

Public Consultation on the EIB Group's Environmental and Social Framework

Webinar on the **EIB Group Environmental and Social Policy**

Tuesday, 22 June 2021

Summary of Discussion

Objective

The European Investment Bank (EIB) is hosting a series of 13 webinars in the context of the public consultation on the EIB Group Environmental and Social Sustainability Framework (ESSF), open from 3 June to 6 August 2021. The overall objective of the webinars is to facilitate dialogue with stakeholders on the EIB Group Environmental and Social Policy (hereinafter “the Policy”) and Standards.

The first webinar focused on the new EIB Group Environmental and Social Policy, the high-level policy document setting out the EIB Group’s vision to 2030 and the main areas of contribution to a green, resilient, just and inclusive development.

Introduction

Mr Hakan Lucius, Head of Corporate Responsibility and Civil Society, welcomed the 166 webinar attendees (133 external, 33 EIB Group staff) on behalf of the EIB, explained the arrangements to ensure an effective discussion and introduced the speakers. In his opening speech, EIB Vice-President Mr Ambroise Fayolle, underlined the urgency of addressing the environment and climate emergency in this “make-or-break” decade. He welcomed the Policy, which places a balanced integration of environmental, social and economic dimensions of sustainable and inclusive development at the heart of the EIB Group’s activities. Mr Chris Hurst, EIB Director General of the Projects Directorate, summarized the background to the public consultation, the ESSF currently in force, and the main changes under consideration. The floor was then opened for discussion.

Discussion

A participant asked if the new Policy will tackle **livestock and agriculture**, stating that heavy use of cereals as animal feed, combined with intensification and agro-chemical use, has led to biodiversity loss. The EIB explained that alignment with EU policy, one of the key principles across the Standards, also means aligning with EU Green Deal strategies for agriculture, relating to animal welfare and environmentally sustainable practices in agriculture, while recognizing the importance of priority of food security. This consideration is also included as part of the EIB sector eligibility criteria and reflected in the EIB Group Climate Bank Roadmap (CBR)<sup>1</sup>, the Farm to Fork Strategy being one of the focus areas. The EIB sector eligibility criteria and the CBR contribute to achieving the objectives of the EU Farm to Fork Strategy that addresses comprehensively the challenges of sustainable food systems while recognizing the inextricable links between healthy people, healthy societies and a healthy planet

Participants asked for clarification on the EIB’s **environmental targets**, stating that these were less known than the EIB’s climate targets. The panel was also asked if the EIB could go beyond EU targets and ‘ask more’ than the EU. The EIB panel explained that the Policy adopts “sustainable finance” as ‘the Group’s operating framework. It is articulated around a few core elements, one of which is to mainstream environmental, climate and social considerations into its decision-making processes by, for example,

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<sup>1</sup> [The EIB Group Climate Bank Roadmap 2021-2025](#).

considering setting specific targets in its corporate strategy and operational plans. Therefore, the EIB has committed to gradually increase the share of its annual financing dedicated to climate action and environmental sustainability (combined target) to 50% by 2025, as articulated in the CBR. The EIB is now working on internal guidance to provide the same level of quality assurance on our tracking of environmental targets as for our climate action. Regarding EU targets, while the EIB is driven by EU legislation and principles, by committing to the CBR, the EIB has gone beyond EU commitments. Examples of this include extending the requirement to 'do no significant harm' as well as the minimum safeguards to all our project promoters; the requirements for supply chains under Standards 8 and 9; as well as the requirements on the management of involuntary resettlement.

A participant asked if the EIB considers the **social dimension** on a par with environmental and climate considerations. The panel explained that the social dimension is considered on a par with environmental and climate risks, bearing in mind the interlinkages between those risks, and is integrated across the Standards.

A participant from a bilateral development bank invited the EIB to clarify the **alignment** between the EIB's revised Standards and those used by other development finance institutions and multilateral development banks (MDBs). The EIB responded that while the Standards have to follow EU policies and requirements, the revision of the Standards has taken into account recent amendments by other MDBs and their approaches to, and implementation of, their respective environmental and social standards and requirements. The process of alignment started with the MDB Working Group on Alignment, and aimed to allow for alignment in co-financing in order to lead to effective development outcomes.

A representative of a non-governmental organization (NGO) asked the EIB to explain the **rationale for the review and key changes to the ESSF**. The EIB explained that two of the main drivers behind the revision of the ESSF are the EU Sustainable Finance Action Plan and the EU Taxonomy Regulation. In addition, a number of our **peer institutions** have either recently undergone or are undertaking a revision of their own frameworks. It is important that the Group takes into account the evolution in the policy making of its peers and their approaches to, and implementation of, their respective environmental and social standards and requirements. This will allow for alignment in co-financing and lead to effective development outcomes. Pivoting to a sustainable finance operating model, and aligning environmental and social criteria with the Taxonomy and Delegated Acts, is a key change. The Explanatory Note and Section 4 of the Policy lay out the implementing framework for the EIB, by describing the roles and responsibilities of 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. The Standards set out the responsibilities of EIB's clients, while the EIB step-by-step approach to due diligence and monitoring is defined in the internal procedures that completes the Framework.

Representatives of NGOs asked for clarification of how **human rights are** addressed in the revised Policy and Standards. They emphasized the need for a separate human rights policy and due diligence framework, and expressed concern over a perceived need to clarify the respective responsibilities of the EIB and project promoters for human rights due diligence, with the possibility of contract suspension in case of breach of the Standards. The EIB panel underlined that the aim of the review was to strengthen the approach to human rights at the Policy level, and recalled that the Policy makes clear reference to the legal obligations under the Charter of Fundamental Rights. Human rights due diligence requirements at project level are addressed through explicit references to and requirements on human rights in each Standard. Promoters are required to consider human rights as part of the environmental and social impact assessment process. While promoters are not usually requested to develop a standalone Human Rights Impact Assessment (HRIA), in cases where human rights risks and impacts are identified during appraisal or monitoring, the EIB may decide to require a stand-alone HRIA. The EIB can also set out contractual obligations and undertakings to address specific environmental and social considerations during the implementation of the

project; and to define any reporting and monitoring requirements identified during appraisal. A specific webinar on human rights on 28 June 2021 would go into further detail.

A participant asked the EIB to clarify the **risk categorization** used in the Policy. The EIB explained that the revision of the Policy and Standards clarifies how the EIB applies a risk-based approach. In terms of risk-categorisation methodology, the EIB follows the EU Environmental Impact Assessment (EIA) Directive<sup>2</sup>, which categorises risk according to Annex I and Annex II project types. While Annex I projects are considered by default as having significant impact on the environment, for Annex II projects, the determination is carried out based on certain criteria spelled out in Annex III of the Directive. For projects outside the EU, the EIB has complemented the Annex III criteria with certain social related criteria to make sure the social impacts and risks are taken into account when determining the need for an Environment and Social Impact Assessment (ESIA).

Representatives of several NGOs expressed concern that the **consultation process excludes a large number of stakeholders** from meaningful participation. The consultation period was too short to digest a high volume of documentation, and translation of documents into the languages where the EIB operates (eg Russian and Arabic) was not provided. Non-state actors needed support to understand how to interact with and contact the EIB. The EIB explained that efforts were made to be inclusive. The EIB panel explained that while the Bank cannot provide translation into all of the languages of the countries in which the EIB operates, the consultation documents are provided in English and French, while the explanatory notes, consultation questions, Standard 6 and Standard 7 are provided in English, French, Spanish and Portuguese. All webinars provide interpretation into French, with the webinars on Standard 6 and 7 also proposing Spanish and Portuguese.

A participant from an MDB expressed interest in learning more about how the ESSF addresses **reprisals**. The EIB explained that the Policy recognises the rights of stakeholders to engage with the Group and its counterparts 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. Standard 1 highlights that reprisal risks should be included in the ESIA process, and the dedicated webinar on 24 June 2021 would address this Standard.

An NGO representative asked the panel to define the biggest improvement brought about by the Standard revision concerning **gender equality and inclusion**. The EIB panel explained that in line with the EIB Gender Strategy and Gender Action Plan, the EIB aims to mainstream gender aspects across all Standards. The Standards require project promoters to address gender-related issues during various stages of the stakeholder engagement process, to pay attention to specific gender dimensions and put in place specific measures as necessary so that women's perspectives are considered in all aspects of project planning, implementation and monitoring. The EIB is currently updating the Gender Action Plan.

A participant from an NGO asked why **protection of habitats and ecosystems** was not explicitly included among the Standards. The EIB panel recalled that biodiversity and ecosystems is the fourth Standard, and the revision of this Standard would provide a robust framework to assess ecosystem protection and risks. The Standard 4 on biodiversity and ecosystems aims at ensuring that no EIB-supported project results in the loss of biodiversity and degradation of ecosystems. With the new EU Restoration Regulation due at the end of 2021 the EU will clearly define ecosystems and habitats that are under strict protection – these will de facto become no-go areas for the EIB.

A participant asked if the review of the Standards took into account the European Council's considerations on **water** diplomacy and their comments on human rights. The EIB panel clarified that sustainable **water**

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<sup>2</sup> [EUR-Lex - 32014L0052 - EN - EUR-Lex \(europa.eu\): Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment.](#)

use is a priority. The EIB's targets relate to climate action and environmental sustainability, and water and sanitation and access to water are among the EIB's targets.

A participant asked **if the Standards apply to the European Investment Fund (EIF)** or only to the EIB. The panel explained that the new EIB Group Environmental and Social Policy applies to both the EIB and the EIF. The EIF has its own Environmental, Social & Governance (ESG) Principles. Changes to the EIB's Standards brought about as a result of the consultation on Standard 11 would be reflected in those Principles. The EIF has signed up to the UN Principles on Responsible Investment, which incorporates ESG investment practices, and will continue incorporating into their own standards the commitments resulting from this.

### Concluding remarks

The EIB Group thanked participants for their constructive participation, which allows the review of the ESSF to benefit from the expertise of a wide range of individuals and organisations. The EIB reiterated the invitation to submit written contributions by 6 August 2021 on the public consultation [website](#). After this date, the EIB will start publishing the written contributions received. 15 working days ahead of the Board of Directors meeting during which the revised ESSF will be discussed, a draft revised EIB-ESSF, reasoned responses to the contributions and a draft consultation report will also be published.