Preamble

The EIB Group (the “Group”), consisting of the European Investment Bank (EIB) and the European Investment Fund (EIF),

Having regard to the Treaties of the European Union (EU), the EIB Statute and the EIF Statutes,

Having regard to the Charter of Fundamental Rights of the European Union which has the same legal value as the Treaties,

Whereas:

1) The EIB, as the long-term financing body of the European Union, is committed to supporting the EU’s values and objectives laid down in EU policies through its financing, blending and advisory activities, in the European Union and beyond.

2) The EIF has been established as a body with legal personality and financial autonomy dedicated to achieving EU objectives, notably with the aim to provide better access to finance to European Small Medium Enterprises (SMEs) and mid-caps, through the design, promotion and implementation of risk capital and risk sharing instruments including in the fields of supporting entrepreneurship, growth, innovation, research and employment.

3) Sustainability in its environmental and social dimensions, including climate change-related aspects, and considerations linked with the Union’s fundamental values are key EU objectives, both within and outside the European Union, as acknowledged by the Treaties of the EU.

4) The Group’s approach to the environmental and social dimensions of sustainability is based on the key objectives and principles set out in the relevant EU policies and legal framework, as well as on the international community’s response to the global sustainable development challenges as laid down in the relevant international treaties, conventions and other instruments ratified by the European Union.

5) In particular, the Group contributes to the commitment made by the European Union to be a global partner and a frontrunner in promoting and implementing the UN’s 2030 Agenda for Sustainable Development and the achievement of its Sustainable Development Goals (SDGs), and multilateral environmental instruments such as the Paris Agreement on Climate Change and the Convention on Biological Diversity.

6) The Group welcomes the European Green Deal as the new EU growth strategy and supports the implementation of the actions identified in the EU roadmap to achieve the ambition of making the EU’s economy sustainable with a transition that is just and inclusive for all.

7) The Group upholds sustainable finance as essential to implement the EU’s ambitions on environmental, climate and social sustainability objectives.

8) The EIB Group Climate Bank Roadmap, complemented by the Group’s Paris Alignment for Counterparties Framework, sets out the Group’s commitment to align all its financing activities with a view to promoting sustainable development.

1 European Investment Bank (EIB) – www.eib.org
2 European Investment Fund (EIF) – www.eif.org
4 Statute and other Treaty provisions (eib.org); EIF_Statute.pdf
6 In particular, pursuant to Article 11 TFEU, environmental protection requirements must be integrated into the definition and implementation of EU policies, with a view to promoting sustainable development.
7 UN General Assembly, Transforming our world: the 2030 Agenda for Sustainable Development, 21 October 2015, A/RES/70/1.
8 ADOPTION OF THE PARIS AGREEMENT – Paris Agreement text in English (unfccc.int) and Council Decision (EU) 2016/1841 of 5th October 2016 on the conclusion, on behalf of European Union, of the Paris Agreement, adopted under the United Nation Framework Convention on Climate Change.
9 Convention on Biological Diversity – text in English (cbd.int).
10 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The European Green Deal (COM/2019/640 final).
11 Communication from the Commission (COM/2021/390 final); “Strategy for Financing the Transitions to a Sustainable economy” and subsequent supporting legislation, notably Regulation 2020/852 on the establishment of a framework to facilitate sustainable investment (“the Taxonomy Regulation”).
with the principles and goals of the Paris Agreement objectives and to support sustainable finance, including through developing a framework to ensure that operations supported by the Group are aligned to pathways towards environmentally sustainable, low-carbon and climate-resilient development.

9) In contributing to ensure a high level of protection of the environment, the Group supports the EU Environment Action Programme, as regularly updated, and the relevant EU environment-related thematic strategies and policies.

10) In promoting social inclusion and development, equal opportunities and fair working conditions, the Group supports the relevant EU social policies and the European Pillar of Social Rights.

11) In recognising the value of cultural diversity and increasing protection of cultural rights the Group takes note of the relevant international treaties, conventions and instruments ratified by the EU, as well as the EU cultural heritage-related thematic strategies and policies.

12) In its activities outside the European Union, the Group supports the objectives and priorities of the EU’s external actions as laid down in the Global Strategy for the EU and is guided by the European Consensus on Development.

13) The Group hereby defines the policy setting out its vision towards achieving sustainable development through sustainable and inclusive growth and sustainable finance, including, the main areas of contribution and the operating framework that characterise the Group’s actions up to 2030, (hereinafter the “EIB Group’s Environmental and Social Policy” or the “Policy”).

14) The Policy is guided by the general principles of EU environmental law enshrined in the Treaties, particularly the integration principle, which calls for a holistic approach towards sustainability.

15) The Policy is guided by the Charter of Fundamental Rights of the European Union and by the fundamental rights and freedoms recognised by the European Convention on Human Rights, as well as the principles of the Universal Declaration of Human Rights and the EU Global Human Rights Sanctions Regime.

16) The EIB Group Transparency Policy sets out the Group’s approach to transparency and stakeholder engagement, and the EIB Group Complaints Mechanism Policy sets out the rules and procedures to be followed when a complaint of alleged maladministration is lodged against the Group. The Group values the importance of sound governance, transparency and accountability as key contributors to the efficiency, effectiveness and sustainability of the Group’s activities, including through public access to information and meaningful stakeholder engagement.

17) The Group upholds the rights of stakeholders to engage with the Group and its counterparties freely and without fear or coercion, with no tolerance for reprisals, intimidations, threats, harassment, violence or any other abuse of the rights of individuals and in particular of human rights defenders and environmental activists.

18) The Group acknowledges that stronger partnerships are at the heart of the EU’s approach to deliver on environmental and social dimensions of sustainable and inclusive development.

Having regard to the EIB Rules of Procedure and to the EIF Rules of Procedure and taking account of comments from the public following consultation,

The EIB and EIF Boards of Directors have adopted the Group’s Environmental and Social Policy:

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12 Operations include loans, guarantees, equity and advisory for which EIB and/or EIF financing is sought, as relevant and as approved by the EIB and/or EIF Governing Bodies.
13 Inter-institutional proclamation on the European Pillar of Social Rights (OJ C428/10).
16 Environmental principles: the precautionary, prevention, rectification at source and polluter pays principles included in Art. 191(2) TFEU; and the broader integration and sustainable development principles enshrined in Art. 11 TFEU.
17 European Convention on Human Rights (coe.int).
THE GROUP’S ENVIRONMENTAL AND SOCIAL POLICY

1. **The Vision**

1.1 Sustainable and inclusive development lies at the core of the Group’s values and underpins all of its policies and activities. The Group recognises the interdependence of the different elements of the environment and their interaction with human life and activities, and acknowledges that pressures on the environment and social inequalities may jeopardise the viability of human activities. It therefore places a balanced integration of the environmental, social and economic dimensions of sustainable and inclusive development at the heart of its activities.

1.2 The Group also acknowledges the importance of a just and fair transition to an environmentally and socially sustainable future, and aims to support economic growth that fosters quality employment, promotes inclusion and human dignity, safeguards health and well-being, and provides decent living standards.

1.3 The Group strives to support the transition to sustainable economies and communities that are climate and disaster-resilient, low-carbon and more resource-efficient. The Group will do so by financing operations that respect human rights, do not cause significant harm to the environment and are consistent with internationally agreed targets to fight against climate change and biodiversity loss.

2. **The Group’s Contribution**

2.1 The Group acknowledges that the need to tackle pollution, the climate emergency and the growing pressures on natural resources and the environmental system, particularly on natural ecosystems, leading to unprecedented biodiversity losses, are some of the greatest challenges and common concerns of humankind of the 21st century. Recognising that the advancement of human rights is central to sustainable finance, the Group is committed to address climate, environmental and social challenges by applying a human rights-based approach to its activities, with the aim of promoting social inclusion, reducing inequalities and risks to human health and well-being.

2.2 Therefore, the Group’s contribution to the environmental and social components of sustainable and inclusive development is built around ten key areas for action that are strongly interlinked and mutually reinforcing.

**Pursuing a Zero-Pollution Ambition**

2.3 The Group acknowledges that more must be done to prevent and remedy pollution from air, water, soil, and consumer products to secure healthy ecosystems and a healthy living environment, which in turn calls for better integration of zero-pollution ambition into all its activities, sector policies and strategies. Sound environmental management is key to abating air, soil, water and marine pollution and reducing waste and noise, in order to secure a healthy environment and protect human health and well-being from environmental impacts and risks.

**Fostering the Transition to a Net-Zero Economy**

2.4 The Group will seek to stimulate investment to meet the temperature goal of the Paris Agreement. Within the EU, this amounts to reaching net-zero greenhouse gas emissions (GHG) by 2050. This requires increased investment in energy efficiency, in line with the Energy Efficiency First principle. It also requires sustained investment across a range of low-carbon technologies and processes, helping to drive down GHG emissions in all sectors of the economy, as well as preserving and enhancing natural carbon sinks. Innovation is a...
central element in fostering the transition and therefore the Group will continue to work across the entire innovation spectrum: from very early-stage development to more mature technologies, using a range of instruments from seed capital to senior debt.

**Protecting, Preserving, Restoring and Valuing Biodiversity and Ecosystem Services**

2.5 The Group recognises that protecting/preserving and restoring biodiversity and well-functioning ecosystems are key to boosting our resilience, preventing the emergence and spread of future diseases as well as fighting climate change. In order to contribute to the long-term goal of “Living in harmony with nature by 2050”25 the Group supports the path to recovery of global biodiversity by: (i) addressing the main drivers26 of biodiversity loss through better integration of biodiversity considerations into all of the Group’s activities; and (ii) enhancing and valuing natural capital to maximise the synergies with climate action and increase resilience to climate change and other environmental risks.

**Supporting Resource Efficiency and the Transition to a Circular Economy**

2.6 The Group encourages and supports the transition to a circular economy, in which: (i) new products and assets are designed and produced in a way that reduces virgin material consumption and waste generation; (ii) new business models and strategies are applied that optimise capacity utilisation and extend the useful life of products and assets; and (iii) resource and material loops are closed through recycling of end-of-life products and materials. In doing so, the Group recognises the need for a cross-sectoral and systemic approach that in turn calls for better integration of circularity assessment and circular economy considerations into all its activities, sector policies and strategies as well as enhancing synergies with climate action and other environmental sustainability objectives.

**Building Resilience to a Changing Climate and All Types of Natural Disasters**

2.7 The Group recognises the importance of disaster risk reduction27 measures, as well as protecting and strengthening the adaptive capacity and resilience of those areas, communities, ecosystems and activities that are vulnerable to the impacts of a changing climate and natural disasters, either directly or indirectly. The Group will particularly focus on those areas, communities, ecosystems and activities that are most vulnerable in line with the climate resilience goals of the Paris Agreement and on the basis of the latest science.

**Reducing Discrimination and Fostering Social Inclusion**

2.8 The Group values the principles of non-discrimination and equality for all and recognises that in certain contexts some individuals or groups may be subject to structural and/or systematic discrimination based on their socio-economic characteristics, which are further compounded by critical events, such as natural disasters or public health crises. The Group therefore aims to reduce or eliminate, wherever possible, any prevailing patterns of discrimination and related exclusion through its activities.

2.9 The Group also aims to take action to promote non-discrimination and social inclusion, and to reduce vulnerabilities that impede certain groups, people or communities from accessing the benefits generated by its activities.

**Fostering Gender Equality and Women’s Economic Empowerment**

2.10 The Group recognises that inequality between women and men remains a stark reality. Whilst gender inequality can affect all people, the Group acknowledges that women and girls are disproportionately more exposed to economic and/or social inequality, including gender-based discrimination, risks and violence, whilst acknowledging the relevance of other socio-economic characteristics that may accentuate such risks.

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25 Convention on Biological Diversity – text in English (cbd.int).
26 Changes in land and marine use, overexploitation of soils and natural resources, introduction of non-native and invasive species, environmental pollution and climate change.
2.11 The Group therefore seeks to prevent, where possible, gender-based violence and harassment, promote zero tolerance of any form of abuse and provide for safe and trusted environments in its activities. In line with EU core values, the Group also promotes gender equality and seeks to enable equal access, regardless of gender, to the benefits, services and employment opportunities generated by its operations and, where possible, to support the economic empowerment of women.

PROMOTING FUNDAMENTAL RIGHTS AT WORK

2.12 The Group considers decent working conditions and the respect of fundamental principles and rights at work as core elements of the employment relationship that has a direct impact on economic performance. It has zero tolerance of forced and child labour\(^\text{28}\) and promotes the protection of workers from discrimination, exploitation, any form of harassment or violence and violation of core labour rights\(^\text{29}\).

2.13 The Group considers the right of workers to fair and just working conditions, and the right of workers and affected people and communities to life and to integrity as core elements of its activities. It therefore seeks to prevent and mitigate the hazards, risks and impacts workers and communities face in terms of occupational and public health, safety and security.

BUILDING ECONOMIC RESILIENCE AND SOCIAL COHESION

2.14 The Group seeks to enable economies to have the capacity to absorb and rebound from crises and shocks, whilst maintaining economic growth. The Group opposes forced displacement. Movements of people must be humane, safe, legal, and based on enhanced economic sustainable choices. It takes a long-term approach that supports job creation, as well as social and financial inclusion and cohesion, tackles structural barriers to private sector growth, invests in essential public services accessible to all to enhance quality of life and builds resilience to climate change and unforeseen shocks.

ADDRESSING FRAGILITY AND CONFLICT

2.15 Whilst seeking to build peaceful and stable societies through activities in fragile states that create jobs, stability and contribute to longer-term prosperity, the Group supports recovery in post-conflict and post-disaster situations by fostering social inclusion and cohesion, as well as environmental remediation\(^\text{30}\). The Group also seeks to foster cooperation and inclusive partnerships – at the global, regional, national and local levels — which are particularly critical for addressing development challenges in fragile contexts.

3. The Group’s operating framework

3.1 In order to deliver on the environmental and social dimensions of sustainability, the Group considers sustainable finance to be its operating model. This fully integrates environmental, climate and social considerations across the Group’s activities and processes and focuses on the management of environmental, climate and social risks and impacts and on the pursuit of opportunities to generate benefits and/or positive environmental and social outcomes.

3.2 The Group’s sustainable finance operating model is articulated around the following core elements:

i. Mainstreaming environmental, climate and social considerations into its decision-making processes, by: (i) considering setting specific targets in its corporate strategy and operational plans (e.g. the EIB will gradually increase the share of its annual financing dedicated to climate action and environmental sustainability to 50% by 2025 and beyond); (ii) aligning all its financing with the principles and goals of the Paris Agreement while supporting a wide range of public policy goals as approved by the EIB and EIF Governing Bodies; (iii) developing

\(^{28}\) In line with the ILO Minimum Age Convention No. 138 and the Worst Forms of Child Labour Convention No. 182 and Art. 32 of the EU Charter of Fundamental Rights.

\(^{29}\) ILO Conventions and Recommendations (www.ilo.org).

\(^{30}\) Recognising the environmental degradation in conflict and post-conflict societies and the need to support environmental recovery, reconstruction and clean-up.
thematic strategies or business cases to create an enabling framework on specific areas of intervention; (iv) optimising and enhancing feasible potential impact in operations which respond to the critical global challenges; and (v) incorporating climate, environmental and social risks into the Group’s Risk Management Framework, as appropriate;

ii. Financing and seeking to mobilise additional resources for operations that contribute to climate, environmental and social sustainability objectives. The Group aims to support €1 trillion of investment in climate action and environmental sustainability from 2021 to 2030. The Group has a special focus on meeting key EU policy priorities, addressing market failures and suboptimal investment situations, and tackling gaps in social equity. The Group will continue to direct its financing towards EU policy objectives, such as innovation and sustainable infrastructure;

iii. Only supporting operations that do not significantly harm the environment, do not impinge on the sustainable use of natural and living resources and respect human rights and therefore are consistent with its environmental and social commitments set out in this Policy and the requirements set out in the EIB’s Environmental and Social Standards and in the EIF’s Environmental, Social and Governance Principles;

iv. Providing relevant advisory services and capacity building, in cooperation with its mandators and when feasible and needed, to support counterparties in planning, designing and implementing environmentally and socially sustainable operations, including for the application of the Group’s environmental and social requirements, and operations that actively promote sustainability objectives;

v. Striving to develop and strengthen methodologies, resources and appropriate systems to identify, assess, manage through the application of the mitigation hierarchy and monitor any potentially significant environmental, climate and social harm that support for one sustainability objective may cause to another objective throughout the operation cycle, with the aim to track, report on and evaluate the outcomes and impacts of the operations it finances, while continuously improving its practices over time;

vi. Contributing to policy dialogue at different levels (international to local), as and when relevant and consistent with the EIB’s and EIF’s respective roles and business models, and in line with EU policy objectives; and,

vii. Seeking to develop and strengthen partnerships with other relevant actors (including international financial institutions (IFIs), EU institutions and bodies, national and local governments, civil society and the private sector) to support the commitments expressed in this Policy.

In order to secure the effective implementation of this Policy, the Group shall enhance its human resources management by: (i) ensuring that EIB Group staff have the necessary tools and skills to deliver on the Policy; and (ii) utilising all necessary resource and capacity planning processes.

4. Policy Implementing Framework for the EIB

4.1 Whereas the Vision, the Group’s Contribution and the Operating Framework of this Policy (Chapters 1, 2 and 3) apply to the EIB Group as a whole, their implementation shall be carried out within the individual institutional framework of the EIB and the EIF respectively. Thus, EIF

31 In respect to farmed animals compliance with the EU animal welfare standards and internationally recognised “Five Freedom” Standard promoting animal welfare is required.

32 Mitigation hierarchy: Measures taken to avoid and prevent any significant adverse effects on affected people, communities and workers, as well as on the environment. Where avoidance is not possible, implement measures to reduce, remedy such adverse effects on the environment and remedy such adverse effects on affected communities; as a last resort compensation should be implemented for any potential residual effects after full implementation of avoidance, minimisation, remediation and remedy actions. The human rights mitigation hierarchy is premised on the principles of protect, respect and remedy.

33 The list is not exhaustive.
relevant governing bodies shall approve a separate operational framework to implement this Policy for the EIF.

4.2 The EIB ensures the implementation of the Policy by the appropriate inclusion of environmental, climate and social considerations in the projects it finances through its informed decision-making process.

4.3 This section of the Policy:

i. Describes the roles and responsibilities of both the EIB and its promoters with regard to assessing and managing relevant impacts and risks and maximising the positive effects in the projects it finances.

ii. Outlines how the EIB structures its due diligence and monitoring, endeavouring to achieve consistency with relevant EU Law and the “Do No Significant Harm” (DNSH) and “Minimum Safeguards” (MS known as well as Minimum “Social” Safeguards”) principles and requirements as defined in the EU Taxonomy Regulation, and contributing to sustainable investments.

ROLES AND RESPONSIBILITIES

EIB Roles and Responsibilities

4.4 The EIB shall not, to the best of its knowledge, finance directly or indirectly, projects where EIB financing is used for activities included in its exclusion list or that (i) do not comply with the relevant national environmental, climate and social (ECS) legal requirements and country obligations under relevant international treaties; or, (ii) are not in line with the requirements of this Policy.

4.5 The EIB shall not, to the best of its knowledge, finance projects that have the effect of limiting people’s individual and collective rights and freedoms or violating their human rights. In particular, in relation to EIB-financed projects, the Bank shall not tolerate any: i) forced evictions; ii) gender-based violence and harassment; and, iii) action that amounts to retaliation and harassment. It takes instances of intimidation or reprisals seriously and takes follow-up actions as and where appropriate. To this end, the EIB expects its promoters to meet their respective human rights duties and responsibilities.

4.6 When co-financing projects with other IFIs, the EIB may seek to agree on a common approach for the assessment and management of environmental, climate and social impacts and risks that should enable, at a minimum, the project to achieve outcomes materially consistent with the requirements set out in the Policy. In case a common approach is not agreed, the requirements set out in this Policy shall apply.

4.7 When blending EIB financing with other financial sources, the promoter shall respect the requirements of this Policy as well as any additional requirements related to environmental, climate and/or social aspects, as specifically agreed between the EIB and such financing partners.

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34 Project refers to a set of defined works, goods, services and/or business activities for which EIB financing is sought either directly or through an intermediated financing operation, as approved by the EIB Governing Bodies.

35 EIB due diligence is the comprehensive evaluation of a project to be financed by the EIB and includes: pre-appraisal, appraisal, decision to finance, contract negotiation and signature. In the EIB project cycle, it is followed by monitoring and completion.


37 Excluded Activities from EIB Lending.

38 In line with the United Nations Guiding Principles on Business and Human Rights.

39 Blending or blended finance is the strategic use of a limited amount of grants to mobilise financing from partner financial institutions and the private sector to enhance the development impact of investment projects.
4.8 The EIB may delegate, on a case-by-case basis and for specific projects, in whole or in part the ECS due diligence and/or monitoring to another financing partner. In such cases, the EIB may agree, on a case-by-case basis, to the use of all or part of the policies and procedures of the relevant institution, provided that the EIB is satisfied that these are materially consistent with the requirements set out in the Policy. The extent of the delegation as well as the relevant policy framework shall be stipulated in the legal documentation signed between the EIB and the financing partner.

**EIB’s Environmental and Social Standards**

4.9 The EIB shall adopt a set of Environmental and Social Standards ("E&S Standards" or the "Standards"), based on the EU legal framework, that shall outline the promoter’s responsibilities in developing and implementing projects. Central to the Standards is the use of impact assessment as a forward-looking instrument to analyse in an integrated manner the ECS impacts and risks and to apply the mitigation hierarchy and international good practice.

4.10 During the due diligence and monitoring carried out for all projects the EIB finances and in all regions where it operates, the EIB takes a risk-based approach and determines the application of the EIB’s E&S Standards. The following Standards (complemented, where relevant, by non-binding guidance notes to support promoters in their application) shall be adopted by the EIB’s Governing Bodies:

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

**Promoter Roles and Responsibilities**

4.11 The promoters, whether public or private, are responsible for ensuring that EIB-financed projects are designed, implemented, managed, monitored and reported on in accordance with the relevant legal requirements and the Policy requirements which are reflected in the legal documentation signed with the EIB.

4.12 A breach of contractual conditions requires corrective measures to be taken by the promoter, in agreement with the EIB. A failure by the promoter to agree to implement such measures will lead to a decision by the EIB to take action, as it deems appropriate.

4.13 The EIB requires promoters to provide for a holistic and proactive approach to the assessment and management of impacts and risks by ensuring that environmental, climate and social considerations, as well as their interactions, are integrated into the decision-making process and shall ensure that the mitigation hierarchy is applied to all impacts and risks identified.

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40 In the case of Mutual Reliance Initiative when EIB co-finances with other development institutions in EU partner countries, it allows the promoters to benefit from a larger finance capacity, strengthened impacts and effectiveness of the project through a structured allocation of tasks and enhanced collaboration: Mutual Reliance Initiative (MRI) (eib.org).

41 The EIB’s Governing Bodies include the Bank’s Board of Directors and its Management Committee.
where relevant. A meaningful and effective stakeholder engagement process is an integral part of this approach. The EIB requires its promoters to ensure that there is no prejudice towards, or discrimination against, project-affected individuals or communities.

**EIB ENVIRONMENTAL, CLIMATE AND SOCIAL DUE DILIGENCE AND MONITORING**

4.14 In order to strengthen their environmental and social sustainability, each EIB-financed project shall undergo the EIB’s environmental, climate and social due diligence and monitoring. The actual scope of the due diligence and monitoring shall be proportionate to the nature and scale of the project and the likely significance of its impacts and risks. The promoter shall be responsible for providing adequate information so that the EIB may carry out its due diligence and monitoring in accordance with this Policy.

4.15 The EIB pursues an integrated human rights-based approach to its ECS due diligence and monitoring. It conducts a human rights-responsive due diligence process whereby impacts and risks are screened and assessed against its E&S Standards, which in turn are grounded in human rights principles. The process is guided by considerations of likelihood, frequency, and severity of human rights impacts, thereby ordering the prioritisation of mitigation measures.

**Pre-appraisal and Appraisal**

4.16 The EIB shall undertake an environmental, climate and social pre-appraisal and appraisal of proposed projects to support the decision of financing and, if financing is endorsed, the way in which: (i) the impacts and risks should be managed and monitored throughout the EIB’s project cycle; and (ii) the positive effects are maximised.

4.17 The EIB’s ECS due-diligence responsibilities at pre-appraisal and appraisal stages/s may include, *inter alia*: (i) analysing the country context and contextual risks that involves evaluating the impacts and risks, including those related to human rights, from the external operating environment and factoring these risks into decision-making and overall risk management; (ii) reviewing the information provided by the promoter relating to the environmental, climate and/or social impacts and risks of the projects and requesting any additional information where gaps have been identified and which prevent the Bank from completing its due diligence; (iii) reviewing any other available information, records and documentation, including local sources of knowledge related to ECS impacts and risks; (iv) categorising the projects based on their ECS impacts and risks; (v) conducting site-visits and engaging with the promoter’s staff and the relevant stakeholders, including potentially affected communities; (vi) ensuring that the findings of the EIA/ESIAs are taken into account and reflected in the application of the mitigation hierarchy, where relevant; (vii) requiring the promoter to identify measures to further enhance the ECS performance of the project, where relevant; (viii) assessing the capacity and commitment of the promoter to implement the project in accordance with this Policy. This analysis may lead to specific conditions in the legal documentation signed with the EIB to ensure compliance with the requirements of this Policy.

4.18 During the pre-appraisal stage, the EIB shall categorise all projects into one of the following categories, using as a benchmark the EU legal framework:

i. **High Risk**: projects that are likely to have significant environmental, climate and/or social impacts and risks and require the preparation of an Environmental Impact Assessment (EIA)/Environmental and Social Impact Assessment (ESIA) report and/or any relevant report pertaining to specific topics that may required particular attention due to: (i) national and/or EU Law requirements; or (ii) determination made by the competent authorities in the host country and/or EIB based on a case-by-case analysis that takes into account the nature, scale and location of the project;

ii. **Medium Risk**: projects that are likely to have moderate/limited adverse environmental, climate and/or social impacts and risks that might be addressed through the application of mitigation

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iii. Low Risk: projects that are likely to result in minor or no adverse environmental, climate and/or social impacts and risks.

4.19 In cases where the sub-projects/underlying investments of a project are not known at the time of the EIB’s decision to invest, the EIB shall: (i) assess the project based on the impacts and risks inherent to the particular sector and the context of the business activity; and (ii) assess the promoter’s capacity and commitment to manage the impacts and risks in accordance with this Policy. These assessments may lead to specific conditions to ensure compliance with EIB E&S Standards.

4.20 Where the EIB finances projects through Financial Intermediaries (FIs), the EIB shall conduct the ECS due diligence on the FI. This due-diligence shall, as applicable, assess (i) the FI’s relevant ECS risk management process, and its capacity to implement it (including policies and procedures and, where appropriate, how these policies and procedures are made available to the public); (ii) the potential level of ECS impacts and risks associated with the FI’s expected sub-projects/investments; and (iii) any measures necessary to develop or strengthen the FI’s process. Where appropriate and based on the ECS risk management process in place, and the FI’s capacity to implement it, the EIB shall require the FI to refer sub-projects with high ECS risks to the EIB for review and approval. Where appropriate, and consistent with its Transparency Policy, the EIB shall ensure that the ECS information which it holds related to sub-projects with high ECS risks is made available to the public.

4.21 Where the projects involve general corporate finance and where the use of proceeds is not directed at specific physical assets (e.g. working capital), the EIB shall conduct the ECS due diligence on the promoter’s environmental and social management system or its equivalent that includes policies, procedures and measures, at the corporate level, to manage the environmental, climate and social impacts and risks associated with its business activity.

4.22 Due to the nature of capital market transactions, the EIB shall apply a risk-based and precautionary approach to its ECS due diligence. The assessment of the promoter’s capacity and commitment to manage the relevant impacts and risks associated with its business activities (and with the sub-projects/investments to be financed) shall comply with legal requirements and international good practice for capital market transactions set out by supervisory and central banking authorities and networks and may have to rely solely on publicly available information. Taking into account the level of ECS impacts and risks identified in the due-diligence, the EIB’s investments in a capital market transaction shall be conditional upon the legal documentation containing satisfactory provisions regarding the type of projects to be supported by such transactions.

4.23 The EIB provides technical assistance or advisory support, when feasible and appropriate, to enhance the capacity of the promoters where insufficient capacity might constrain them from meeting their environmental, climate and social commitments as set out in this Policy.

**Decision to finance, contract negotiation and signature**

4.24 To support an informed decision-making process, the outcomes of the EIB’s risk-based environmental, climate and social appraisal, as well as the appropriate monitoring requirements, where applicable, are included in the documentation that is further submitted to the EIB’s Governing Bodies for approval.

43 High risk sub-projects: sub-projects that are likely to have significant environmental, climate and/or social impacts and risks and require the preparation of an Environmental Impact Assessment (EIA)/Environmental and Social Impact Assessment (ESIA) report due to: ii) national and/or EU Law requirements; or ii) determination made by the competent authorities in the host country and/or by FIs on a case-by-case basis.

44 Capital market transactions refer to transactions in publicly traded securities such as listed bonds and shares or transactions in securities that are not publicly traded but remain subject to restrictions on trading in those securities on the basis of material non-public information.
The information submitted may include, *inter alia*: the environmental, climate and/or social impacts and risks, the measures to avoid, prevent and reduce any significant adverse effects and, if required remedy/compensate any expected residual effects, the environmental, and/or social benefits/outcomes, including the project’s contribution to EIB’s sustainability related targets and commitments and an outline of the stakeholder engagement process carried out. It may also contain specific environmental, climate and/or social contractual conditions and/or undertakings, including appropriate monitoring and reporting requirements, to be stipulated in the legal documentation signed with the promoter.

For operations inside the EU, the obligations to be included in the financing agreement shall be based on compliance with applicable law and, where relevant, elements of the EU Taxonomy. This shall be supplemented by reporting obligations and any specific conditions identified through the appraisal process.

For operations outside the EU, the obligations to be included in the financing agreement shall include reference to the EIB E&S Standards, where relevant, elements of the EU Taxonomy and shall be supplemented by reporting obligations and any specific conditions identified through the appraisal process.

**Monitoring**

The EIB shall monitor and review compliance with the relevant legal requirements and the requirements set out in this Policy, as well as the fulfilment of the specific contractual conditions and/or undertakings included in the legal documentation signed with the promoter, and may take follow-up action, when appropriate.

**Changes in the projects**

If there are significant technical changes in the nature and scope of the project following EIB’s approval and/or the signature of the legal documents with the promoters, the EIB shall carry out a subsequent analysis in order to determine if additional environmental, climate and/or social mitigation measures are required.

**5. Final Provisions**

On the date of its entry into force, this Policy revokes and replaces the EIB Statement on Environmental and Social Principles and Standards (2009) and supersedes the EIB’s Environmental and Social Standards (2013, republished in 2018). All operations receiving approval by the respective decision-making bodies of the EIB and the EIF prior to the entry into force of this Policy shall remain subject to the policies, principles and standards in force at the time of their initial approval.

The Policy and its implementing frameworks are subject to a continuous relevance assessment process.

The need for formal reviews, including public consultation with the Group’s stakeholders, may be considered every five years or may otherwise be initiated in the event of changes in the international legal framework on sustainable development, to relevant EU policies and legislative framework, to policies and procedures within the Group that require a realignment of this Policy and EIB’s E&S Standards, and any other change the Group may deem necessary and appropriate. Substantial changes to the Policy shall be subject to approval by the EIB’s and EIF’s respective Boards of Directors.

Notwithstanding section 5.3 above, the Policy shall be reviewed by 2030 to reflect any new goals, targets and commitments taken at the international and EU levels to foster sustainable development and enhance ambition to respond to global sustainable challenges.
Environmental and Social Sustainability Framework

The EIB Group Environmental and Social Policy

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