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A description of the European Investment Bank’s, the EIB Institute’s and European Investment Fund’s activities and products can be found at: www.eib.org, www.institute.eib.org and www.eif.org.

**Reporting standards, boundaries, data collection and assurance**

Since 2005 the European Investment Bank has reported annually – at an A+ level (GRI-checked) since 2011 – on its corporate responsibility and sustainability in accordance with the Global Reporting Initiative Guidelines (GRI G3.1) for reporting on sustainable development. In addition, we have reported on performance indicators specific to the financial services sector in accordance with the GRI’s Financial Services Sector Supplement (FSSS). This report follows the GRI criteria, which the Group also refers to as its internal reporting criteria. Since 2008 the EIB has been an Organisational Stakeholder of the GRI.

In 2013, this report provides insights into the environmental, social and governance performance of the EIB Group, which consists of the European Investment Bank and the European Investment Fund. In prior years, the report covered primarily the activities of the European Investment Bank. This report covers the Group’s direct and indirect impacts and data, unless otherwise mentioned. For operational data, we use proprietary online data collection tools to gather, track and validate the data required for our annual sustainability reporting cycle. These data are monitored by our internal experts.

The materiality as determined in 2012 was used in selecting the topics to report on for 2013. This report was prepared following interviews with the key players and the examination of documents and reports.

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1 The European Investment Bank includes the EIB Institute
The GRI table of contents is available on our website. In this table we have included an explanation of why we have not reported on indicators that were omitted. Where appropriate, the index refers the reader to relevant sources of the required information, including our 2013 Financial, Statistical, Activity and Sustainability Reports and our website. For a number of indicators that cannot yet be reported on, we aim to improve our data collection systems in order to include them in future reporting.

The EIB commissioned its external auditors, KPMG, to provide a limited assurance report on the statements and indicators in the Sustainability Report marked in italics and with a tick, prepared in accordance with the internal reporting criteria applicable at the EIB Group in 2013.

More information on our corporate responsibility management and performance can be found at www.eib.org/cr or in our GRI table at www.eib.org/cr/gri.

CR reporting following GRI standards for eight years

<table>
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We want to hear your views on our sustainability reporting and performance. Email us at info@eib.org.
2013 was a challenging year for the European Investment Bank, the “EU bank”. One year ago our shareholders, the EU Member States, entrusted us with a capital increase of EUR 10bn, enabling the EIB to play a counter-cyclical role in times of crisis by increasing its lending volume and being active as a reliable partner on markets that commercial banks have left or at least where they have reduced their volumes dramatically. We have delivered on our promises. We stepped up our total Group financing activities by 37% to EUR 75.1bn. This effort is even more impressive when considering Europe alone, where financing of EUR 67.1bn represents a 42% increase on 2012 volumes.

We believe that unlocking growth potential is connected to the health of Europe’s small businesses and to the ability of our youth to become a high-skilled workforce for the future. With this in mind, we concentrated some 30% of our financing efforts last year on SME lending. EUR 21.9bn in financing helped approximately 230 000 SMEs to sustain 2.8m jobs. At the request of the Council, we dedicated EUR 9.1bn to promoting skills training and employment opportunities for our 15-24 year olds, providing a coherent, joined-up European response to the current employment crisis.

Group microfinance activities yet again paved the way for financial and social inclusion globally, stimulating access to finance in areas experiencing both economic and political upheaval. In addition to extending finance to vulnerable groups,
we worked to empower microfinance institutions by providing much-needed capacity building via technical assistance.

Climate activities were no less a priority. On the contrary, climate considerations are fully mainstreamed into all our activities. We are convinced that the case for sustainable action that will produce a strong economic and financial return is indisputable.

In addition to EUR 19bn of finance for climate action, three key events underpinned our commitment in this area. First, we launched our Climate Statement, which outlines our approach to climate activities. Second, the revision of our Environmental and Social Handbook resulted in 10 Environmental and Social Standards applicable to all EIB projects. And last but not least, we introduced our new energy lending criteria. Developed on the basis of extensive public consultation, the criteria will ensure increased support for renewables, efficiency and smart grids, as well as research and innovation. Moreover, we are proud to have introduced a new Emissions Performance Standard to be applied to all fossil fuel projects, screening out investments with carbon emissions exceeding EU or national thresholds.

One development in this year’s report which we are particularly happy to announce is the description of our carbon footprinting methodology and 2013 results.

Another area in which we were proactive in 2013 is our Climate Awareness Bonds. We have been one of the largest issuers in the green bond market and we aim to act as a catalyst for investment in this important space. With EUR 1.4bn issued, 2013 was a record year; more is expected in 2014.

And a sustainable future for Europe is only imaginable with significant investment in innovation, to drive forward technologies for the future. In 2013 our EUR 17.2bn investment in research, development and innovation was reinforced with new, tailor-made financial instruments.

Indeed, the EIB Group can safely say that sustainability starts at home. At a time when the banking industry is being called upon to focus increasingly on ethics and integrity, compliance provides the foundations on which we have built our sustainability approach. In 2013 we reaffirmed our strong commitment to accountability, engagement and transparency; for the third consecutive year we voluntarily met the Global Reporting Initiative A+ application level.

The EIB has a sustainability action plan for 2014-2015 but we are convinced we will be able to exceed even our own expectations. In this electoral year, we expect to forge closer links with our EU partners and will strive internally to adapt responsibly to the ever-changing market place.

The EIB Group has become a beacon for Europe in times of crisis; our visibility to EU citizens and our accountability to society have never been greater. We intend to keep our promises.

Werner Hoyer,
President

Philippe de Fontaine Vive,
Vice-President
**GROWTH FOR JOBS**

- **75.1bn**: EIB Group financing focusing on projects with impact on growth and jobs
- **230,000 SMEs**: benefitted from EIB Group finance in 2013 in support of our initiative Skills and Jobs - Investing for Youth
- **2.8m JOBS**: benefitted from EIB Group finance

**FINANCE FOR CLIMATE ACTION**

- **19bn**: CLIMATE ACTION lending
- **11 SOLAR PROJECTS signed**
- **17 WIND FARMS**
- **37 PUBLIC TRANSPORT PROJECTS**

**CLIMATE BONDS**

- **1.4bn**: issued at
10 Environmental and Social Performance Standards

TRANSPARENT
ENGAGED
ACCOUNTABLE

SUSTAINABLE INNOVATION

17.2bn EUR invested in innovation at Group level

EIB Institute

1m EUR subsidies to research and education

Support for 19 projects by Universities and Research Centres

856m EUR for innovative SMEs and Mid-Caps via the Risk Sharing Instrument
In 2013 the EIB Group signed financing agreements totalling EUR 75.1bn in sectors such as Energy, Transport and Industry, EUR 70.5bn of which in the European Union and enlargement countries to support growth and employment during the prolonged crisis.

SMEs drive job creation

SMEs and MidCaps provide two-thirds of private sector employment and create 80% of all new jobs.

A family-owned wine-producing business in central Greece was able to create 12 new jobs as a result of an EIB loan of EUR 150,000 received in January 2013. Equipment purchased with the loan enabled a second production line to be established, which in turn resulted in a 50% increase in annual turnover.

Everytime we refer to SMEs in this report we also include MidCaps.
Smaller firms are often highly innovative and fast-growing. In 2013 the EIB Group provided EUR 21.9bn of finance to small and medium-sized enterprises in Europe, a 50% increase on 2012. Working with a network of local partner banks and financing institutions that act as intermediaries, the Bank provided EUR 18.5bn in Loans for SMEs. The EIF, via equity, guarantee and microfinance operations, provided a further EUR 3.4bn in favour of European small and medium-sized businesses. Our support stimulated the flow of finance to some 230,000 SMEs in Europe, sustaining approximately 2.8m jobs.

Prioritising youth employment

In July the EIB Group launched the ‘Skills and Jobs - Investing for Youth’ initiative to complement the EU Youth Employment Initiative and youth employment policies at EU and Member State level. This programme is focused on financing facilities for vocational training and student and apprentice mobility, and on addressing the shortage of jobs for young people in smaller companies. It is our first ever lending programme specifically designed to support young people.

Results are tangible and provide hope for the future: we have approved investments of EUR 9.1bn under this initiative, including EUR 4.5bn to support and improve skills.

Strengthening regional development in Europe

While the economic and financial challenges persisted in 2013, the Group continued to foster cohesion as a means of counteracting the crisis, collaborating with national and regional governments to that end.

The Bank’s activities to promote economic and social cohesion provide opportunities and resources for EU regions to maintain investment programmes, improve competitiveness and create jobs. Not only is the Bank supporting the Member States in implementing severe austerity measures, as in Greece, Cyprus or Portugal, but it is also active within Member States at the regional level. The EIB co-finances priority investments alongside the EU’s Structural Funds. During the 2007-2013 programming period, this lending portfolio provided EUR 19bn to 29 national and regional operations in Member States, through Structural Programme Loans and technical assistance. The EIB contributed to the implementation of investment programmes (supported by EU grants) with a total project cost of EUR 185bn.

One of the EIF’s key instruments for regional development is the Joint European Resources for Micro to Medium Enterprises (JEREMIE), an initiative of the EC and EIF to promote financial engineering products, enabling EU Member States and regions to use part of their Structural Funds to provide risk financing to SMEs.

The EIF’s involvement has been essential to the public authorities and the market, and this is demonstrated by the sheer volumes committed since inception: 14 Holding Funds are under management, and 64 debt, guarantee and equity transactions have been signed with 52 different financial intermediaries in nine European countries, deploying some EUR 1bn of Structural Funds and lever-
EIB Group Sustainability Report

Providing access to microfinance

The EIB Group has a long track record in microfinance, supporting leading microfinance institutions (MFIs), fund providers (microfinance investment vehicles) and other initiatives that help to increase financial inclusion both financially and via technical assistance (TA). As a major player in the development of a sustainable and responsible microfinance sector worldwide, the EIB Group helps create jobs, eradicate poverty and address gaps in the supply of financial services.

We have set up a microfinance centre of expertise that brings together the EIB, EIF and EIB Institute.

In 2013 we jointly financed microfinance research institutes and microfinance technical assistance providers, sponsored events such as the European and African Microfinance Week, signed a new five-year commitment to the Consultative Group to Assist the Poor (CGAP) and were represented on the Executive Committee of that organisation. We are also a member of the European Microfinance Platform (e-MFP), the Social Performance Task Force (SPTF), the European Microfinance Network (EMN) and the Microfinance Centre (MFC), and a sponsor of the University Meets Microfinance Initiative.

Empowering European micro-entrepreneurs

Within the EU, microfinance activities focus on job creation and support for vulnerable groups such as the self-employed, female entrepreneurs and entrepreneurs from ethnic minorities. The EIF is the Group’s main microfinance provider within the EU.

Since 2010 the EIF has been the manager of the European Progress Microfinance Facility, a pan-EU micro-credit facility co-financed by the European Commission and the EIB Group, which targets disadvantaged borrowers that encounter difficulties in accessing credit, including women borrowers and entrepreneurs from ethnic minorities. The Progress Microfinance Facility target is EUR 500m of microloans to 46,000 micro-borrowers by 2020.

Microfinance overview

- Record number of EIF microfinance deals signed in 2013 in Europe
- 26 transactions in 13 countries totalling EUR 53.8m – x4 leverage in new microcredits
- Total EIF microfinance portfolio EUR 145.9m, supporting over 12,800 European micro-entrepreneurs

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difficulty in accessing the traditional credit market. The EIF has signed agreements with 30 microfinance providers that act as EIF intermediaries to provide micro-credit (loans below EUR 25 000) to entrepreneurs and micro-enterprises.

Since its inception the European Progress Microfinance Facility has supported 12 364 final beneficiaries. Of these micro-enterprises, 44.3% had been established no more than a year earlier. Thanks to this Facility, the micro-enterprises increased their staff numbers by 4.6% (726 additional employees).

Highlights of the Facility include outreach to vulnerable groups:

• Vulnerable groups (such as the self-employed, female entrepreneurs and entrepreneurs from ethnic minorities) at micro-borrower level increased by 138% last year and the volume of loans extended amounted to EUR 119m.

• Considerable outreach to women entrepreneurs. The intermediary that was most successful in reaching female loan recipients was Siauliu Bankas, a Lithuanian intermediary whose microloan beneficiaries included 55% women.

• A clear majority of individual micro-borrowers were either unemployed or economically inactive when they received their loans. 51.2% of the borrowers set up their own businesses to obtain employment.

• Almost 45% of loan recipients were educated to secondary level and 5.7% were under 25 years old, the highest rate of young borrowers being achieved by Mikrofond in Bulgaria, at 62.5%. 80 micro-borrowers belonged to a minority group.

The EIF has also been the manager of the JASMINE (Joint Action to Support Microfinance Institutions) Technical Assistance Facility since 2010. Under this Facility, microfinance providers within the EU receive rating assessments and complementary training provided by third party experts.

In 2013 the EIB also extended its microfinance activities to the EU, with a EUR 60m loan to Spain’s MicroBank in support of micro-businesses and entrepreneurs in the crisis-hit country.
Outside the EU, we aim to guide and support micro-entrepreneurs as well as provide the necessary finance to improve lives through micro-business development. We are active across the sub-Saharan Africa, Caribbean and Pacific (ACP) regions as well as in the Mediterranean partner countries (via FEMIP), where the EIB has created ‘greenfield’ microfinance institutions where none existed previously, supported micro and small enterprises and financed related studies and technical assistance activities.

Our non-EU microfinance portfolio has increased over the last few years, principally due to investment in ACP countries. In 2013, EUR 62.5m worth of microfinance investments were signed under the Africa, Caribbean and Pacific mandate (one microinsurance fund and four credit lines in East Africa), and EUR 13m was provided to four microfinance institutions in the Mediterranean region for direct lending, investing and capacity building in Palestine, Lebanon, Morocco and Tunisia. Overall, 90% of direct lending to MFIs is extended in local currency.

Across the Mediterranean region, Southern Africa and the Caribbean the EIB works with 14 microfinance investment vehicles and directly with 26 microfinance institutions in 14 countries. Our funding, which is channelled through investment vehicles, is managed by advisory companies that comply with strict environmental, social and corporate governance standards.

The Bank is a significant technical assistance donor for microfinance, especially in Africa and the Caribbean. With EUR 21.7m granted since inception, it provides vital capacity building to microfinance institutions.

We reinvested in a micro insurance fund ("Leapfrog Fund II"), which invests in companies in Africa, South Asia and Southeast Asia that provide financial services such as insurance, savings, pensions and investment products to low-income and financially excluded people.

Support for social entrepreneurship

Strengthening the social market economy demands highly responsible and innovative companies which can make a positive impact on society and the environment. The EIF has established itself as a thought leader on policy action in support of social entrepreneurship in Europe, notably on topics such as impact metrics and innovative financial instruments for the social sector. The Social Impact Accelerator (SIA) fund of funds was launched in May 2013 to help build a functioning eco-system.

The EIF’s objective is to become the reference point for impact investing in social enterprises, which are essential actors in delivering social innovation and inclusiveness at European level.

The first commitment has already been signed; the EIF backed the German-based Social Venture Fund, which is managed by a professional European social venture team that invests in social enterprises with innovative and entrepreneurial-driven solutions for urgent social and environmental challenges.
**EIB Institute: making society the winner**

The **EIB Institute** was created as part of the EIB Group in 2012 to promote EU objectives by supporting ‘European initiatives for the common good’. The Institute is a catalyst for social, cultural, educational and research activities directed towards economic and social development and cohesion in the EU-28 and enlargement countries.

We have developed three programmes at the Institute consisting of 1) knowledge, 2) social activities and 3) arts and cultural activities. To implement these programmes, we:

- support higher education and research, particularly in applied economics, thereby contributing to the development of the EU’s knowledge economy;

- support job creation within the EU by nurturing social innovation; and

- promote culture and European diversity, by supporting in particular budding artists and our cultural heritage.

**Within the EIB Institute’s social programme, the Social Innovation Tournament promotes the generation of innovative ideas and identifies opportunities with promising societal benefits and outcomes. It targets the creation of social value in relation to the fight against social exclusion. The winners of the 2013 Tournament were selected from 16 finalists:**

- **inBelly** – helping people to influence producers by making scientific and legal information about ingredients in food easily available to everyone;

- **Mattecentrum** – providing tutoring in mathematics to students all over Sweden free of charge, injecting fun into the discipline;

- **Recicleta** – collecting waste paper for recycling, using freight bicycles and employing socially disadvantaged people.

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**Employment at the EIB Group**

Across the EIB Group we were able to both generate new jobs and at the same time encourage mobility within the organisation. Of over 200 new positions created in 2013, about 30% were filled by current staff members. To fill the other positions, we hired 272 new colleagues in 2013. We recruited 65 staff under the age of 30 (24% of the total new hires) and 52% of the new recruits were women.

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I was motivated to come to the EIB because of the multi-faceted nature of the work. The range of different disciplines required to come up with a solution that addresses environmental, economic and social needs all at once is huge, and the opportunity for teamwork is enormous. I can’t think of many other workplaces where finding a perfect ‘solution’ to a professional ‘problem’ means really making a difference to the world in which we live!
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Julia de Graaf, new EIB employee in 2013
Finance for climate action

Working together to finance results we can be proud of:

In five years, 88 bn EUR has been lent for climate action.

In 2013 we financed 169 projects for climate action of which 29 in France and 19 in the UK.

Clean lending investments in Europe:

→ 6.4 bn EUR for renewable energy, 100% increase on 2012.

→ 2.2 bn EUR for energy efficiency, 90% increase on 2012.

Target for EIB lending in support of climate action: 25% of total portfolio

Result in 2013: 27% of 2013 lending portfolio

July 2013
Launch of new energy lending criteria to reinforce support for renewable energy and energy efficiency and introduction of the Emission Performance Standard to measure emissions from fossil fuel power and heat generation plants.

November 2013
Publication of the EIB Statement on Climate Action to present our support to EU leadership on climate action.

December 2013
Release of the revised EIB Environmental and Social Handbook with climate-related standards, explaining EIB due diligence and clients’ responsibilities.
Supporting low-carbon and climate-resilient growth worldwide

Stabilising the global climate is one of the most urgent challenges in the coming decades and climate finance is a powerful driving force for sustainable development.

We address both mitigation issues – the Bank has increased support for low-carbon projects and revised its approach to potentially carbon-intensive sectors – and adaptation issues, where the Bank promotes measures that can reduce the vulnerability of projects to anticipated climate change.

The EIB Group’s financing activity in these sectors is among the largest of all multilateral financial institutions. In 2013 the EIB lent EUR 19bn for dedicated climate action projects, representing 27% of our aggregate lending and exceeding our 25% target.

We are an observer at the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP), which met for the 19th time in Warsaw in 2013. The COP is the annual meeting of global leaders and climate action specialists, at which we speak alongside peer institutions and meet with potential EIB Group clients to ensure that our product offering is tailored to the needs of tomorrow’s sustainable economy.

Integrating climate considerations into all activities

In addition to financing targeted climate action projects, the Bank also mainstreams climate action considerations into all of its operations. These considerations form the basis of our Environmental and Social Standards (see section entitled “Transparent, engaged and accountable”).

Mitigation

EUR 17.8bn

- Sustainable transport
- Renewable energy
- Energy efficiency
- Others
- RDI

With 169 projects in over 55 countries, we exceeded targets in this priority area and reinforced our strategy in support of climate action outside the EU with a EUR 2bn envelope for external lending.

We signed a EUR 270m loan for the Viennese firm Stadt Wien - Wiener Wohnen to improve the thermal energy efficiency of municipal housing.

Adaptation

EUR 1.2bn
Carbon footprint of EIB projects

Project carbon footprinting at the appraisal stage was started at the EIB in 2009 and is now mainstreamed into the Bank’s operations. The EIB applies its carbon footprinting methodology to all sectors, not only climate mitigation projects. An external audit and review of our 2011 data was completed in 2013, confirming our Carbon Footprint Exercise (CFE) approach and methodology. We aim to continually improve our CFE methodology, learning from our peers and partners, and to take an active role in the IFI working group on greenhouse gas (GHG) accounting.

Our approach to footprinting

For our CFE, we estimate and report the GHG emissions from projects where emissions are expected to be significant, i.e. emissions above one or both of the following two thresholds:

- **absolute emissions (actual emissions from the project)** > 100 000t CO₂-eq/year⁴ for a standard year of the project’s operations

and/or

- **relative emissions (estimated emissions increases or savings compared to the expected alternative)** > 20 000t CO₂-eq/year.

Analysis of our CFE suggests that these two thresholds capture approximately 95% of emissions from EIB investment projects. We strictly apply the Bank’s thresholds for inclusion in the CFE to avoid possible distortion of results, despite acknowledging that other EIB projects not included also target emissions savings.

At the heart of our footprinting approach are the absolute emissions from each project. Whilst assessing and reporting emissions savings and increases, which give an important indication of the emissions in comparison with other technologies or projects, we consider a project’s absolute emissions to be a fundamental element, as these are what will ultimately affect our climate.

When estimating savings or increases in emissions, we consider it to be important to compare emissions from projects as equally as possible – particularly in the power generation sector. Thus, to estimate savings or increases in emissions, the Bank uses the same approach for the baselines of all new power generation projects, whether they involve renewable energy or not.

To review the total impact of our lending, we believe it is important to assess significant emissions from all sectors we fund, not only from green sectors. We include projects from conventional and renewable energy generation and networks, energy efficiency, transport, industry, water and solid waste sectors in our annual CFE. This enables us to assess the contribution from each type of lending.

2013 project footprinting

In 2013, 67 of the projects in our portfolio⁵ had estimated emissions above the absolute or relative emissions thresholds and were included in the 2013 CFE⁶. They represent total EIB signatures or allocation approvals of EUR 13.8bn. The related total absolute GHG emissions are estimated at 3.2 Mt CO₂-eq/year, with an overall saving from the projects in question estimated at 2.4 Mt CO₂-eq/year⁷.

One example of a project included in the footprint exercise was a geothermal power plant in Costa Rica which, in addition to emissions savings estimated at 55 kt CO₂-eq/year, will provide the country with a secure supply of energy, regardless of the seasons or weather conditions.

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⁴ Tonnes of carbon dioxide equivalent per year.
⁵ For projects with finance contract signed or large allocations approved during the year.
⁶ Based on the 2011 Pilot Carbon Footprint methodology. The methodology was revised and updated for the 2012 and subsequent exercises.
⁷ These figures are estimates based on scenarios as explained in the CFE methodology (http://www.eib.org/attachments/strategies/eib_project_carbon_footprint_methodologies_en.pdf). These figures cannot be seen as trends as these emissions only concern projects that have been signed during the year under review. The emissions from year to year will therefore be subject to variations due to the number and type of projects signed.
The table below shows the results of the aggregate figures for the last three years of the EIB’s project CFE. In 2013 the absolute emissions figure was affected by the reduction in power plant construction in the EU and the resulting decrease in the number of such large projects in the EIB portfolio.

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<th>Projects included in the CFE</th>
<th>2013</th>
<th>2012</th>
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<tr>
<td>No. of projects</td>
<td>67</td>
<td>61</td>
<td>71</td>
</tr>
<tr>
<td>Total EIB amount signed⁸</td>
<td>13.8 EUR bn</td>
<td>11.2 EUR bn</td>
<td>11.4 EUR bn</td>
</tr>
<tr>
<td>Total project cost – EUR bn</td>
<td>79.6 EUR bn</td>
<td>45.7 EUR bn</td>
<td>55.4 EUR bn</td>
</tr>
<tr>
<td>Average % EIB-financed</td>
<td>17%</td>
<td>25%</td>
<td>21%</td>
</tr>
<tr>
<td>Absolute emissions – Mt CO₂-eq/year</td>
<td>3.2</td>
<td>5.7</td>
<td>7.5</td>
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<tr>
<td>Relative emissions – Mt CO₂-eq/year</td>
<td>-2.4</td>
<td>-3.0</td>
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</tbody>
</table>

⁸ Individual project GHG data are assessed at appraisal but for the purposes of annual reporting the project figures are aggregated, based on prorated figures in proportion to the volume of EIB funding of each project. Thus if the EIB funds 50% of a project in a particular year, 50% of the project emissions will be reported in that year.

**Revising lending criteria for energy projects**

Each project submitted for EIB financing is assessed on its financial, economic, environmental and social merits. For energy projects the EIB addresses sustainability, security of supply, competitiveness and externalities, adopting a neutral approach to different technologies.

In 2013, on the basis of a public consultation, we completed a review of our energy lending criteria that reinforced our support for investment in renewable energy, energy efficiency and energy grids.


The new Emissions Performance Standards threshold reflects existing EU and national commitments to limit carbon emissions. It ensures that EIB lending is restricted to projects that make a positive contribution to EU economic growth and are consistent with EU climate policy.

Wherever quantifiable, the cost of carbon emissions and other non-greenhouse gas pollutants, as well as other externalities such as the costs/benefits of security of energy supply, are incorporated into our cost-benefit analysis.

Carbon-intensive power generation projects exceeding the EPS are not eligible for our financing. Only highly efficient co-generation facilities or coal power plants which co-fire at least 25% biomass can be financed by the EIB Group.

Limited exemptions might be granted based on “security of supply” considerations for islands where there is no economically viable alternative or for projects that would have a particularly positive material impact on poverty alleviation and economic development.

**EIB Emissions Performance Standard (EPS) for all fossil fuel generation projects**

- Screen out investments with carbon emissions > 550 grams of CO₂ per kilowatt hour (g/kWh)
- EIB internal carbon pricing (EUR 28/tCO₂ in 2013 up to EUR 45/tCO₂ by 2030)
Contributing to an energy-efficient Europe

Our focus on clean energy and natural resources is in line with our climate action targets and forms an important part of what we call responsible finance. We have increased our energy investments to meet the EU objectives for cheap, clean and secure energy.

With 44% of our total energy lending portfolio dedicated to renewable energy projects, we are already demonstrating our commitment to the EU 2020 target of 20% energy from renewable sources in gross final energy consumption.

Our resource efficiency goals:

• We will finance energy savings that cover at least 50% of the investment cost.

• We will streamline co-financing for national projects and financing for industry and SMEs.

• We will increase our support for near-zero energy buildings.

• We will support the roll-out of emerging energy efficiency technologies.

Developing innovative financing instruments for climate action

In addition to traditional lending in favour of climate action, we develop financial products and innovative instruments to support our climate activities, which include elements of technical assistance and target a wide range of sectors and regions.

We have leveraged capital with the private market by initiating a series of Climate Funds, which aim to stimulate a constant flow of private finance as well as public money into climate action. These include:

• Dasos Timberland Fund II – focusing on sustainable forestry.

• Althelia Climate Fund – monetising the protection of forests in Africa and Latin America through credits on the voluntary offset market. Althelia is the Bank’s first REDD+ project, a UN mechanism to monetise carbon stored in forests.

• EcoEnterprises II – protecting biodiversity in Latin America.

In Germany a EUR 500m EIB loan is helping Tennet to construct and maintain three separate offshore connections to the German electricity grid. Developing offshore grid connections and linking wind farms to the grid is helping Germany to shift away from nuclear power generation and reduce CO₂ emissions.
NER300 Initiative – Greentech support

The NER300 Initiative is a funding programme for Carbon Capture and Storage (CCS) demonstration projects and innovative Renewable Energy Sources (RES) technologies. The Initiative entails the sale of 300 million in EU Allowances (EUAs) set aside under the New Entrant Reserve (NER) of the third phase of the EU Emissions Trading Scheme. Under the Initiative the Bank both appraises CCS and RES projects proposed by Member States and sells the EUAs.

Following the completion of a successful first phase, the European Commission launched the second phase of the NER300 Initiative in April 2013. We received 33 project applications in July and have since been carrying out the due diligence. Sales of the remaining 100 million EUAs started in November 2013 and are due to be completed within a five-month period. The European Commission intends to award funding to successful projects in the second half of 2014.

The EIB: a key driver of green growth

“2013 was a watershed year for the EIB. The decision to introduce an emissions performance standard across its energy portfolio, combined with a renewed commitment to investing in renewables and energy efficiency, consolidated the Bank’s reputation as a climate leader. It is without doubt a great start. But, as ever, more needs to be done. As 2014 unfolds, sentiment around European ambitions on climate action will become ever more important as the second European climate and energy package is decided and we move inexorably toward Paris, COP21 and a make-or-break global climate deal in 2015. Against this backdrop, the vision for the EIB should be nothing short of becoming the world’s leading green bank.”

Ingrid Holmes, Associate Director, E3G
In 2013 we contributed further to the development of the green bond market through the issuance of Climate Awareness Bonds (CABs), which raised a record EUR 1.4bn earmarked for climate action projects. In July, we issued a EUR 650m CAB – our largest ever. This bond was subsequently increased to EUR 1.15bn by year end, making it the largest bond from a supranational borrower in the green bond market.

The EIB has been issuing CABs since 2007 as part of a broader climate strategy. By the end of 2013, CABs had raised EUR 3.1bn equivalent in funds earmarked for climate action lending. CABs can support two areas of climate action investment – renewable energy and energy efficiency. Projects supported in these two areas include, but are not limited to:

- renewable energy: wind power, hydro, tidal, solar and geothermal;
- energy efficiency: building insulation, replacement of equipment with significant improvements in energy efficiency; Project(s) supported in these two areas include, but are not limited to:

<table>
<thead>
<tr>
<th>Name of projects</th>
<th>EUR m</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEWAG Wind Power, Austria</td>
<td>50</td>
</tr>
<tr>
<td>Borkum West II Offshore Windpark, Germany</td>
<td>5</td>
</tr>
<tr>
<td>Eesti Energia Windparks, Estonia</td>
<td>45</td>
</tr>
<tr>
<td>Global Tech I Offshore Windpark, Germany</td>
<td>143</td>
</tr>
<tr>
<td>IMWIND Wind Power, Austria</td>
<td>59</td>
</tr>
<tr>
<td>Northwind Offshore Wind (formerly Eldepasco), Belgium</td>
<td>135</td>
</tr>
<tr>
<td>Energiepark Bruck Wind Power, Austria</td>
<td>4</td>
</tr>
<tr>
<td>PUESPOEK (PK) Wind Power, Austria</td>
<td>30</td>
</tr>
<tr>
<td>Sheringham Shoal Offshore Wind Farm, UK</td>
<td>44</td>
</tr>
<tr>
<td>London Array Offshore Windfarm, UK</td>
<td>244</td>
</tr>
<tr>
<td>Wind Farm Gulf of el Zayt, Egypt</td>
<td>6</td>
</tr>
<tr>
<td>ENEL Greenpower Energie Rinnovabili II, Italy</td>
<td>36</td>
</tr>
<tr>
<td>Khi Solar One Tower Project, South Africa</td>
<td>20</td>
</tr>
<tr>
<td>EVN Electricity Networks, Austria</td>
<td>45</td>
</tr>
<tr>
<td>INELFE Interconnexion, France/Spain</td>
<td>15</td>
</tr>
<tr>
<td>PNESER – Renewable Energy Transmission, Nicaragua</td>
<td>5</td>
</tr>
<tr>
<td>RTE – Transmission Network Upgrade, France</td>
<td>72</td>
</tr>
<tr>
<td>SHE Transmission upgrade – renewables, UK</td>
<td>176</td>
</tr>
<tr>
<td>France Biomasse – Dalkia, France</td>
<td>15</td>
</tr>
<tr>
<td>South West Devon Waste-to-Energy CHP Plant, UK</td>
<td>22</td>
</tr>
<tr>
<td>Eesti Energia Waste to Energy Plant, Estonia</td>
<td>34</td>
</tr>
<tr>
<td>Landsvirkjun Budarhals Hydropower, Iceland</td>
<td>70</td>
</tr>
<tr>
<td>Mount Coffee Hydro Generation Rehabilitation, Liberia</td>
<td>8</td>
</tr>
<tr>
<td>Vardnili and Enguri Hydro Rehabilitation, Georgia</td>
<td>3</td>
</tr>
</tbody>
</table>

9 As per the list of supranational borrowers compiled by Standard & Poor’s.
energy efficiency, district heating, cogeneration, reducing energy losses in transmission and distribution.

Total disbursements from the earmarked portfolio in 2013 amounted to a record EUR 1.3bn, supporting 24 projects within and outside the EU.

Our own footprint

Our contribution to a low-carbon economy begins in Luxembourg

We have been measuring and managing our carbon footprint annually since 2007. In 2013 our carbon footprint per employee was 6.21 tCO₂e. Our absolute carbon footprint in 2013 was 14,713 tCO₂e.

In 2007, our carbon footprint per employee was 11.92 tCO₂e. This reduction, as well as the 18% reduction of the absolute carbon footprint compared to 2007 are mainly due to changes in methodology and business activities.

Since 2007 we have implemented a host of measures to reduce our own footprint, including the use of 100% renewable electricity, use of energy from a cogeneration plant, replacing the EIB service car fleet with lower-emissions vehicles and making use of the “green taxi” fleet, which employs the latest generation of hybrid vehicles. We have improved the management of our office facilities services by actively managing lighting and heating of unoccupied workplaces and out-of-hours energy consumption, in addition to already using low-energy lighting.

Choosing “responsible” partners

We work closely together with our current service providers to ensure environmental and social objectives form an integral part of the delivered services, such as better waste management practices, use of Fairtrade products and provision of organic menu options sourced from local producers where available. In 2013 we also introduced gluten and lactose-free products and took measures to reduce salt and sugar content in support of the health and well-being at work initiative.
Innovation is the key to enhancing Europe’s competitiveness and facing global challenges, including the creation of employment to stimulate economic growth and tackle climate change.

At the EIB Group we accelerate innovation using a two-pronged approach that involves:

- financing research, development and enabling technologies;
- developing innovative financial products.

**Enabling technologies**

We can offer support throughout the entire innovation cycle. This includes fundamental research, prototyping and commercialisation. Our support extends to the academic world and large organisations but also incubators and SMEs.

The EIB is supporting German-based company Boysen with a EUR 45m loan for research into new exhaust technology for cars to reduce emissions and noise. Under this R&D programme Boysen will develop exhaust technologies that meet the stricter climate requirements of the future.

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Working together to finance results we can be proud of:

**1st Growth Financing Initiative (GFI) operations**

developing our mid-cap client group

**856 m EUR**

invested in innovative SMEs via the Risk Sharing Instrument (RSI) under RSFF

**111 m EUR**

in EIF support for technology transfer via nine transactions.
The EIB Group has granted a EUR 120m loan to Swedish company Xylem for research, development and innovation activities in the water industry to enhance its expertise in water and wastewater-handling technologies.

Learning and knowledge is key

Innovation requires skills, the development of new knowledge and the transfer of knowledge between academia and the business sector. Through support for improvements in education, we stress the importance of empowering people, because knowledge is recognised as the driver of sustainable productivity and economic growth. We finance the knowledge economy through a range of programmes contributing to improvements in the quality and accessibility of education for all.

EIB Institute, working for the common good

Encouraging a highly-skilled, knowledge-based economy is an EU and EIB priority. The EIB Institute organises and contributes to a range of initiatives in support of knowledge creation and dissemination. This includes encouraging breakthroughs in economics, funding and encouraging research, promoting innovative ideas and facilitating knowledge sharing.

The EIB Prize is the Institute’s annual economics award, to recognise and stimulate excellence in economic and social research and implement and disseminate the results of that research. Support for applied research is directed at projects and individual researchers:

- EIBURS provides grants to EU university research centres working on topics of major interest to the EIB;
- STAREBEI finances young researchers working on joint EIB/university projects. This includes bilateral cooperation with universities and working with university networks with which the EIB has signed specific agreements, such as in 2012 with the University of Luxembourg and in 2013 with University College London.
- The Institute also sponsors the annual EIB-ERSA prize in regional science. European Debates is a series of occasional articles by leading experts on issues affecting Europeans’ daily lives.
Transferring our own knowledge

The EIB Group contributes to the transition to a sustainable world through technical assistance and advice. Technical assistance is a key instrument for improving the quality of lending operations and improving the sustainability impact of projects. Advice may vary from training for local clients, grants and feasibility studies.

In 2013, EUR 23m was provided for technical assistance globally, an increase of 11% compared to 2012. We offered technical assistance to banks such as the Caribbean Development Bank, we supported a feasibility study for water investments in six towns in Georgia and added to knowledge transfer and capacity building in the microfinance sector in Tunisia.

Enabling funding

Achieving the Europe 2020 strategy requires ongoing innovation and investment in RDI. Projects from early-stage innovative enterprises are often riskier and do not meet the standard criteria of the banking industry. To bridge this gap, we complement our more traditional instruments with a number of innovative financial instruments.

The Risk Sharing Finance Facility (RSFF), which is jointly funded and managed by the EIB Group and the European Commission, enables us to lower risks and accelerate investments. The RSFF supports fundamental and industrial research and feasibility studies as well as pilots and demonstration activities in the fields of healthcare, life sciences, enabling technologies for environmental solutions.
The EIB Group is financing the French hospital sector under the RSFF with EUR 1.5bn over three years via the “Hospitals of the Future” programme.

In 2013 we launched a new instrument that specifically targets the innovation financing needs of European mid-cap companies. The Growth Financing Initiative (GFI), which was also developed under the RSFF, offers a broad range of tailor-made financing solutions, from direct debt to quasi-equity risk and mezzanine instruments. Under the GFI the EIB will provide financing of between EUR 7.5m and EUR 25m to support up to 50% of RDI investments.

In order to encourage investment by business angels in innovative companies, the EIF has piloted an initiative which targets this market segment – the European Angels Fund (EAF). The facility started to operate in Germany in 2012, where it was rapidly taken up by the market and resources were fully deployed after less than two years of operation. The initiative is also operational in Spain and Austria and will be rolled out to further EU countries in 2014.

and information and communications technologies. Private organisations, research institutes and foundations are eligible for RSFF funding.

The mechanism reached the end of its first period of availability in 2013, having financed some 114 RDI projects to the tune of EUR 11.3bn. It is estimated that the RSFF catalysed a further EUR 37.2bn in private investment in European innovation. The RSFF’s successor is being developed for the 2014-2020 period, with a likely total budget of some EUR 2.5bn.

Under the RSFF mechanism the EIF manages the Risk Sharing Instrument (RSI), which was launched in 2012 to develop riskier projects promoted by innovative SMEs that may struggle to access finance from traditional credit markets. Since its launch the RSI has committed EUR 1.2bn in guarantees and counter-guarantees. In 2013 the instrument was extended to a further five European countries: Germany, Poland, Portugal, Sweden and Turkey.

Innovative financial products

The EIB Group uses a range of techniques to increase the impact of funding and to further the EU goals of growth and employment creation.

A EUR 25m GFI loan to the Italian company Marposs will enable the world leader in precision equipment for measurement and control in the production environment to further its R&D programmes to maintain and consolidate its technological leadership.
The financial industry is under pressure to act more responsibly. As a non-profit-maximising bank and an EU institution, we have experience in embedding sustainability in all our processes and products. We provide finance to achieve sustainable results and share our experiences with our customers and partners.

Responsible standards

The EIB ensures that activities in all phases of the financial process support EU policies, financing projects that are bankable, as well as economically, environmentally and socially viable.

The EIB’s approach to integrating sustainable development in its operations is described in the Environmental and Social Handbook. The Bank’s environmental and social criteria contained in this document are based on 10 standards. Our methodology requires our project appraisal process to include an economic as well as an environmental and social assessment. In addition, it stipulates that no project that may have a very high adverse impact or lack adequate mitigation, remedial and/or offsetting measures on the non-financial appraisal front would normally be eligible for financing. Lastly, the methodology considers it important to discuss and agree on a project’s expected economic, environmental and social results with the other party entering into the finance contract.


Transparent, engaged and accountable

Working together in a transparent, engaged and accountable manner:

10 environmental and social standards applied to all EIB loans

3 Pillar Mechanism and Results Measurement Framework for sustainable project assessment, monitoring, and evaluation

63 complaints received via the Complaints Mechanism, of which 57 were found to be admissible
The promotion of sustainable development – of which respect for human rights is an integral part – underpins the EIB’s lending strategy and objectives. In line with our Statement of Environmental and Social Principles and Standards, we restrict our financing to projects that respect human rights and comply with the principles of the Charter of Fundamental Rights of the EU as well as international best practice.

The 2013 revision of our Environmental and Social Handbook was prompted by the Bank’s desire to effectively and explicitly integrate human rights considerations into its standards, as required under the Lisbon Treaty and in accordance with global developments in the field of business and human rights.

The EIB is committed to the promotion of robust and comprehensive human rights-responsive due diligence processes. We align our social standards and relative due diligence with the EU Strategic Framework and Action Plan on Human Rights and Democracy (2012), the UN Guiding Principles for Business and Human Rights (UNGPs), the Renewed EU Strategy 2011-2014 for Corporate Social Responsibility and the OECD Guidelines for Multinational Enterprises (2008).
Sustainable results at all stages of the project cycle

Overall environmental and social rating of EIB projects

During the appraisal stage, the EIB assesses the environmental and social impacts of all projects considered for financing. In 2013, 95% of the EIB project portfolio (or 241 projects11) had either positive or neutral impacts or minor negative residual impacts12 on the environment or on social issues. Large infrastructure projects have the highest level of environmental or social impacts. An operation is considered “Not acceptable” if it has very high residual impacts, very high risks or a high negative global impact. Such operations are “screened out” before full appraisal.

11 Projects with first signature date in 2013.
12 As defined in our Environmental and Social Handbook: http://www.eib.org/attachments/strategies/environmental_and_social_practices_handbook_en.pdf

Three-pillar assessment

To ensure that projects are selected in the most sustainable and responsible manner and to channel our finance into those projects that have the potential for the greatest impact for the good of Europe, the Bank has developed its three-pillar assessment mechanism, whereby all projects are assessed on the basis of three metrics:

• Pillar one – Quality and contribution to sustainable growth and employment

• Pillar two – Consistency with and contribution to EU/EIB policy

• Pillar three – Contribution of the EIB to the project.

In order to improve the monitoring of results of projects, the three-pillar assessment is complemented by core results indicators for all projects and sector-specific monitoring indicators showing the expected outputs and outcomes for each project.

Results that matter

Our mandate underpins our duty to deliver impactful results both inside and outside the EU. We have established frameworks to agree on expected results using a set of defined indicators – the Results Measurement framework that has applied to all projects outside the EU approved since 2012 and the three-pillar assessment that has applied inside the EU since 2013.

The first actual results of the projects that were approved using the results mechanisms are expected

We are supporting a programme that is expected to improve and expand the provision of drinking water and sanitation in cities in Nicaragua. The project is included in the Integrated Sector Programme for Human Water and Sanitation developed by the Government of Nicaragua to achieve the United Nations Millennium Development Goals.
in mid-2014. These aligned results systems will be monitored for effectiveness in consultation with the Bank’s clients to continually define their needs.

The results indicators cover a broad range of topics, from employment, private sector development and access to improved services (such as health, transport, etc.) to production capacity delivered and additional government revenues. These indicators have been harmonised among the international financing institutions, resulting in five main project indicators. This has simplified the process for clients whilst still producing meaningful results. A consultation with NGOs provided input to further improve our transparency and accountability on results measurement.

Once a project is completed, an operational evaluation can be carried out ex post by our Operations Evaluation department. Evaluations can be thematic, by sector and/or by region. This ensures transparency vis-à-vis the EIB’s governing bodies as well as interested outside parties and encourages us to learn from our experience, which we endeavour to share with our clients and partners alike.

In 2014 the two lending directorates at the Bank, one for lending within the EU and the other for lending outside the EU, will become a single organisational entity. This will further enhance efforts to streamline the methodologies used for our project selection and performance assessment.

**Effective partnering**

Another mechanism for ensuring sustainable impacts is partnership with our peers. The Mutual Reliance Initiative was developed with the aim of building an efficiency-maximising division of labour between Agence Française de Développement (AFD), Kreditanstalt für Wiederaufbau (KfW) and the EIB during the appraisal and the monitoring of co-financed projects. In January 2013 the Operational Guidelines for the Mutual Reliance Initiative (MRI) were signed after a successful pilot phase of 14 projects.

**Meaningful engagement with stakeholders**

We engage with a broad range of stakeholders at institutional level, the EU Member States as our shareholders and the financial and business sectors in general. We also engage with the stakeholders of individual projects and, where appropriate, require our clients to do so.

Engagement and public consultation with civil society have been a fundamental part of the Bank’s operations for years. We have structured contacts and consultations with NGOs through an annual seminar with the Bank’s Board and Management Committee and a follow-up at thematic workshops. In 2013 workshops took place on items such as the anti-fraud policy and revised Environmental and Social Standards.

**Transparency policy**

Transparency is a core value at the EIB Group. The EIB Group’s transparency policy works on the principle that all information could be disclosed. Every year on our website we publish a detailed report on the number of information requests, the topics concerned and the origin of the requests. As a direct result of the application of the Aarhus Convention provisions, a public register on environmental documents was established in early 2014.
Complaints mechanism

The Complaints Mechanism looks into cases of alleged maladministration submitted by members of the public who have been directly or indirectly affected by the EIB Group’s activities. Complaints give us the opportunity to improve how we operate. A two-tier complaints procedure is available to the public which involves first the EIB Group and, second, the European Ombudsman.

In 2013 the Complaints Mechanism received 63 new complaints, of which 57 were found to be admissible. The European Ombudsman closed six complaints against the EIB Group during the year and received two new complaints.

Enforcing compliance

Recent developments in the banking industry have placed an increased focus on compliance and ethics. As the EU bank and the financing institution of the European Union, the Bank and its staff have a duty to adhere to the highest integrity, ethical and professional standards. This is a primary feature of appropriate business conduct, which we apply to our relationships with colleagues and project counterparts, as well as to the full range of our activities.

Independent compliance functions in the Bank and the EIF aim to protect the EIB Group’s reputation, striking a balance between control and awareness-raising. Regular staff training on anti-money laundering, combating the financing of terrorism and integrity issues is an essential part of our commitment to compliance.

Zero tolerance on fraud and corruption

During 2013 the EIB updated its Anti-Fraud Policy and Investigation Procedures to reflect new anti-fraud instruments which we have developed since 2008. While there were no changes to the main principles, the Policy was simplified and aligned with other EIB policies and documents. Among other notable developments, we worked on the implementation of our Exclusion Procedures, which envisage measures for settlement agreements, the first of which was concluded in 2013.

The EIB and Siemens entered into a Settlement Agreement that addresses alleged past violations of the EIB’s anti-fraud policy by a Siemens business unit in a project which we financed. The Agreement follows an investigation carried out by the EIB with the support of the Siemens Group and OLAF. As part of the settlement, Siemens has undertaken to provide funds totalling EUR 13.5 m over five years to NGOs and academic institutions that support initiatives to promote sound governance and the fight against corruption.
Community engagement

One of our main instruments for engaging with the community is the EIB Institute. Further examples of our EIBI projects include:

Knowledge – Students from the London School of Economics and Political Science (LSE) started a project in 2013 for the EIB’s Transaction Management and Restructuring Directorate on the topic “A Study of Bad Banks”. This collaboration will enable the EIB Group to benefit from fresh ideas and help to attract top talent to work with us.

Social – EIB Group employees were asked to tap into their own creativity via a photography contest and the winners were rewarded with an exhibition in the Bank’s headquarters.

Arts and cultural – Seven endangered monuments and sites in Europe were selected by Europa Nostra, a leading European heritage organisation, with a view to carrying out a joint assessment with the EIB Institute to help develop realistic action plans, in close cooperation with national and local public and private entities.
Preparing our teams for the future

In changing market conditions, we at the EIB are aware of our responsibility to stay relevant for our many stakeholders, including our Governors (the EU Member States), our clients and our partners. 2014 will see the EIB work to build on a culture of collaboration, providing targeted services to all stakeholders in an even more proactive manner. We will also work to optimise internal links within the Group to stimulate innovation and creativity.

Moreover, through regular staff surveys and labour market scans, we closely monitor how we are positioned as an employer of choice. We strive to maintain high staff motivation and performance levels. This includes the provision of regular training, available to all staff members.

Consulting the staff

The EIB Group introduced revised Staff Regulations for future staff in 2013. The Staff Representatives were consulted on the changes in accordance with the Convention governing staff representation at the EIB. The Convention gives the staff a voice, providing for their interests to be continuously taken into account.

EIB Group sustainability governance

Sustainability at the EIB Group is embedded in our processes and facilitated by the presence of a team of sustainability experts. We follow the 2011 EU Policy on Corporate Social Responsibility (CSR).

Strategic sustainability decisions are taken at the highest level in the Management Committee. A detailed sustainability action plan 2013-2015 was approved by the Management Committee in 2013. The Group-wide implementation and follow-up of the action plan will be coordinated and conducted through our network of highly motivated sustainability champions.

Results through responsible procurement

Responsibility for a greener and more social environment extends into our procurement practices, which take into account the EU’s Green Public Procurement policy.

For project-related procurement, in line with the EU Public Procurement Directives, the EIB Guide to Procurement requires open international compe-

A stress management programme was launched in 2013 with a survey and focus groups to identify the major sources of stress at the Bank. This analysis revealed the need for more developed leadership skills in terms of true engagement of the staff, empowerment of teams and the need for clearer objectives.
tion and non-discrimination on the basis of nationality. Therefore giving preference to local firms is generally not allowed. Local preference is often used in emerging countries as an industrial policy tool to protect and develop nascent industries in strategic sectors such as renewable energy. However, at a time when there is excess manufacturing capacity in Europe and unemployment rates remain high, such local preference policies also have the potential to create a local market distortion which could accelerate delocalisation of manufacturing plants in a non-economic manner.

Should an EIB client wish to favour local preference in project-related procurement, we assess the process to ensure that there will be no substantive distortion of competition and that the procurement process is economic, efficient and developed in a fair and transparent manner.

External reviews of our sustainability performance

We value the opinion of external rating agencies as it gives us an insight into how our sustainability efforts are perceived and where we need to fine-tune our communication or adjust our policies and practices. In 2013, Sustainalytics rated us first in the 2012 benchmark of multilateral development banks.

Position: 1 (out of 6 financial peers: Multilateral Development Banks)

"EIB has a strong and detailed environmental policy (...). EIB adopted a policy on green procurement and detailed environmental and social standards in its credit and loan activities."

Prime Status

Best-in-class status awarded to companies demonstrating strong commitment to environmental and social issues.
Independent Limited Assurance Report to EIB Group

We were engaged by the Management of the EIB Group, which includes the European Investment Bank and the European Investment Fund (the “Group”), to provide limited assurance on the following information included in the “Sustainability Report 2013” for the year ended December 31, 2013 of the EIB Group (“the Report”): indicators and statements in the Report marked in italics and with a tick \( \checkmark \) prepared in accordance with the internal reporting criteria applicable in 2013 at the Group, as detailed on page 2 of the Report.

EIB Group Management’s responsibility for the Report

EIB Group’s Management is responsible for the preparation and presentation of the Report, and the information and assertions contained within it, in accordance with the internal reporting criteria applicable in 2013 at the Group as detailed on page 2 of the Report for determining the EIB Group’s objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Responsibility of the Réviseur d’Entreprises agréé

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. 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 comply with applicable ethical requirements, including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the indicators and statements in the Report marked in italics and with a tick \( \checkmark \) are free from material misstatement.

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries of management to gain an understanding of the Group’s processes for determining the material issues for the Group’s stakeholder groups;

- Interviews with relevant staff at corporate and business unit level responsible for providing the information in the Report;

- A media analysis and an internet search for references to the Group during the reporting period; Comparing the information presented in the Report to corresponding information in the relevant underlying sources;

- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the Report;
With regard to the financial data marked in italics and with a tick ☑ included in the Report, verifying that they were correctly derived from the Group’s 2013 audited financial statements, when applicable.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with International Standards on Auditing and Assurance Engagements, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion on the Report as a whole or on the indicators and statements in the Report marked in italics and with a tick ☑.

Conclusion
Based on the limited assurance procedures performed, as described above, nothing has come to our attention that causes us to believe that the indicators and statements in the Report marked in italics and with a tick ☑ are not prepared, in all material respects, in accordance with the internal reporting criteria applicable in 2013 at the Group, as detailed on page 2 of the Report.

Luxembourg, July 28, 2014

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

E. Dollé
The EIB wishes to thank the following promoters and suppliers for the photographs illustrating this report:


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