

2.3.2.1.4. Art. 9 of the EU Taxonomy Regulation states that: “For the purposes of this Regulation the following shall be environmental objectives:

(a) climate change mitigation;
(b) climate change adaptation;
(c) the sustainable use and protection of water and marine resources;
(d) the transition to a circular economy;
(e) pollution prevention and control;
(f) the protection and restoration of biodiversity and ecosystems.”

SABs may be allocated to environmental objectives from (b) to (f) above.

2.3.2.1.5. SABs may also be allocated to social objectives, which are not yet covered by the EU Sustainability Taxonomy. Until the EUST is extended to such objectives, EIB will use its own definitions within the spirit and logic of the EU Sustainability Taxonomy.

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\(^\text{23}\) For a list of the relevant objectives in 2020, please see 2.3.1.2.
2.3.2.2. **Process to determine how the projects fit within the eligible Green and Social Projects categories**

As per procedures 2.2.1 i), ii) and iii) above, following approval of a loan by EIB’s Board of Directors\(^{24}\), the Projects Directorate assesses its eligibility for SAB purposes. Loan SAB-eligibility is based on the applicable SAB Project Eligibility Criteria, a review and assessment of the Projects Directorate’s appraisal documentation and, if applicable, additional information from Projects Directorate’ appraisal teams. Eligibility is expressed in % terms of project investment costs, based on the recipient project’s SAB-eligible components, and then recorded by the Projects Directorate in EIB’s IT systems.

![Flowchart](image)

2.3.2.3. **Eligibility criteria**

As per Annex 1 below.

2.3.3. **Management of proceeds**

§ 3 “Management of proceeds” of the GBPs and SBPs state that “the net proceeds of Green [Social] Bonds … should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner, and attested to by the issuer in a formal internal process linked to the issuer’s lending and investment operations for Green [Social] Projects.

So long as the Green [Social] Bond is outstanding, the balance of the tracked net proceeds should be periodically adjusted to match allocations to eligible Green [Social] Projects made during that period. The issuer should make known to investors the intended types of temporary placement for the balance of unallocated net proceeds”.

In this area, EIB’s SABs align with the GBPs and SBPs, and therefore with the SBGs, as described in technical specifications annexed to the FI CAB Policy Note, which apply *pari passu* to SABs.

2.3.3.1. **Sub-portfolio**

\(^{24}\) Loan approvals are based on EIB’s environmental and social due diligence, which conforms with two publicly available documents. These documents are not part of the SAB Internal Criteria:

- EIB Statement of Environmental and Social Principles and Standards, which sets forth the key policies, principles, scope, mitigation hierarchy and organising framework of the Bank’s approach to potential environmental and social impacts and risks arising out of its activities.
- EIB Environmental and Social Handbook, which lists operational requirements for different types of financial products and circumstances. The relevant EIB Environmental and Social Standards (vol. I of the Handbook) are mandatory in their application to borrowers and promoters.

These documents can be accessed at, respectively:
The Prospectus/Final Terms for each SAB state that:

“The net proceeds of the issue of the Bonds will be allocated within EIB’s treasury to a sub-portfolio of the operational money market portfolio.”

One SAB-dedicated liability sub-portfolio of the general liquidity portfolio has been created in EIB’s Treasury for the separate booking of the unallocated SAB-proceeds.

2.3.3.2. **Tracking of proceeds**

A dedicated IT-tool has been designed for the automated tracking of SAB-data (retrieval/processing/matching of: eligible loans, eligibility percentages, disbursement and new issue flows, unallocated balance of the SAB-proceeds).

Data flows are as follows:

2.3.3.3. **Temporary investment**

The Prospectus/Final Terms for each SAB state that:

“Pending such disbursement, the sub-portfolio will be invested in money market instruments.”

One SAB-dedicated asset sub-portfolio of the general liquidity portfolio has been created in EIB’s Treasury for the separate booking of the investment of the unallocated SAB-proceeds.

The unallocated balance of the SAB-proceeds is invested in EIB’s general liquidity portfolio and remunerated at 3MEuribid realized semi-annually with no floor.

2.3.3.4. **Formal internal process linked to the lending and investment operations for green and social projects**

The Prospectus/Final terms for each SAB state that:

“So long as the Bonds are outstanding, the balance of the sub-portfolio will be reduced by amounts matching disbursements made to eligible lending projects.”
The process for project evaluation and selection described in 2.3.2.2. above permits the retrieval in real time, by Back Office Treasury in the Finance Directorate, of all the eligible disbursements that take place under the umbrella of the eligible loans as per procedures 2.2. i), ii) and iii) above. SAB-proceeds are allocated automatically by the IT-tool to new disbursements that take place after issue date only (no refinancing), on a first-in-first-out basis. The daily balances of unallocated SAB-proceeds can be determined by the IT-tool at any time, permitting track-record of SAB eligible disbursements via daily matched reductions of the SAB-portfolios, which are booked semi-annually into the SAB-portfolios.

2.3.4. Reporting

§ 4 “Reporting” of the GBPs and the SBPs states that “issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. This annual report should include a list of the projects to which Green [Social] Bond proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact. …

Transparency is of particular value in communicating the expected impact of projects. The GBP [SBP] recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures … and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination. Issuers with the ability to monitor achieved impacts are encouraged to include those in their regular reporting.

Voluntary guidelines aiming at a harmonized framework for impact reporting exist … (see guidance documents in the Resource Centre at https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/). …

The use of a summary reflecting the main characteristics of a Green [Social] Bond or a Green [Social] Bond programme, and illustrating its key features in alignment with the four core components of the GBP [SBP] may help inform market participants…”

In this area, EIB’s SABs align with the GBPs and SBPs, and therefore with the SBGs, as follows:

2.3.4.1. Availability of information on the use of proceeds and their expected impact

EIB publishes:
2.3.4.1.1.a. in accordance with EIB’s general policy in this field, “Environmental and Social Data Sheets (ESDS)” which are unaudited and summarize the environmental and social evaluation of individual projects at appraisal stage, in a Public Register\(^{25}\) for projects approved since 2013;

2.3.4.1.2. With specific regard to SAB-recipient projects:

2.3.4.1.2.a. preliminary unaudited reports on the use of proceeds, semiannually (project-by-project and bond-by-bond data) in SAB Newsletters.

2.3.4.1.2.b. final reports on use of proceeds and impact, annually in the assured SAB Framework (See section 3. below).

All of aforementioned information is publicly available on EIB’s website\(^{26}\).

2.3.4.2. Renewal of information in case of new developments

All SAB-reports are subject to quarterly quality checks by the Projects and Finance Directorates as per 2.2.1.iv) and 2.2.2.ii) above. Every six months, the allocations in the IT tool are frozen for booking into the SAB-portfolios as well as external publication, and are not modified \textit{ex post}.

Loan eligibility percentages at loan approval may change over time. In order to minimize any divergence between allocations and eligible disbursements, EIB performs quality-checks via the procedure in the Projects Directorate as per 2.2.1 above. The procedure prescribes that the Projects Directorate enter any change of the SAB eligibility percentage in the Bank’s IT-systems on a timely basis, permitting in particular the Finance Directorate to re-run the IT-tool based on the amended SAB eligibility percentages prior to the semiannual SAB data freeze, book the SAB data into the SAB portfolios and publish the final SAB allocation report in accordance with the requirements of the Finance Directorate.

After the freeze, changes (e.g. if a project needs to be removed from the SAB-report because of modification of the project scope) are commented in a transparent manner, with no reinjection of funds into the SAB-portfolios.

2.3.4.3. Transparency in communication of expected impact

The publication of the expected impact of projects is part of EIB’s broader communication with regard to the environment\(^{27}\).

2.3.4.4. Quantitative performance measures

The SAB-impact report indicates EIB’s share in the total project cost and provides quantitative information on the following impact indicators\(^{28}\) for:

Sustainable use of water resources

\(^{25}\) \url{http://www.eib.org/infocentre/register/index.htm} \\
\(^{26}\) \url{http://www.eib.org/investor_relations/cab/index.htm} \\
\(^{27}\) Regulation (EC) 1367/2006 of September 6, 2006 prescribes the application to Community institutions and bodies (thereunder the EIB) of the Aarhus Convention, which sets out the rights of the public with regard to the environment: information, public participation in decision-making and access to justice. This regulation is not part of the SAB Internal Criteria. \\
\(^{28}\) The indicators apply to the activities allocated in 2020 as per 2.3.1.2.
o Non Revenue Water (%);

Pollution prevention and control

o length of sewer and/or stormwater pipes built or upgraded (km);
  o capacity of sewage treatment plant constructed or rehabilitated (p.e.);
  o wastewater treated to acceptable standards (p.e.);

Access to water and sanitation

o persons benefitting from safe drinking water;
  o persons benefitting from improved sanitation services;

Natural disaster risk management

o persons facing reduced risk of flooding;
  o capacity of retentions or room-for-river areas constructed or rehabilitated (m³);

Access to equitable and inclusive education

o square meters created or upgraded;
  o number of students benefitting;
  o number of education staff employed by the involved institutions (optional);
  o number of students from disadvantaged socio-economic background (optional);

Universal access to affordable health services

o share of health services covered by public funding;
  o country UHC services coverage index;
  o volume of patients treated;
  o population covered by improved health services;

Health emergencies response and preparedness capacity

o International Health Regulations (IHR) core capacity index;
  o volume of patients treated;
  o population covered by improved health services.

2.3.4.5. Key underlying methodology and / or assumptions used in the quantitative determination

The SAB-impact report below relies on background information collected, verified, validated and loaded onto EIB’s IT-systems by the Projects Directorate.

2.3.4.6. Reference framework for impact reporting

The Bank has aligned its related processes and procedures with recommendations in the document “Working towards a harmonized framework for Green Bond impact reporting” jointly published by AFD,

29 Population equivalent: unit to measure the pollution load of wastewater
AfDB, ADB, EBRD, EIB, IBRD, IDB, IFC, KFW, FMO, NIB on December 2, 2015\textsuperscript{30}, and referenced in the GBP Resource Centre\textsuperscript{31}, when preparing the SAB impact report.

2.3.4.7. \textit{Summary of main characteristics}

See Annexes 3 and 4.

3. \textbf{Reports}

3.1. \textbf{Use of proceeds reports}

3.1.1. SAB-issuance report

<table>
<thead>
<tr>
<th>ISIN</th>
<th>Launch date</th>
<th>Maturity date</th>
<th>Coupon</th>
<th>Bond currency</th>
<th>Nominal amount issued in currency (m)</th>
<th>Net proceeds in EUR (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>XS1878833695</td>
<td>15/01/2020</td>
<td>15/05/2026</td>
<td>0.38%</td>
<td>EUR</td>
<td>250</td>
<td>260.06</td>
</tr>
<tr>
<td>XS2152926064</td>
<td>31/03/2020</td>
<td>15/05/2023</td>
<td>0.28%</td>
<td>SEK</td>
<td>3,000</td>
<td>271.22</td>
</tr>
<tr>
<td>XS2154339860</td>
<td>02/04/2020</td>
<td>15/05/2028</td>
<td>0%</td>
<td>EUR</td>
<td>1,000</td>
<td>1002.47</td>
</tr>
<tr>
<td>AU3CB0272201</td>
<td>12/05/2020</td>
<td>28/05/2030</td>
<td>1.40%</td>
<td>AUD</td>
<td>350</td>
<td>206.24</td>
</tr>
<tr>
<td>US298785JE71</td>
<td>12/05/2020</td>
<td>17/05/2030</td>
<td>0.88%</td>
<td>USD</td>
<td>1,000</td>
<td>919.46</td>
</tr>
<tr>
<td>XS2154339860</td>
<td>17/09/2020</td>
<td>15/05/2028</td>
<td>0%</td>
<td>EUR</td>
<td>250</td>
<td>258.20</td>
</tr>
<tr>
<td>US298785JJ68</td>
<td>14/10/2020</td>
<td>21/10/2027</td>
<td>0.63%</td>
<td>USD</td>
<td>1,000</td>
<td>854.12</td>
</tr>
</tbody>
</table>

\begin{tabular}{|c|c|c|c|c|c|}
\hline
\textbf{ISIN} & \textbf{Launch date} & \textbf{Maturity date} & \textbf{Coupon} & \textbf{Bond currency} & \textbf{Nominal amount issued in currency (m)} & \textbf{Net proceeds in EUR (m)} \\
\hline
XS1878833695 & 15/01/2020 & 15/05/2026 & 0.38\% & EUR & 250 & 260.06 \\
XS2152926064 & 31/03/2020 & 15/05/2023 & 0.28\% & SEK & 3,000 & 271.22 \\
XS2154339860 & 02/04/2020 & 15/05/2028 & 0\% & EUR & 1,000 & 1002.47 \\
AU3CB0272201 & 12/05/2020 & 28/05/2030 & 1.40\% & AUD & 350 & 206.24 \\
US298785JE71 & 12/05/2020 & 17/05/2030 & 0.88\% & USD & 1,000 & 919.46 \\
XS2154339860 & 17/09/2020 & 15/05/2028 & 0\% & EUR & 250 & 258.20 \\
US298785JJ68 & 14/10/2020 & 21/10/2027 & 0.63\% & USD & 1,000 & 854.12 \\
\hline
\end{tabular}

\textbf{Total}: 3,773.77

3.1.2. Report on unallocated balances, aggregate issuance and aggregate allocations

<table>
<thead>
<tr>
<th></th>
<th>\textbf{EUR million}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2020</td>
<td>192.85</td>
</tr>
<tr>
<td>SAB issues</td>
<td>3,773.77</td>
</tr>
<tr>
<td>SAB allocations</td>
<td>3,863.19</td>
</tr>
<tr>
<td>SAB portfolio interest</td>
<td>4.96</td>
</tr>
<tr>
<td>Balance at 31 December 2020</td>
<td>98.45</td>
</tr>
</tbody>
</table>

\textsuperscript{30} \url{http://www.eib.org/attachments/fi/informationonimpactreporting.pdf}
\textsuperscript{31} \url{https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/}
3.1.3. **Project-by-project report**


3.1.4. **Bond-by-bond report**


3.2. **Impact report**

4. Annexes

Annex 1: SAB Project Eligibility Criteria (technical screening criteria)
Annex 2: Alignment of SAB Framework with the TEG EUGBS Proposal
Annex 3: Summary table of SAB-alignments with the GBPs and the SBPs
Annex 4: Summary table of SAB-alignments with the TEG EUGBS Proposal
Annex 1  SAB Project Eligibility Criteria (“technical screening criteria”)  

EU Taxonomy alignment & SAB eligibility in 2020

EU Taxonomy alignment of SAB:

Proceeds from Sustainability Awareness Bonds (SAB) shall be allocated only to finance projects which contribute substantially to environmental objectives other than climate change mitigation and/or social objectives.

The EIB is in a process of aligning its SABs with the EU Taxonomy in a stepwise manner. “Alignment with the EU Taxonomy” can, in some cases, mean that EIB may select criteria for substantial contribution that are more stringent than the EU Taxonomy criteria (but not less so). However, the EU Taxonomy as proposed by the EU Technical Expert Group (TEG) on sustainable finance does not cover all objectives where SAB-eligible activities may be found. For those objectives, the EIB uses its own definitions within the spirit and logic of the EU Taxonomy.

For all SAB-eligible operations in 2020, the EIB applies the following approach for “Substantial Contribution” (SC), “Do No Significant Harm” (DNSH) and “Minimum Social Safeguards” (MSS):

i. Substantial Contribution:

In 2020, the EIB’s technical screening criteria are presented in a structure that is aligned with the EU Taxonomy.

ii. “Do no significant harm” (DNSH) and “Minimum Social Safeguards” (MSS)

The EIB has a well-established set of Environment and Social (“E&S”) Standards aimed at safeguarding the environmental and social sustainability of all its operations. The EIB E&S Standards have been developed in line with international best practice and in regular coordination with the other Multilateral Development Banks. The E&S Standards are aimed at ensuring that any EIB-financed operation does not cause significant environmental and/or social adverse impacts. This purpose is in line with the logic of the “do no significant harm” (“DNSH”) and “minimum social safeguards” (“MSS”) requirements contained within the EU Taxonomy. Specifically, the E&S Standards impose minimum requirements to project promoters requesting EIB funding, both inside and outside of the EU. The Bank’s due diligence process at appraisal stage includes verifying that these requirements will be met. Where needed, it also consists of defining any further contractual conditions that will need to be met by project promoters during project implementation. Further due diligence is conducted during the project monitoring phase to verify that all requirements are fully met throughout project cycle.

In the context of the EU Taxonomy Regulation, the Bank is reviewing its E&S due diligence process to ensure it properly reflects the relevant DNSH and MSS requirements so that it will be able to demonstrate in the future that these requirements are met for the projects contributing substantially to environmental objectives other than climate change mitigation and/or social objectives which are SAB eligible. Upon completion of this review process and following the implementation of any changes required, any project included for financing via Sustainability Awareness Bond proceeds will be fully aligned to the DNSH and MSS requirements of the EU Taxonomy (in addition to being aligned to the substantial contribution requirements). This review and change process is currently on-going and is expected to be completed by the end of 2021.
Eligibility criteria (all sectors):
Investments financed by the EIB in the following sectors are eligible for Sustainability Awareness Bonds (SAB) allocations, provided that the corresponding technical screening criteria for SC are met and the general conditions and exclusions are complied with.

- Water,
- Health,
- Education.

General conditions and exclusions:

- An investment’s SAB-eligibility is expressed in % of its Project Investment Cost (PIC);
- Intermediated investments (global loans, framework loans and intermediated investment loans) are eligible only if 100% of the loan is dedicated to SAB-eligible activities;
- Non-intermediated investments may be eligible for less than 100% of the total amount when only certain components or a share of the investment meet the eligibility criteria;
- Equity and intermediated equity investments are not eligible;
- Only investments under the Bank’s own resources are eligible;
- Any single project component or respective share of investment can only be either CAB-eligible, or SAB-eligible, or not for both. A combined CAB and SAB eligibility is not possible for any single project component or respective share of investment.

Details about the EIBG’s technical screening criteria (as applied to SAB eligible projects in 2020) are provided further below. This also includes the identification of impact indicators per activity that the 2020 SAB framework reports on.
Annex 1  SAB Project Eligibility Criteria (“technical screening criteria”)

List of technical screening criteria and impact reporting indicators, per objective and activity

Substantial contribution (SC) technical screening criteria apply to both, projects inside and outside of the EU, unless specified otherwise for individual activities. They are established in the Bank's internal SAB guidance documents, as amended from time to time. For the purpose of the 2020 SAB framework, all technical screening criteria are presented in a structure that is aligned with the logic of the EU Sustainability Taxonomy.

If an investment consists of several activities, the SAB-eligibility is determined for each activity individually, as a proportion of Project Investment Cost, and as established in the Bank’s internal SAB guidance documents.

In the water sector, an activity may contribute to different objectives depending on the specific context in which it takes place (e.g. the construction upgrade or rehabilitation of water supply infrastructure can contribute to “Access to Water and Sanitation” by improving the number of people having access to safe water services, or to “Sustainable Use of Water Resources” by decreasing the level of water losses). However, for the purpose of the allocation of the use of proceeds, an activity contributes only to one objective at a time.
A. ENVIRONMENTAL OBJECTIVES

A.1. SUSTAINABLE USE OF WATER RESOURCES (Article 12 of EUTR)

<table>
<thead>
<tr>
<th>Table A.1.1.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity name</strong></td>
</tr>
<tr>
<td><strong>TECHNICAL SCREENING CRITERIA FOR SAB ELIGIBILITY</strong></td>
</tr>
<tr>
<td>Description</td>
</tr>
<tr>
<td>NACE Macro-Sector</td>
</tr>
<tr>
<td>Environmental objective</td>
</tr>
<tr>
<td>Rationale of substantial contribution (“Principle”)</td>
</tr>
</tbody>
</table>
| Method of measurement (“Metric”) | River Basin level:
| | • [Water Exploitation Index](#) (WEI)
| | • [Physical Risks Quantity](#) (PRQ)
| | Project level:
| | • Non revenue water (NRW) |
| Condition for sustainability (“Significance threshold”) | River Basin level:
| | • WEI > 20%
| | OR
| | • PRQ ≥ “High Risk”
| | OR
| | Project level:
<p>| | • Reduction in NRW ≥ 1% per year (in absolute terms) |
| Do No Significant Harm (DNSH) | See general clarifications |
| Financing types | See general clarifications |
| Available impact monitoring indicators | • Non Revenue Water (% points) |</p>
<table>
<thead>
<tr>
<th>Activity name</th>
<th>Wastewater reuse</th>
</tr>
</thead>
</table>

**TECHNICAL SCREENING CRITERIA FOR SAB ELIGIBILITY**

<table>
<thead>
<tr>
<th>Description</th>
<th>Construction, upgrade, or rehabilitation of wastewater reuse infrastructure;</th>
</tr>
</thead>
<tbody>
<tr>
<td>NACE Macro-Sector</td>
<td>SECTION E: WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES</td>
</tr>
<tr>
<td>Environmental objective</td>
<td>Sustainable Use of Water Resources</td>
</tr>
<tr>
<td>Rationale of substantial contribution (&quot;Principle&quot;)</td>
<td>• Increase of wastewater reuse</td>
</tr>
<tr>
<td>Method of measurement (&quot;Metric&quot;)</td>
<td>• Eligible by definition</td>
</tr>
<tr>
<td>Condition for sustainability (&quot;Significance threshold&quot;)</td>
<td>• N/A</td>
</tr>
<tr>
<td>Do No Significant Harm (DNSH)</td>
<td>See general clarifications</td>
</tr>
<tr>
<td>Financing types</td>
<td>See general clarifications</td>
</tr>
<tr>
<td>Available impact monitoring indicators</td>
<td>• Capacity of sewage treatment plant constructed or rehabilitated (p.e.)</td>
</tr>
</tbody>
</table>
## Annex 1  SAB Project Eligibility Criteria (‘technical screening criteria’)

### Table A.1.3.

<table>
<thead>
<tr>
<th>Activity name</th>
<th>Water availability improvement</th>
</tr>
</thead>
</table>

### TECHNICAL SCREENING CRITERIA FOR SAB ELIGIBILITY

<table>
<thead>
<tr>
<th>Description</th>
<th>Drought management plan, Managed Aquifer Recharge, surface storage, water allocation at watershed level, water demand management</th>
</tr>
</thead>
<tbody>
<tr>
<td>NACE Macro-Sector</td>
<td>SECTION E: WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES</td>
</tr>
<tr>
<td>Environmental objective</td>
<td>Sustainable Use of Water Resources</td>
</tr>
<tr>
<td>Rationale of substantial contribution (“Principle”)</td>
<td>Improvement of watershed management</td>
</tr>
<tr>
<td>Method of measurement (“Metric”)</td>
<td>Eligible by definition</td>
</tr>
<tr>
<td>Condition for sustainability (“Significance threshold”)</td>
<td>N/A</td>
</tr>
<tr>
<td>Do No Significant Harm (DNSH)</td>
<td>See general clarifications</td>
</tr>
<tr>
<td>Financing types</td>
<td>See general clarifications</td>
</tr>
<tr>
<td>Available impact monitoring indicators</td>
<td>Non Revenue Water (% points)</td>
</tr>
</tbody>
</table>
## A.2. POLLUTION PREVENTION AND CONTROL (Article 14 of EUTR)

### Table A.2.1.

<table>
<thead>
<tr>
<th>Activity name</th>
<th>Wastewater infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TECHNICAL SCREENING CRITERIA FOR SAB ELIGIBILITY</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td>Construction, expansion or rehabilitation of centralized wastewater collection and treatment systems (sewer networks and wastewater treatment plants); switch from combined to separate sewer/storm water system; development of advanced wastewater treatment technologies</td>
</tr>
<tr>
<td><strong>NACE Macro-Sector</strong></td>
<td>SECTION E: WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES</td>
</tr>
<tr>
<td><strong>Environmental objective</strong></td>
<td>Pollution Prevention and Control</td>
</tr>
<tr>
<td><strong>Rationale of substantial contribution (&quot;Principle&quot;)</strong></td>
<td>Preservation of the quality of water bodies</td>
</tr>
<tr>
<td><strong>Method of measurement (&quot;Metric&quot;)</strong></td>
<td>Eligible by definition</td>
</tr>
<tr>
<td><strong>Condition for sustainability (&quot;Significance threshold&quot;)</strong></td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Do No Significant Harm (DNSH)</strong></td>
<td>See general clarifications</td>
</tr>
<tr>
<td><strong>Financing types</strong></td>
<td>See general clarifications</td>
</tr>
<tr>
<td><strong>Available impact monitoring indicators</strong></td>
<td>Length of sewer and/or storm water pipes built or upgraded (km)</td>
</tr>
<tr>
<td></td>
<td>Capacity of sewage treatment plant constructed or rehabilitated (p.e.)</td>
</tr>
<tr>
<td></td>
<td>Wastewater treated to acceptable standards (p.e.)</td>
</tr>
</tbody>
</table>
B. SOCIAL OBJECTIVES

B.1. ACCESS TO WATER AND SANITATION

<table>
<thead>
<tr>
<th>Table B.1.1.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity name</td>
</tr>
<tr>
<td>TECHNICAL SCREENING CRITERIA FOR SAB ELIGIBILITY</td>
</tr>
<tr>
<td>Description</td>
</tr>
<tr>
<td>NACE Macro-Sector</td>
</tr>
<tr>
<td>Social objective</td>
</tr>
<tr>
<td>Rationale of substantial contribution (“Principle”)</td>
</tr>
<tr>
<td>Method of measurement (“Metric”)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Condition for sustainability (“Significance threshold”)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Do No Significant Harm (DNSH)</td>
</tr>
<tr>
<td>Financing types</td>
</tr>
<tr>
<td>Available impact monitoring indicators</td>
</tr>
</tbody>
</table>
### Table B.1.2.

<table>
<thead>
<tr>
<th>Activity name</th>
<th>Wastewater infrastructure</th>
</tr>
</thead>
</table>

#### TECHNICAL SCREENING CRITERIA FOR SAB ELIGIBILITY

<table>
<thead>
<tr>
<th>Description</th>
<th>Construction, upgrade or rehabilitation of wastewater infrastructure and waste water treatment activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>NACE Macro-Sector</td>
<td>SECTION E : WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES</td>
</tr>
<tr>
<td>Social objective</td>
<td>Access to Water and Sanitation</td>
</tr>
<tr>
<td>Rationale of substantial contribution (&quot;Principle&quot;)</td>
<td>• Improvement of access to sanitation services</td>
</tr>
<tr>
<td>Method of measurement (&quot;Metric&quot;)</td>
<td>Project level:</td>
</tr>
<tr>
<td></td>
<td>• Access rate to safely managed sanitation services in the promoter’s service area</td>
</tr>
<tr>
<td>Condition for sustainability (&quot;Significance threshold&quot;)</td>
<td>Project level:</td>
</tr>
<tr>
<td></td>
<td>• Increase in the access rate to safely managed sanitation services in the promoter’s service area</td>
</tr>
<tr>
<td>Do No Significant Harm (DNSH)</td>
<td>See general clarifications</td>
</tr>
<tr>
<td>Financing types</td>
<td>See general clarifications</td>
</tr>
<tr>
<td>Available impact monitoring indicators</td>
<td>• Persons benefitting from improved sanitation services</td>
</tr>
</tbody>
</table>
Table B.1.3.

<table>
<thead>
<tr>
<th>Activity name</th>
<th>Water supply infrastructure</th>
</tr>
</thead>
</table>

**TECHNICAL SCREENING CRITERIA FOR SAB ELIGIBILITY**

<table>
<thead>
<tr>
<th>Description</th>
<th>Construction, upgrade or renovation of water supply infrastructure and facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>NACE Macro-Sector</td>
<td>SECTION E : WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES</td>
</tr>
<tr>
<td>Social objective</td>
<td>Access to Water and Sanitation</td>
</tr>
<tr>
<td>Rationale of substantial contribution (&quot;Principle&quot;)</td>
<td>• Increase in water security</td>
</tr>
<tr>
<td>Method of measurement (&quot;Metric&quot;)</td>
<td></td>
</tr>
<tr>
<td>River Basin level:</td>
<td></td>
</tr>
<tr>
<td>• Water Exploitation Index (WEI)</td>
<td></td>
</tr>
<tr>
<td>• Physical Risks Quantity (PRQ)</td>
<td></td>
</tr>
<tr>
<td>Project level:</td>
<td></td>
</tr>
<tr>
<td>• Asset obsolescence</td>
<td></td>
</tr>
<tr>
<td>Condition for sustainability (&quot;Significance threshold&quot;)</td>
<td></td>
</tr>
<tr>
<td>River Basin level:</td>
<td></td>
</tr>
<tr>
<td>• WEI &gt;30%</td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td></td>
</tr>
<tr>
<td>• PRQ ≥ “High Risk”</td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td></td>
</tr>
<tr>
<td>Project level:</td>
<td></td>
</tr>
<tr>
<td>• Qualitative assessment</td>
<td></td>
</tr>
<tr>
<td>Do No Significant Harm (DNSH)</td>
<td>See general clarifications</td>
</tr>
<tr>
<td>Financing types</td>
<td>See general clarifications</td>
</tr>
<tr>
<td>Available impact monitoring indicators</td>
<td>• Persons benefitting from safe drinking water</td>
</tr>
</tbody>
</table>
### Table B.2.1.

<table>
<thead>
<tr>
<th>Activity name</th>
<th>Flood protection and prevention</th>
</tr>
</thead>
</table>

**TECHNICAL SCREENING CRITERIA FOR SAB ELIGIBILITY**

<table>
<thead>
<tr>
<th>Description</th>
<th>Construction, upgrade, or rehabilitation of grey or green infrastructure (e.g. coastal protection works, dams, reservoirs, dykes, drainage systems, storm water infrastructure, early warning systems, eco-system based rainwater collection, re-use and natural flood protection)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NACE Macro-Sector</td>
<td>SECTION E : WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES</td>
</tr>
<tr>
<td>Social objective</td>
<td>Natural Disaster Risk Management</td>
</tr>
<tr>
<td>Rationale of substantial contribution (&quot;Principle&quot;)</td>
<td>• Prevention of flood related disasters</td>
</tr>
<tr>
<td>Method of measurement (&quot;Metric&quot;)</td>
<td>• Eligible by definition</td>
</tr>
<tr>
<td>Condition for sustainability (&quot;Significance threshold&quot;)</td>
<td>• N/A</td>
</tr>
<tr>
<td>Do No Significant Harm (DNSH)</td>
<td>See general clarifications</td>
</tr>
<tr>
<td>Financing types</td>
<td>See general clarifications</td>
</tr>
</tbody>
</table>
| Available impact monitoring indicators | • # Persons facing reduced risk of flooding  
• Capacity of retentions or room-for-river areas constructed or rehabilitated (m³) |
### B.3. ACCESS TO EQUITABLE AND INCLUSIVE EDUCATION

#### Table B.3.1.

<table>
<thead>
<tr>
<th>Activity name</th>
<th>Pre-primary, primary and secondary education</th>
</tr>
</thead>
</table>

#### TECHNICAL SCREENING CRITERIA FOR SAB ELIGIBILITY

<table>
<thead>
<tr>
<th>Description</th>
<th>Construction, upgrade or renovation of academic facilities of public institutions for pre-primary, primary and secondary education (ISCED 0-3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NACE Macro-Sector</td>
<td>SECTION P : EDUCATION</td>
</tr>
<tr>
<td>Social objective</td>
<td>Access to Equitable and Inclusive Education</td>
</tr>
<tr>
<td>Rationale of substantial contribution (“Principle”)</td>
<td>Contribution to access to equitable and inclusive pre-primary and secondary education</td>
</tr>
</tbody>
</table>

#### Method of measurement (“Metric”)

**Country level:**
- Score on *Socio-Economic Status Parity Index (SES Parity index)* for the achievement of at least proficiency level 2 (PISA) in mathematics
- Percentage of *underachievement in mathematics of 15-year old pupils (PISA)*

**Regional level:**
- Location according to *EU Cohesion Policy*

#### Condition for sustainability (“Significance threshold”)

**Country level:**
- Score on SES Parity index < 0.8
- Percentage of underachievement > 15%

**OR**

**Regional level:**
- Location in “less developed” or “transition” regions

#### Do No Significant Harm (DNSH)

See general clarifications

#### Financing types

See general clarifications

#### Available impact monitoring indicators

- Square meters created or upgraded
- Number of students benefitting
- Number of education staff employed by the involved institutions
- Number of students from disadvantaged socio-economic background
### Table B.3.2.

<table>
<thead>
<tr>
<th>Activity name</th>
<th>Higher education</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TECHNICAL SCREENING CRITERIA FOR SAB ELIGIBILITY</strong></td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Construction, upgrade or renovation of academic facilities of public institutions for higher education (ISCED 5-8)</td>
</tr>
<tr>
<td>NACE Macro-Sector</td>
<td>SECTION P : EDUCATION</td>
</tr>
<tr>
<td>Social objective</td>
<td>Access to Equitable and Inclusive Education</td>
</tr>
<tr>
<td>Rationale of substantial contribution (“Principle”)</td>
<td>• Contribution to access to quality higher education and decent work, generation of knowledge and skills for innovation</td>
</tr>
<tr>
<td>Method of measurement (&quot;Metric&quot;)</td>
<td></td>
</tr>
<tr>
<td>Country level:</td>
<td>Score on European Innovation Scoreboard (EIS)</td>
</tr>
<tr>
<td>Regional level:</td>
<td>Location according to EU Cohesion Policy</td>
</tr>
<tr>
<td>Condition for sustainability (“Significance threshold”)</td>
<td></td>
</tr>
<tr>
<td>Country level:</td>
<td>EIS score: “modest”, “moderate” or “strong”</td>
</tr>
<tr>
<td>Regional level:</td>
<td>Location in “less developed” or “transition” regions</td>
</tr>
<tr>
<td>Do No Significant Harm (DNSH)</td>
<td>See general clarifications</td>
</tr>
<tr>
<td>Financing types</td>
<td>See general clarifications</td>
</tr>
<tr>
<td>Available impact monitoring indicators</td>
<td>• Square meters created or upgraded</td>
</tr>
<tr>
<td></td>
<td>• Number of students benefitting</td>
</tr>
<tr>
<td></td>
<td>• Number of education staff employed by the involved institutions</td>
</tr>
<tr>
<td></td>
<td>• Number of students from disadvantaged socio-economic background</td>
</tr>
</tbody>
</table>
### B.4. UNIVERSAL ACCESS TO AFFORDABLE HEALTH SERVICES

#### Table B.4.1.

<table>
<thead>
<tr>
<th>Activity name</th>
<th>Healthcare services</th>
</tr>
</thead>
</table>

**TECHNICAL SCREENING CRITERIA FOR SAB ELIGIBILITY**

<table>
<thead>
<tr>
<th>Description</th>
<th>Construction, upgrade or renovation of healthcare infrastructure and provision of health technologies and equipment for the delivery of healthcare, public health and prevention services</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>NACE Macro-Sector</th>
<th>SECTION Q : HUMAN HEALTH AND SOCIAL WORK ACTIVITIES</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Social objective</th>
<th>Universal Access to Affordable Health Services</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Rationale of substantial contribution (“Principle”)</th>
<th>• Contribution to the countries’ health systems sustainability and improvement of universal health coverage</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Method of measurement (“Metric”)</th>
</tr>
</thead>
</table>

**Country level:**
- Score on World Health Organization’s Universal Health Coverage index (UHCI)

**Regional level:**
- Location according to EU Cohesion Policy

**Project level:**
- Share of public services in % of total services provided

<table>
<thead>
<tr>
<th>Condition for sustainability (“Significance threshold”)</th>
</tr>
</thead>
</table>

**Country level:**
- UHCI < 80

**Regional level:**
- Location in “less developed” or “transition” regions

**AND**

<table>
<thead>
<tr>
<th>Project level</th>
</tr>
</thead>
</table>

- Share of public services > 80% within the EU; >50% outside the EU

<table>
<thead>
<tr>
<th>Do No Significant Harm (DNSH)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Financing types</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Available impact monitoring indicators</th>
</tr>
</thead>
</table>

- Share of health services covered by public funding (expected at project completion)
- Country UHC services coverage index (at project appraisal)
- Volume of patients treated (expected at project completion)
- Population covered by improved health services (expected at project completion)

See general clarifications
### B.5. HEALTH EMERGENCIES RESPONSE AND PREPAREDNESS CAPACITY

#### Table B.5.1.

<table>
<thead>
<tr>
<th>Activity name</th>
<th>Operations and services for health emergencies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TECHNICAL SCREENING CRITERIA FOR SAB ELIGIBILITY</strong></td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Construction, renovation or upgrade of healthcare infrastructure; provision of health technologies and medical equipment; and emergency-specific operational expenditures (for surveillance / risk reduction / management e.g. consumables, medications, services, staff costs) for response and preparedness capacity to Health Emergencies defined by <a href="https://www.who.int">WHO</a> (epidemics, pandemics, natural disasters, man-caused disasters)</td>
</tr>
<tr>
<td>NACE Macro-Sector</td>
<td>SECTION Q : HUMAN HEALTH AND SOCIAL WORK ACTIVITIES</td>
</tr>
<tr>
<td>Social objective</td>
<td>Health Emergencies Response and Preparedness Capacity</td>
</tr>
<tr>
<td>Rationale of substantial contribution (“Principle”)</td>
<td>- Increase the countries’ health systems resilience to health emergencies</td>
</tr>
</tbody>
</table>
| Method of measurement (“Metric”) | **Global / national / regional level:**
| | - Official emergency declaration (reference date and issuing entity)
| | **Country level:**
| | - Existence and availability of a health emergency response and preparedness plan (with reference date and issuing entity) including covered activities, time and budget
| | - Existence and availability of a law (Decrees, Resolutions, Ordinances with reference Date and issuing entity) specifically enabling the plan and the related budget |
| Condition for sustainability (“Significance threshold”) | **Global / national / regional level:**
| | - The project refers to an existing health emergency as declared at global / national / regional level (e.g. WHO or ECDC or MoHs, with related guidelines)
| | **AND**
| | **Country level:**
| | - The project is part of the Country emergency response and preparedness plan (country level decisional strategy, typically at MoH) aimed at responding to and improving the preparedness with respect to the declared emergency)
| | **AND**
| | - The project fits within a Country level legal framework (i.e. Gvt / MoH Decrees and Ordinances) backing the response and preparedness plan |
| Do No Significant Harm (DNSH) | See general clarifications |
| Financing types | See general clarifications |
| Available impact monitoring indicators | - International Health Regulations (IHR) core capacity index (at appraisal)
| | - Volume of patients treated (expected at project completion)
| | - Population covered by improved health services (expected at project completion) |
The EIB Group Climate Bank Roadmap 2021-2025 approved by EIB’s Board of Directors in November 2020 states that the “EIB plans to gradually align CABs/SABs with the proposed EU Green Bond Standard” (item 2.49 p. 19). In line with its Management Plan 2021 of January 2021, the European Commission presented a proposal for an EU Green Bond Standard Regulation on 6th July 2021.

In anticipation of the upcoming regulatory framework, EIB’s Finance and Project Directorates have jointly developed:

- a 2020-2025 “Initial plan for SAB product development (environmental objectives) and alignment with the EU Green Bond Standard in the context of the Climate Bank Roadmap”;
- a 2020-2025 “Initial plan for SAB product development (social objectives) and alignment with EU social bond standard in the context of the Climate Bank Roadmap”;

hereafter the “FIPJ SAB Initial Action Plans”, dated 14/05/2020. In July 2021, the EIB’s Management Committee has retained these plans as Sub Action Plan 4 “Sustainability Funding” of Action Plan 2 “Strategic Business development” under the Climate Bank Roadmap.

These FIPJ SAB Initial Action Plans have three sub-sections:

A. Alignment with the EU Sustainability Taxonomy
B. Upgrade of SAB-Administration
C. Alignment of the SAB Framework with the EU Green Bond Standard [EU social bond standard]

The last sub-section of the plans is summarized by the following tables:

Figure 1: sub-section C. of Initial plan for SAB product development (environmental objectives)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>PJ</td>
<td>5.1</td>
<td>Aligned with logic</td>
<td>Aligned with at least logic (aligned with EU standards) if and when available, as far as select activities are concerned</td>
<td>Aligned with at least the logic (aligned with EU standards) whenever possible</td>
<td>Fully aligned</td>
</tr>
<tr>
<td>C2</td>
<td>Fi</td>
<td>8.1</td>
<td>Aligned with logic</td>
<td>Aligned</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C3</td>
<td>PJ, P1</td>
<td>8.1</td>
<td>Aligned with logic</td>
<td>Aligned</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C4</td>
<td>PJ, P1</td>
<td>8.1</td>
<td>Aligned with logic</td>
<td>Aligned</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

34 The plan aims to establish a shared understanding of core aspects of relevance for further action. It is based on presently available information and will be integrated and refined as more information becomes available.
As a first and intermediate step in this direction, which presently aims at full alignment of:

a) the 2023 SAB Framework (environmental objectives) with the EU Green Bond Standard (assurance exercise 2024);

b) the SAB Framework (social objectives) with any potential future EU Social Bond Standard from the year of its entry into force;

this annex:

1. describes how relevant information in the text of the present SAB Framework can be rearranged to fit the “EU Green Bond Framework Template” in Annex 2 of the TEG’s Usability Guide for an EU Green Bond Standard of March 2020\(^{35}\) (hereafter the “TEG Usability Guide”), and

2. concludes that:

a) the SAB Internal Criteria align with the TEG EU Green Bond Standard Proposal for the following components:

   “Green Bond Framework”

   “Reporting”

   “Verification”

b) the SAB Internal Criteria align with the logic of the EU Sustainability Taxonomy for the following component:

   “Green Projects” (technical screening criteria as detailed in Annex 1);

c) the environmental objectives of SAB-eligible projects are a sub-set of the environmental objectives of the EU Taxonomy Regulation.

On this basis, the following diagram provides a high-level comparison of the core features of the Green/Social Bond Principles, the TEG EU GBS Proposal and SAB Frameworks, which share the same logic. A more detailed description is provided in the table at the end of this Annex.

SAB-proceeds are only allocated to new disbursements that follow the issue date of the bonds; in the course of the disbursements, SAB eligibility percentages are regularly reassessed by the Project Directorate. After alignment of the SAB Project Eligibility Criteria with the final EU Taxonomy for environmental objectives other than climate change mitigation and for social objectives (if any), all subsequent SAB.allocations will therefore live up to the EU Taxonomy requirements.

<table>
<thead>
<tr>
<th>Green/Social Bond Principles</th>
<th>Proposal for EU Green Bond Standard</th>
<th>EIB CAB/SAB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green projects</td>
<td>- Alignment with the GBP/SP objectives/project categories</td>
<td>- Alignment with the EU Sustainability Taxonomy (EUST)</td>
</tr>
<tr>
<td>Green bond framework</td>
<td>- Description of issuer’s approach regarding process for project evaluation and selection and management of proceeds</td>
<td>- Disclosure of issuer’s alignment with: the EU taxonomy; overall green bond strategy; project selection; methodologies and processes for allocation and impact reporting</td>
</tr>
<tr>
<td>Reporting</td>
<td>- Allocation and Impact reporting recommended</td>
<td>- Allocation and Impact reporting mandatory</td>
</tr>
<tr>
<td>Verification</td>
<td>- Appointment of an external reviewer recommended</td>
<td>- Issuers shall appoint an accredited external verifier</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Verification applies: (i) to the Green Bond Framework and at least (ii) to the Allocation Reporting</td>
</tr>
</tbody>
</table>

- EUST Transition Plan (CBR-Table 5.3 on p.7)
- CAB/SAB documentation already aligned (since 05/2018)
- Gradual extension of CAB/SAB eligibilities (Table 1 on p.8)

- CAB Framework since 2016
- SAB Framework since 2020

(including both allocation and impact reports)

- KPMG’s Reasonable Assurance (ISAE 3000) on CAB/SAB Framework covering framework, allocation and impact reports
EU Green Bond Framework Template

Date: 07/10/2021
Issuer name: European Investment Bank
Green Bond Framework name: Sustainability Awareness Bond Framework
External Verification provider name: KPMG Luxembourg

Section 1: Strategy and rationale

NB: the use-of proceeds needs to be specified in the legal documentation

1.1 Please describe your Environmental Objectives as part of your overall strategy and the reasoning for issuing a green bond

See the following sections:

1 Management Responsibilities

2.1 Objectives

2.3.1.3 Documentation

1.2 Which environmental objectives do your Green Projects contribute to (as specified in the EU Taxonomy Regulation)? Select all those that apply.

☐ Climate Change Mitigation
☐ Climate Change Adaptation
☑ Sustainable use and protection of water and marine resources
☐ Transition to a circular economy
☑ Pollution prevention and control
☐ Protection and restoration of biodiversity and ecosystems

1.3 [Voluntary section] In the section below, you have the opportunity to describe whether and where (sources and/or documents) you have already reported on how your environmental objective(s) and/or strategy relate(s) to international commitments:

EIB Group Climate Bank Roadmap 2021-2025
Climate Strategy

1.4 Please record any additional information that may be relevant to this section:

See the following sections:

2.3.1.1 Utilization of the proceeds

2.3.1.4 Clear environmental and social benefits
2.3.2.1 Environmental and social sustainability objectives

Notably, 2.3.2.1.5 states that SABs may also be allocated to social objectives, which are not yet covered by the EU Sustainability Taxonomy. Until the EUST is extended to such objectives, EIB will use its own definitions within the spirit and logic of the EU Sustainability Taxonomy.

As per 2.3.1.2, the relevant social objectives in 2020 were:

- “Access to water and sanitation”;
- “Natural disaster risk management”;
- “Access to equitable and inclusive education”;
- “Universal access to affordable health services”;
- “Health emergencies response and preparedness capacity”.

Section 2: Process for selection of Green Projects

This section generally aligns with the “Process for project evaluation and selection” component of the GBP promoted by ICMA.

2.1 Please describe the governance process to ensure alignment of each Green Project with the EU Taxonomy: (1) substantial contribution to environmental objectives, (2) do-no significant harm to environmental objectives, (3) minimum safeguards and where developed (4) meeting the technical screening criteria (TSC).

See Annex 1 SAB Project Eligibility Criteria (“technical screening criteria”)

The following sections detail the governance for processes:

2.2.1 The Projects Directorate

2.3.2.2 Process to determine how the projects fit within the eligible Green and Social Projects categories

2.3.4.2 Renewal of information in case of new developments

2.2 Please record any additional information that may be relevant to this section:

See the following section:

2.3.3.4 Formal internal process linked to the lending and investment operations for green and social projects

Section 3: Green Projects

This section generally aligns with the “use-of-proceeds” component of the GBP promoted by ICMA. Please provide in this section the description of your Green Projects and how they align with the EU Taxonomy.
3.1 Please describe the projects / project categories financed by the green bond proceeds, the relevant economic activity under the Taxonomy, and NACE code if available. Please refer to the EU Taxonomy for further details.

See the following sections:

2.3.1.1 Utilization of the proceeds

2.3.2.3 Eligibility criteria

3.2 If available, please record the indicative list of Green Projects /activities allocated from the green bond proceeds. If available, please supplement this information with the relative estimated proceeds allocation per Green Project category or asset class.

See the following sections:

2.3.1.2 List of activities allocated in 2020

[Voluntary section] In the section below, you have the opportunity to describe whether the Green Projects substantially contributes directly or whether the Green Project enables others (to be expanded when other environmental objectives are covered)

Climate Change Mitigation

☐ low carbon ☐ transition ☐ enabling

Climate Change Adaptation

☐ adapting ☐ enabling

3.4 Please record any additional information that may be relevant to this section:

---

Section 4: Management of Use-of-Proceeds

This section generally aligns with the “Management of Proceeds” component of the GBP promoted by ICMA.

[*Management of use-of-proceeds generally aligns with the approach to Management of Proceeds articulated in the Green Bond Principles. It thus entails ensuring allocations to Green Projects for an
amount equivalent to the net proceeds and documenting such allocations. Furthermore, the approach should fulfil the reporting and verification requirements set out elsewhere in the EU GBS.]

See the following sections:

2.2.2 The Finance Directorate

2.3.3 Management of proceeds

Section 5: Reporting

This section generally aligns with the “Reporting” component of the GBP promoted by ICMA.

5.1 Please record the indicative name of the report, its publication location, and your reporting frequency.

See the following section:

3 Reports

5.2 Allocation reports will be published…

☐ Until full allocation of the proceeds of the relevant green bond
☐ Until maturity of the relevant green bond

5.3 When and at which frequency impact reports will be published…

See the following section:

2.3.4.1 Availability of information on the use of proceeds and their expected impact

5.4 Please explain the qualitative and quantitative impact metrics that will be used to demonstrate substantial contribution to Environmental Objectives per project category related to the criteria for the relevant taxonomy activity.

See Annex 1

5.5 Please explain the qualitative and quantitative impact metrics that will be used to demonstrate no-significant-harm alignment per project category as defined in the relevant taxonomy activity (including any material changes).

See Annex 1

5.6 Please explain any quantitative or qualitative metrics you will use in your impact report that are supplemental to the metrics described in the EU Taxonomy and provide embedded links to relevant guidance documentation

See the following sections:

2.3.4.4 Quantitative performance measures
2.3.4.5 Key underlying methodology and/or assumptions used in the quantitative determination

2.3.4.6 Reference framework for impact reporting

5.7 If available, please provide an environmental impact estimation for the project(s) allocated from the proceeds of your green bond(s).

See the following section:

3.2 Impact report

5.8 External verification will be provided for

☑ each annual allocation report (voluntary)
☑ the final allocation report (required)

5.9 Please record any additional information that may be relevant to this section:

See the following sections:

2.3.4.2 Renewal of information in case of new developments

2.3.4.3 Transparency in communication of expected impact
Annex 2  Alignment of SAB Framework with the TEG EUGBS Proposal

Reporting Template

REPORTING FORM

1. Basic Information
Issuer name: European Investment Bank
Related Green Bond ISIN(s): AU3CB0272201; US298785JE71; US298785JJ68; XS1878833695; XS2152926064; XS2154339860
Approved External Verification provider’s name for the final allocation report: KPMG Luxembourg, S.A.
Reporting period: the year ended December 31, 2020
Publication date of reporting: 07/10/2021
Frequency of reporting: Annual
Next reporting planned for: the year ended December 31 2021, reporting publication will be in 2022
Reference to the Green Bond Framework applied: Sustainability Awareness Bonds Framework for the year ended December 31, 2020

Is the Green Bond/Are the Green Bonds still in alignment with the EU Green Bond Standard?
☑ Yes  ☐ No

2. Scope and Approach of Reporting
The reporting contains the following elements [templates below to be included in the reporting accordingly]:
☑ Allocation Reporting  ☑ Impact Reporting
☐ Combined Allocation and Impact Reporting

Approach for impact reporting:
☑ Project-by-project reporting  ☐ Portfolio-based reporting
Annex 2  Alignment of SAB Framework with the TEG EUGBS Proposal

3. Allocation Reporting Templates

3.1. Allocation to Green Project Sectors

See the following section:

3.1.4 Bond-by-bond report

3.2. Additional information

Regional distribution of Green Projects is recommended on country level. Issuers shall provide relevant information in an appropriate manner, e.g. a pie chart with % numbers or in absolute terms]

<table>
<thead>
<tr>
<th>SAB allocation by sustainability objective</th>
<th>SAB allocation by NACE macro sector</th>
<th>SAB allocation by geography</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal access to affordable health services 12%</td>
<td>Education 10%</td>
<td>France 6%</td>
</tr>
<tr>
<td>Health Emergencies Response and Preparedness Capacity 50%</td>
<td>Section Q: Human health and social work activities 62%</td>
<td>Finland 7%</td>
</tr>
<tr>
<td>Pollution Prevention and control 14%</td>
<td>Section P: Education 28%</td>
<td>Other Europe 31%</td>
</tr>
<tr>
<td>Sustainable use of water resources 9%</td>
<td>Section E: Water supply; sewage; waste management and remediation activities 23%</td>
<td>Spain 17%</td>
</tr>
<tr>
<td>Access to water and sanitation 4%</td>
<td></td>
<td>Italy 30%</td>
</tr>
<tr>
<td>Natural Disaster Risk Management 10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to equitable and inclusive education</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See the following section:

3.1.4 Bond-by-bond report

4. Impact Reporting Templates

Please select and fill out one of the templates below, as applicable. If the impact report relates to more than one Green Bond, please fill out one template per Green Bond and state the respective ISIN.

4.1 Project-by-project Reporting

See the following section:

3.2 Impact report
## Annex 3  Summary table of SAB-alignments with the GBPs and SBPs

<table>
<thead>
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<tbody>
<tr>
<td><strong>PROJECT ELIGIBILITY</strong></td>
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<tr>
<td>- Activities contributing substantially to environmental objectives other than climate change mitigation and social objectives</td>
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<tr>
<td>- Environmental objectives as per art. (9) EU Regulation on the establishment of a framework to facilitate sustainable investment entering into force in July 2020 (“Taxonomy Regulation”).</td>
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<tr>
<td>- Social objectives: defined by EIB until Taxonomy Regulation is extended to EU social objectives</td>
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<td><strong>DISBURSEMENT ELIGIBILITY</strong></td>
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<tr>
<td>- Allocations are only once and to new disbursements that take place after bond issuance date (no refinancing)</td>
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<td><strong>COMPETENCE OF PROJECTS DIRECTORATE</strong></td>
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<tr>
<td>- Selection of eligible financings, assignment of eligibility percentages and their input into IT systems upon Board approval*</td>
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<tr>
<td>- Quarterly quality checks of eligible disbursements</td>
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<tr>
<td>* Approvals are based on EIB’s environmental and social due diligence, which conforms with two publicly available documents:</td>
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<td>- Environmental and Social Principles and Standards** (ESPS), which reflect the institutional and legal framework of the EU</td>
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<tr>
<td>- Environmental and Social Practices Handbook**, ruling EIB’s due diligence</td>
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<td><strong>COMPETENCE OF FINANCE DIRECTORATE</strong></td>
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<tr>
<td>- Retrieval of daily SAB-eligible disbursements (automated)</td>
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<tr>
<td>- Allocation of SAB proceeds on a daily first-in first-out basis (automated)</td>
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<tr>
<td>- Semiannual booking of the daily balances of unallocated SAB proceeds in dedicated Treasury portfolios</td>
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<tr>
<td><strong>EIB-FINANCED PROJECTS</strong></td>
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<tr>
<td><strong>Ex ante</strong></td>
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<tr>
<td>- Environmental and Social Data Sheets on Public Register (unaudited)</td>
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<tr>
<td><strong>Ex post</strong></td>
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<tr>
<td>- Environmental and Social Completion Sheets on Public Register (unaudited)</td>
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<tr>
<td><strong>SAB-PROJECTS</strong></td>
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<tr>
<td><strong>Use of proceeds</strong></td>
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<tr>
<td>- Semiannual SAB-Newsletters (project-by-project and bond-by-bond), unaudited</td>
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<tr>
<td>- Annual SAB Framework (project-by-project and bond-by-bond), assured</td>
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<tr>
<td><strong>Expected impact</strong></td>
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<tr>
<td>- Annual SAB Framework (assured)</td>
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<tr>
<td><strong>VERIFICATION</strong></td>
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<tr>
<td>Annual external assurance engagement of the SAB Framework in accordance with the SAB internal criteria (objectives, procedures, responsibilities, processes and reports)</td>
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<tr>
<td><strong>COMPLEMENTARY ASPECTS EU Law</strong></td>
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<tr>
<td>Regulation (EC 1367/2006)** prescribes that <strong>Aarhus Convention applies</strong> to the transparency policy and public disclosure rules of the EIB Governance control</td>
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<tr>
<td>- Art. 12 of EIB Statute prescribes that a Committee appointed by the BoD ‘shall verify that the activities of the Bank conform to best banking practice’</td>
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<tr>
<td>- GBPs and SBPs have been included in EIB’s list of ‘best banking practices’</td>
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</tbody>
</table>
## Annex 4  Summary table of SAB-alignments with the TEG EUGBS Proposal

<table>
<thead>
<tr>
<th>Strategy and Rationale (Section 1 of EUGBS)</th>
<th>Process for selection of Green Projects (Section 2 of EUGBS)</th>
<th>Green Projects (Section 3 of EUGBS)</th>
<th>Management of Proceeds (Section 4 of EUGBS)</th>
<th>Reporting (Section 5 of EUGBS)</th>
<th>External Verification (EUGBS requirement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The EIB Group Climate Bank Roadmap 2021-2025 states that:</td>
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<tr>
<td>1. “The EIB will increase its level of support to climate action and environmental sustainability to exceed 50% of its overall lending activity by 2025 and beyond” (item 6 p.vi)</td>
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<tr>
<td>2. “The EIB Group, as the EU Climate Bank, will align its tracking methodology for climate action and environmental sustainability (“green”) finance with the framework defined by the EU Taxonomy Regulation, as this develops over time.” (item 5.3 p.55)</td>
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<td>3. “The EIB will reflect such alignment to the capital markets via progressive extension of CAB and SAB eligibilities...” (item 2.49 p.20)</td>
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<td>4. “The EIB plans to gradually align CABs/SABs with the proposed EU Green Bond Standard” (item 2.49 p.20)</td>
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<tr>
<td>COMPETENCE OF PROJECTS DIRECTORATE</td>
<td>LOAN ELIGIBILITY</td>
<td>COMPETENCE OF FINANCE DIRECTORATE</td>
<td>EIB-FINANCED PROJECTS</td>
<td>VERIFICATION</td>
<td></td>
</tr>
<tr>
<td>- Selection of eligible financings, assignment of eligibility percentages and their input into IT systems upon Board approval*</td>
<td>- Environmental Objectives other than Climate Change Mitigation and Social Objectives</td>
<td>- Retrieval of daily SAB-eligible disbursements (automated)</td>
<td>Ex ante</td>
<td>Annual external Reasonable Assurance (ISAE 3000) of the SAB Framework in accordance with the SAB Internal Criteria (objectives, procedures, responsibilities, processes and reports)</td>
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<tr>
<td>- Quarterly quality checks of eligibility percentages</td>
<td>- activities contributing substantially to these objectives</td>
<td>- Allocation of SAB proceeds on a daily first-in first-out basis (automated)</td>
<td>Ex post</td>
<td></td>
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<tr>
<td>* Approvals are based on EIB’s environmental and social due diligence, which conforms with two publicly available documents:</td>
<td>- Technical Screening Criteria determined by Projects Directorate in full alignment with logic of EUST</td>
<td>- Semiannual booking of the daily balances of unallocated SAB proceeds in dedicated Treasury portfolios</td>
<td>SAB-PROJECTS Use of proceeds</td>
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<tr>
<td>- Environmental and Social Principles and Standards** (ESPS), which reflect the institutional and legal framework of the EU</td>
<td>DISBURSEMENT ELIGIBILITY</td>
<td>- Allocations are only once and to new disbursements that take place after bond issuance date (no refinancing)</td>
<td>-Annual Financial Report (aggregated), unaudited</td>
<td></td>
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<tr>
<td>- Environmental and Social Practices Handbook**, ruling EIB’s due diligence</td>
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<td></td>
<td>- Semiannual SAB-Newsletters (project-by-project and bond-by-bond), unaudited</td>
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<tr>
<td>** Documents not part of the SAB Internal Criteria</td>
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<td>- Annual SAB Framework (project-by-project and bond-by-bond), assured</td>
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<td>Expected impact</td>
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</table>
5. Appendix 1: KPMG Independent Reasonable Assurance Report
To the Management of the European Investment Bank
98-100, Boulevard Konrad Adenauer
L-2950 Luxembourg

Independent Reasonable Assurance Report to European Investment Bank on the Sustainability Awareness Bond Framework

We were engaged by the Management of the European Investment Bank (hereafter “EIB” or “the Bank”), to conduct an assurance engagement on European Investment Bank’s Sustainability Awareness Bond Framework (the “SAB Framework”) for the year ended 31 December 2020 about whether:

- The SAB Framework as at and for the year ended 31 December 2020, prepared by Management in accordance with the SAB Internal Criteria (described in section 2 of the SAB Framework), describes fairly, in all material respects, the activities undertaken during the year ended 31 December 2020; and

- the Management’s statement in section 1 of the SAB Framework stating that “Management considers that the SAB Internal Criteria are aligned to both the Green Bond Principles 2018 and the Social Bond Principles 2020” is, in all material respects, fairly stated; and,

- the EIB’s 2020 Reports as at and for the year ended 31 December 2020 included in section 3 of the SAB Framework, are properly prepared, in all material respects, based on the SAB Internal Criteria; and

- the Management’s statement in section 1 of the SAB Framework stating that “Management considers that:
  (a) the SAB Internal Criteria are aligned with the Technical Expert Group’s EU Green Bond Standard Proposal of June 2019/March 2020 in the areas of “Green Bond Framework”, “Reporting”, and “Verification”;¹
  (b) in the remaining area of the EU Green Bond Standard Proposal, “Green Projects”, the SAB Project Eligibility Criteria are aligned with the logic of the EU Sustainability Taxonomy²;
  (c) the environmental objectives of SAB-eligible projects are a sub-set of the environmental objectives of the EU Taxonomy Regulation;
  as detailed in sections 2.3.1.1 and 2.3.2.1.4 as well as in Annex 1 and Annex 2 of this SAB Framework”

is in all material respects, fairly stated.

Management’s responsibility for the SAB Framework

The Management of EIB is responsible for preparing the SAB Framework that is free from material misstatement in accordance with the SAB Internal Criteria and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the SAB Framework that is free from material misstatement, whether due to fraud or error. It also includes determining and implementing the Bank’s objectives and related activities in respect of the Sustainability Awareness Bonds Programme, including Use of Proceeds, Project Selection, Management of Proceeds and Impact Reporting; and defining and disclosing the SAB Internal Criteria.

¹ Management expects that any potential future EU Social Bond Standard would apply the same logic of the EU Green Bond Standard to social bonds and the social part of sustainability bonds. Statement (a) therefore applies in the areas of both environmental and social sustainability.

² “aligned with the logic of the EU Sustainability Taxonomy” means, here and elsewhere in the text of this independent reasonable assurance report, structured to include criteria or processes for the assessment of “substantial contribution”, “no significant harm”, “minimum social safeguards”. In line with the previous footnote, this definition applies in the areas of both environmental and social sustainability.
Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to examine the SAB Framework prepared by EIB and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. 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 our procedures to obtain reasonable assurance about whether the SAB Framework is prepared, in all material respects, on the basis of the SAB Internal Criteria.

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).

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the SAB Framework whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation of the SAB Framework in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of EIB’s internal controls over the preparation of the SAB Framework.

Our engagement also included: assessing the appropriateness of the SAB Framework, the suitability of the criteria used by EIB in preparing the SAB Framework in the circumstances of the engagement, evaluating the appropriateness of the methods, policies and procedures used in the preparation of the SAB Framework and the reasonableness of estimates made by EIB. Reasonable assurance is less than absolute assurance.

Such an engagement involves performing procedures to obtain evidence about the amounts and disclosures in the SAB Framework. These procedures included:

- Conducting interviews with Management and key staff responsible for the SAB Programme to obtain an understanding of the processes, systems and controls in place for the Use of proceeds, Project evaluation and selection, Management of proceeds and Reporting of the SABs;
- Checking documentation which supports processes, systems and controls in place for the Use of proceeds and Project evaluation and selection of the SABs;
- Examining the processes, systems and controls in place to Manage the proceeds of the SABs;
- Checking booking of the unallocated balance of the SAB proceeds into the SAB portfolio;
- Comparing the total funds raised by the EIB SAB Programme with those disbursed to recipient projects;
- Performing sample testing to source documentation to support the funds raised from SAB issuances;
- Performing sample testing to source documentation to support the SAB allocations to recipient projects;
- Conducting interviews with sector experts to cross-check approach and assumption used for SAB eligibility percentage assessment, impact reporting indicators of assessed projects, and verify consistency with EIB’s methodology; and
- Reading the SAB Framework with regard to the SAB Internal Criteria and the Green Bond Principles 2018 and Social Bond Principles 2020, and ensuring consistency with our findings;
- Checking that the SAB Internal Criteria are aligned with the Technical Expert Group’s EU Green Bond Standard Proposal of June 2019/March 2020 in the areas of “Green Bond Framework”, “Reporting”, and “Verification”; and
- Checking that the SAB Project Eligibility Criteria are, in the remaining area of the EU Green Bond Standard Proposal, “Green Projects”, aligned with the logic of the EU Sustainability Taxonomy;
• Checking that the environmental objectives of SAB-eligible projects are a sub-set of the environmental objectives of the EU Taxonomy Regulation;

Characteristics and Limitations of the SAB Framework

Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and may not be detected. Our reasonable assurance engagement is not designed to detect all weaknesses and errors in the SAB Framework in meeting the requirements of the SAB Internal Criteria as the evidence has been obtained on a sample basis.

Further, the internal control structure within which the control procedures which are the subject of our engagement are designed to operate, has not been subject to any reasonable assurance procedures and no opinion is expressed as to its effectiveness.

Any projection of the suitability of design and implementation of controls and their meeting the requirements of the SAB Internal Criteria to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

The reasonable assurance opinion expressed in this report has been formed on the above basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

In our opinion:

- The SAB Framework as at and for the year ended 31 December 2020, prepared by Management in accordance with the SAB Internal Criteria (described in section 2 of the SAB Framework), describes fairly, in all material respects, the activities undertaken during the year ended 31 December 2020; and
- The Management’s statement in section 1 of the SAB Framework stating that “Management considers that the SAB Internal Criteria are aligned to both the Green Bond Principles 2018 and the Social Bond Principles 2020” is, in all material respects, fairly stated; and
- the EIB’s 2020 Reports as at and for the year ended 31 December 2020 included in section 3 of the SAB Framework, are properly prepared, in all material respects, based on the SAB Internal Criteria; and
- the Management’s statement in section 1 of the SAB Framework stating that “Management considers that:
  (a) the SAB Internal Criteria are aligned with the Technical Expert Group’s EU Green Bond Standard Proposal of June 2019/March 2020 in the areas of “Green Bond Framework”, “Reporting”, and “Verification”;
  (b) in the remaining area of the EU Green Bond Standard Proposal, “Green Projects”, the SAB Project Eligibility Criteria are aligned with the logic of the EU Sustainability Taxonomy;
  (c) the environmental objectives of SAB-eligible projects are a sub-set of the environmental objectives of the EU Taxonomy Regulation;

as detailed in sections 2.3.1.1 and 2.3.2.1.4 as well as Annex 1 and Annex 2 of this SAB Framework” is in all material respects, fairly stated.

Luxembourg, 7 October 2021

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

S. Chambourdon
6. Appendix 2: External Review Form

Of the Sustainability Bond / Sustainability Bond Programme
Sustainability Bond / Sustainability Bond Programme

External Review Form

Section 1. Basic Information

Issuer name: European Investment Bank (hereafter the “issuer”)

Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: Sustainability Awareness Bonds (SABs), as described in the European Investment Bank’s Sustainability Awareness Bonds Framework for the year ended 31 December 2020 (hereafter referred to as the “issuer’s report” or the “SAB Framework”)

Independent External Review provider’s name: KPMG Luxembourg, Société coopérative

Completion date of this form: 07 October 2021

Publication date of review publication: 07 October 2021

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The issuer’s report, SAB Framework, addresses the following elements and confirms the issuer’s alignment with the GBPs and the SBPs:

☒ Use of Proceeds
☒ Process for Project Evaluation and Selection
☒ Management of Proceeds
☒ Reporting

ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER (as defined by the Green Bond Principles “GBPs” and Social Bond Principles “SBPs”)

☐ Second Party Opinion
☐ Certification
☐ Verification
☐ Scoring/Rating

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

KPMG Luxembourg Société Coopérative has issued an independent reasonable assurance report, including this annex, on the European Investment Bank’s Sustainability Awareness Bonds Framework for the year ended 31 December 2020. The Report was issued on 07 October 2021 and is available on the EIB website: https://www.eib.org/en/investor_relations/statistics/sab-framework.htm
Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

The issuer has used the following categories, as defined in the SAB Framework section “2.3.1.1”:

Use of proceeds categories as per GBP:

☒ Other *(please specify)*:

Water projects contributing substantially to the following environmental sustainability objectives:

1. Sustainable use of water resources
2. Pollution prevention and control

If applicable please specify the environmental taxonomy, if other than GBPs:

The EIB is in a process of aligning its SAB Project Eligibility Criteria with the EU Taxonomy Regulation in a stepwise manner. The environmental objectives of SAB-eligible projects are a sub-set of the environmental objectives of the EU Taxonomy Regulation and the EIB has defined its SAB Project Eligibility Criteria for environmental objectives in alignment within the spirit and logic of the EU Sustainability Taxonomy.

Details on the SAB Project Eligibility Criteria applied in 2020 are available in Annex 1 of the SAB Framework 2020.

Use of proceeds categories as per SBP:

☒ Other *(please specify)*:

Water projects contributing substantially to the following social sustainability objectives:

1. Access to water and sanitation
2. Natural disaster risk management

Education projects contributing substantially to the following social sustainability objective:

3. Access to equitable and inclusive education

Health projects contributing substantially to the following social sustainability objectives:

4. Universal access to affordable health services
5. Health emergencies response and preparedness capacity

If applicable please specify the social taxonomy, if other than SBPs:

The EIB is in a process of aligning its SAB Project Eligibility Criteria with the EU Taxonomy Regulation in a stepwise manner. Social sustainability objectives are not yet covered by the EU Taxonomy Regulation. Until it is extended to such objectives, the EIB will use its own definitions within the spirit and logic of the EU Sustainability Taxonomy.

Details on the SAB Project Eligibility Criteria applied in 2020 are available in Annex 1 of the SAB Framework 2020.
2. PROCESS FOR PROJECT EVALUATION AND SELECTION

The issuer’s report outlines the following factors, as reported in the SAB Framework section “2.3.2.”

Evaluation and selection

☒ Credentials on the issuer’s social and green objectives
☒ Defined and transparent criteria for projects eligible for Sustainability Bond proceeds
☒ Summary criteria for project evaluation and selection publicly available
☒ Documented process to determine that projects fit within defined categories
☒ Documented process to identify and manage potential ESG risks associated with the project
☐ Other (please specify):

Information on Responsibilities and Accountability

☐ Evaluation / Selection criteria subject to external advice or verification
☐ Other (please specify):
☒ In-house assessment

3. MANAGEMENT OF PROCEEDS

The issuer’s report describes the following activities, as reported in the SAB Framework section “2.3.3.”:

Tracking of proceeds:

☒ Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds
☐ Other (please specify):

Additional disclosure:

☒ Allocations to future investments only
☒ Allocation to individual disbursements
☒ Disclosure of portfolio balance of unallocated proceeds
☐ Allocations to both existing and future investments
☐ Allocation to a portfolio of disbursements
☐ Other (please specify):
4. REPORTING

The issuer’s report discloses the following reporting criteria, as disclosed in the SAB Framework:

**Use of proceeds reporting** (SAB Framework sections “3.1.3.” and “3.1.4.”):

- ✔ Project-by-project
- ✔ Linkage to individual bond(s)
- ☐ On a project portfolio basis
- ☐ Other (please specify):

**Information reported** (SAB Framework sections “3.1.3.” and “3.1.4.”):

- ✔ Allocated amounts
- ✕ Sustainability Bond financed share of total investment
- ☐ Other (please specify):

**Frequency** (SAB Framework section “2.3.4.1.2.”):

- ✔ Annual
- ✕ Semi-annual (unaudited)
- ☐ Other (please specify):

**Impact reporting** (SAB Framework section “3.2.”):

- ✔ Project-by-project
- □ On a project portfolio basis
- □ Linkage to individual bond(s)
- □ Other (please specify):

**Alignment with a reporting framework/template**

- ✔ Yes (please specify):
  2. “Green Bonds - Working towards a harmonized framework for impact reporting”, December 2015” (SAB Framework section “2.3.4.6.”)
- □ No

**Frequency** (SAB Framework section “2.3.4.1.2.”):

- ✔ Annual
- □ Semi-annual
- □ Other (please specify):

**Information reported (expected or ex-post)** (SAB Framework section “3.2.”):

- □ GHG Emissions / Savings
- □ Decrease in water use
- □ Target populations
- □ Energy Savings
- □ Number of beneficiaries
- ☒ Other ESG indicators (please specify): See section “2.3.4.4.” for a complete list of the SAB impact indicators.

**Means of Disclosure** (SAB Framework section “2.3.4.1.”):

- ✔ Information published in financial report
- □ Information published in ad hoc documents
- □ Information published in sustainability report
- □ Other unaudited (please specify): Unaudited CAB-SAB Newsletters
- ✔ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): SAB Framework for the year ended 31 December 2020
Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** *(e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)*

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<td>EU Technical Expert Group on Sustainable Finance: Proposal for an EU Green Bond Standard (June 2019)</td>
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ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

1. **Second Party Opinion**: An institution with sustainability expertise that is independent from the issuer may provide a Second Party Opinion. The institution should be independent from the issuer’s adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second Party Opinion.

   It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer’s overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.

2. **Verification**: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer’s internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.

3. **Certification**: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

4. **Green, Social and Sustainability Bond Scoring/Rating**: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.