

General Meeting

*Activity Report by the Chair
of the Board of Directors*

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Introduction

Dear Shareholders, fellow members of the Board of Directors and colleagues from the Audit Board,

It is an honour to be addressing the Annual General Meeting for the first time as Chair of the EIF's Board of Directors and it is a pleasure to see shareholder representatives again, after our informal shareholder meeting in February.

As the President rightly said, we have been through a challenging year. Or rather *another* challenging year, in this case marked by the ongoing war in Ukraine and dealing with a widespread context of geopolitical and economic uncertainties.

It is therefore with good reason that I referred to the “2022 journey” in prefacing the EIF's Annual Report, which is submitted by the Board for your approval today.

2022 achievements and challenges

Throughout 2022, the Board was active in supporting the Fund's pursuit of numerous operational and policy goals, through the transactions, mandates, strategic proposals and reports presented to us for decision, discussion or information.

Once again, the Board witnessed the remarkable motivation and commitment of the EIF staff to achieve the best delivery possible, demonstrating the high value of the EIF's *human* capital, in addition to its *financial* resources. Indeed, the Board acknowledged the need for a reinforcement of staffing in 2022, reflecting the growing complexities of the EIF's activities and ambitious operational plan, and authorised a corresponding headcount increase last May.

There is no need for me to quote figures and statistics, as the Annual Report does an excellent job in presenting the relevant numbers. So I will instead use this opportunity to focus on a small number of the many areas which are worthy of a closer look.

The EIF's transition towards a strong thematic orientation is something to which the Board remains attentive. It is important that the headline titles – such as environmental impact and social responsibility, climate neutrality and sustainability – translate into tangible and understandable results.

At its first meeting of 2022, the Board of Directors approved the EIB Group Environmental and Social Sustainability Framework and the revised EIF Environmental, Social and Governance Principles, further building on the foundations laid down in the EIB Group Climate Bank Roadmap. These frameworks are key to the EIB Group's vision for taking a balanced view of the climate, environmental, social and economic dimensions of sustainable and inclusive development. They underpin the EIF's aim to increase the positive environmental and social impact across all of its business activities, as well as efforts to strengthen the EIF's procedural and internal control framework via enhanced risk and impact assessments.

As a result, by the spring, the EIF services started to integrate Climate Action & Environmental Sustainability targets in the transaction-related proposals being presented to the Board for approval, in addition to the already-included information on Public Policy Goal ambitions¹. This allows the Board to receive a more holistic picture of each operation and better assess its fit with the EIF's objectives while overall developing a portfolio understanding for each key metric.

¹ (i) Competitiveness & Growth, (ii) Innovation, (iii) Social Impact, Skills & Human Capital, and (iv) Sustainability & Green Transformation.

In March 2022, the Board approved the EIF Digital and Data Strategy, in a wider Group alignment context, setting out the scope for the EIF's Digital Transformation Programme delivery over the next years. The delays in the strategy's implementation in the meantime continue to represent an area of attention, where the Board is keen to see, in the coming weeks and months, how this will be recalibrated. This transformation is a cornerstone for the EIF's future, encompassing capacity-building and modernising of processes and IT architecture, but also a cultural change, ultimately seeking to optimise the underlying operational activity, as well as improve the interfacing with clients and stakeholders.

In October 2022, the Board approved the European Commission's REPowerEU plan, a strategic initiative under which the EIF will deploy EUR 3bn between now and 2027 in support of sustainable energy, energy efficiency, energy transition, and green innovation, in line with the EIB Group Climate Bank Roadmap commitment and EU policy objectives to achieve greater energy independence and sustainability.

Later, in November 2022, the Board approved the European Tech Champions Initiative ("ETCI"), a new multi-billion initiative, funded by participating Member States and EIB Group resources, which is the first of its kind growth stage fund-of-funds in Europe to facilitate the development of the European venture capital ecosystem.

Last year also saw the InvestEU flagship mandate getting fully underway. It is fair to say that it took time for momentum to build and for the Board to be signing off on transactions. But after the Board's approval of the InvestEU Funding Agreement in July, together with the first Framework Operations grouping, respectively, eight equity and six guarantee windows, it was full speed ahead.

In fact, with InvestEU commitments totalling some EUR 4.1bn last year, this proved to be a significant proportion of the 2022 signatures which, in total, reached over EUR 9bn.

InvestEU's goals are an overall reflection of the policy areas which the EIF is determined to continue targeting, from sustainability, social impact and green targets, to competitiveness and growth, innovation and digitalisation, skills and human capital.

Moreover, for the first time under an EU programme, InvestEU has introduced gender diversity criteria to force the spotlight onto fostering the economic empowerment of women and increasing their participation in the fields of venture capital and private equity. The Board has noted with satisfaction the good number of transactions being presented which meet the InvestEU gender criteria, leading to EUR 500m having been invested into a total of 15 funds last year.

Lastly, in financial terms, based on the net operating profit of almost EUR 132m, and in line with the Board's policy for the distribution of net income to shareholders, the Board has endorsed the proposal submitted for the shareholders' approval today, which would result in a distribution of EUR 1,804 per share.

Next, looking inwards, let us turn to the EIF's organisational and governance-related developments in 2022.

The Board has been particularly pleased with the further reinforcement of the Group framework and cooperation as concerns Risk Management and Compliance. This was notably driven by an action plan under the leadership of the Group Chief Risk Officer and with considerable efforts from both institutions.

As part of a broader plan to strengthen controls and oversight, the Board has fully supported the governance changes which provided for the enhancement of the Audit Board – in composition and remit – as approved by the General Meeting last autumn. In a Group context, this development is all the more important as the EIB is deploying an internal quasi-supervisory Review and Evaluation Process, encompassing also EIF from the point of view of consolidation.

The Board has conducted constructive exchanges with the Audit Board, including through joint seminars and meetings, and looks forward to continuing this useful dialogue, with the full six-member composition.

Looking ahead

As far as 2023 is concerned, the Board has been pleased to see the EIF's new Chief Executive swiftly engaging in her mission to continue developing the EIF's strategic orientations and deliver long-term value to the shareholders.

This approach shall continue to build on the policy objectives which I have mentioned and more, as presented in the EIF's Annual Report. The Board is firmly behind the EIF's aim to seek the most effective combination of adapting to address market needs and policy objectives and, at the same time, generating an appropriate return on resources, all the while that a visionary plan for the years ahead is developed and governance and organisational structure are further strengthened.

Adaptation has certainly been of particular importance for the EIF over recent years, as we see a "crisis" context becoming regrettably so familiar in Europe, navigating between the COVID crisis, economic crisis, war in Ukraine, energy crisis, climate crisis and more.

I would say that makes it particularly important to stay focused on what can be achieved through the EIF's capacity and expertise, as part of the EIB Group and with the support of its shareholders and collaboration with key stakeholders.

To conclude, I would like to thank my colleagues on the Board of Directors for their valuable contribution and insight. Moreover, on behalf of the Board, I would like to convey thanks, on the one hand, to EIF management and staff for their achievements and commitment throughout 2022 and, on the other hand, to our shareholders as they accompany the EIF on its "2023 journey" as key business and strategic partners, mandators and financial intermediaries.