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We are proud that in 2014 the EIB Group once again delivered on its commitments made to the EU Member States. We signed EUR 77bn of EIB loans and an additional EUR 3.3bn of investments by the EIF resulting in a total of EUR 80.3bn of Group financing. Beyond figures, by backing viable and sustainable projects, we are investing in the future for the benefit of today’s citizens and the generations to come. Sustainability is a major pillar of our mission: our activity is governed by the need to improve social and environmental impacts. 2014 provided a wealth of achievements which illustrate this ambition.

We at the EU bank recognise that employment opportunities are at the heart of economic revival and individual prosperity. The funding we provided to 290 000 micro, small and medium-sized enterprises will sustain some 3.9 million jobs worldwide. Our focus in the past years has been on maximising employment opportunities for Europe’s youth – the drivers of our sustainable future. Around 500 000 young people were employed or trained by the SMEs we supported between July 2013 and the end of 2014.

As a Group we aim to ensure that we innovate constantly to renew our commitment to global sustainability. The EIF’s Social Impact Accelerator itself gained speed in 2014. Launched in 2013, the first pan-European public-private partnership for social impact investing has been successfully addressing the growing need for equity finance to underpin social enterprises.

The gauge of our projects is in the impact they have on lives. For us, infrastructure projects are not simply bridges, wind farms or urban redevelopment schemes. In 2014 alone our support for transport infrastructure projects will result in 545 million additional passengers, enabling people to move more freely, and reaping time savings of over 100 million hours – that’s more time to spend with friends and family. 80% of the energy capacity we funded was renewable, powering over one million homes. And the healthcare projects we funded will impact positively on 10 million citizens, bringing health and wealth to Europe. In emerging and developing economies, the projects we financed in 2014 will benefit some 4 million people, providing access to safe drinking water or improved water sanitation.
The EIB has been a pioneering force in the field of climate action for some time. Since 2009, we have invested over EUR 90bn in this area. In 2014, we once again met our target of dedicating 25% of our total lending activity to climate action. Overall, our projects resulted in annual emissions savings equivalent to taking 1.5 million cars off the roads.

And our approach to climate is a holistic one. Take our borrowing activities: we roughly tripled our issuance of Climate Awareness Bonds, compared to the previous year, to EUR 4.3bn, and confirmed our position as the largest issuer in this new and important market segment. We also established a new reporting system on our Climate Awareness Bonds which looks at the impact of those projects which receive financial allocations, providing data on important indicators such as Greenhouse Gas emission avoidance and absolute emission levels.

At the EU bank, responsibility and sustainability also mean accountability, transparency and strong governance, for us and our counterparts. Last year we consulted stakeholders with the aim of improving our Transparency Policy: we want to be as open as possible about our decision-making process and operational activities. We also launched a Public Register which contains environmental and social data on relevant projects we finance. And, of course, we continued our community engagement through the actions of the EIB Institute.

Finally, our commitment to sustainability in 2014 was set in stone with the creation of a new Corporate Responsibility Department to promote sustainability standards and best practices across all EIB activities. The team is growing and embedding sustainability at the heart of the work of the EU bank. Our approach to sustainability is shaped by our specific skills and expertise as a financial EU institution, and reviews of our performance by sustainability research and rating agencies help us to improve our strategy and policies.

Looking forward, as a Group we are mobilising our efforts to implement the ambitious Investment Plan for Europe presented together with the President of the European Commission, Jean-Claude Juncker, in November 2014. We will apply the same environmental and social standards as in our current projects, ensuring sustainability remains at the core of our activities.

This sustainability report is witness to the efforts made in 2014 by the EIB Group to comply with the best corporate social responsibility standards. Our efforts will continue and develop: climate action, gender equality, conflict sensitivity, to name but a few topics, are high on our agenda in 2015. This report is also an invitation to stakeholders to deepen their dialogue with the EU bank.

Werner Hoyer
2014 in Figures

Highlights

80.3bn EUR
EIB Group financing

19.1bn EUR for climate action

3 000 GWh of energy savings

3 million tonnes per year of CO₂ emissions saved
the equivalent of taking 1.5 million cars off the road

12 000 GWh of electricity generated from renewable sources per year, powering over 1 million homes
14.7bn for innovation and skills

25.5bn for smaller enterprises

7.9bn for projects outside the EU

25 000 international patent applications

285 000 micro, small and medium-sized businesses

172 000 students enrolled per year

3.6 million jobs in Europe

high-speed broadband access for 3.2 million households

This helps sustain some

3.6 million people benefiting from access to safe drinking water or improved sanitation in emerging and developing economies

545 million additional passengers and 100 million transport hours saved

6 000 MW of electricity capacity, of which 80% from renewables

Improved healthcare facilities for 10 million EU citizens

500 000 young people

20.6bn for strategic infrastructure
Sustainability Report 2014

Introduction

Sustainability is at the very heart of the EIB Group; it is embedded in our mission and guides our investment choices. As the EU bank, we pride ourselves on transparency and accountability and have been reporting on our corporate responsibility and sustainability annually since 2005.

Sustainability at the EIB Group

The EIB Group continues to be instrumental in helping Europe to recover from the worst global financial crisis in a generation. Our loans to over 500 projects in 2014 have helped to mobilise investment in support of innovation, small business growth, infrastructure, climate action and the environment. Through our diverse range of activities, we aim to make a long-term, fundamental difference to Europe’s economic, social and environmental prospects.

For us the concept of “sustainability” centres on the opportunities and responsibilities we have to support a growing, inclusive and environmentally sound economy. Sustainable growth must deliver shared prosperity for today’s citizens, without compromising the ability of future generations to meet their needs.

The EIB Group has shown improvement in its sustainability reporting year on year, and since 2011 has reported at GRI 3.1 (Global Reporting Initiative) application level A+. To demonstrate our commitment to best practice and continual improvement in our reporting, in 2014 we applied the GRI G4 guidelines for the first time as early adopters.

We support a range of sustainable investments

Within Europe, the EIB Group works to foster sustainable growth and employment. We represent the interests of the European Union Member States, providing finance and expertise for a broad range of economically, technically and environmentally sound projects.

Our work also extends outside the EU where our financing complements the EU’s development aid and cooperation policies, which aim to reduce poverty, ensure sustainable development and promote democracy, peace and security.
Sustainability is embedded in the heart of what we do
In accordance with our statutory framework (EIB/EIF), our core purpose is designed to directly align with the principles of sustainability. Our strategic objectives, which are articulated in our Corporate Operational Plan (EIF Corporate Operational Plan), embed the principles of sustainability into our method of working.

We provide a unique contribution to the EU
As the world's largest multilateral borrower and lender, the EIB Group is in a unique position to support European and global sustainable development. With more than 50 years of experience, we ensure that all of the projects we finance are not only bankable but also comply with strict economic, technical, environmental and social standards. This puts us in a privileged position to deliver real impact and remain accountable to all EU citizens.

The EIB Group (EIB)
The EIB Group is made up of two entities, each of which contributes to sustainability in the organisation:

The European Investment Bank (EIB)
The EIB is the long-term lending institution of the European Union owned by its Member States. The Bank makes long-term finance available for sound investment in order to contribute towards EU policy goals. The EIB is the largest multilateral lender and borrower in the world.

The EIB Institute was founded within the EIB in 2012 and is dedicated to promoting “European initiatives for the common good”. This includes reducing inequalities, enhancing knowledge and innovation and ensuring cohesion across Europe.

With the support of its network of partners, the Institute is a catalyst for social, cultural, educational and research activities directed towards economic and social development in EU Member States, Candidate and Potential Candidate Countries, and countries of the European Economic Area.

The European Investment Fund (EIF)
The EIF is the arm of the EIB Group specialised in providing SME risk finance. The Fund supports Europe's micro, small and medium-sized businesses (MSMEs) by improving access to finance through a wide range of selected financial intermediaries across Europe. To this end, the EIF primarily designs, promotes and implements equity and debt financial instruments which specifically target SMEs. In this role, it fosters EU objectives in support of entrepreneurship, growth, innovation, research and development, and employment.
In our continuous pursuit of excellence and to ensure that we remain at the forefront of sustainability reporting, we are a member of the Global Reporting Initiative (GRI) Organisational Stakeholders programme, which connects more than 600 organisations from over 60 countries, committed to advancing sustainability reporting. This year we have followed the GRI G4 pioneer programme to embrace the changes in the GRI reporting framework whilst maintaining the level of reporting from previous years. The content of this report is based on the results of a materiality analysis, which identified all of the EIB Group’s material aspects, i.e. aspects of high priority to internal and external stakeholders. We report on the key aspects identified and the appropriate GRI G4 indicators in line with the GRI G4 ‘in accordance’ comprehensive option.

This report provides insights into the material environmental, social and governance aspects and performance of the EIB Group. It covers both the material direct and indirect impacts and data, unless otherwise mentioned, allowing a full picture of sustainability in the EIB Group.

The full GRI content index can be found on our website and includes explanations of why we have not reported on indicators that were omitted. Where appropriate, the index refers to relevant sources of the required information, including our 2014 Financial, Activity and Sustainability Reports. Furthermore, GRI disclosure labels (e.g. G4-32) are included in the appropriate places throughout the report for ease of reference in respect of the GRI content index. In line with our ambition to continually improve our sustainability credentials we actively review the GRI content index to identify indicators that we could report upon in the future where appropriate.

The EIB Group commissioned its external auditors, KPMG, to provide a limited assurance report on the statements and indicators in the Sustainability Report marked with □ and in italic text prepared in accordance with the GRI G4 Guidelines ‘in accordance’ comprehensive option, supported by internally developed guidelines together referred to as the internal reporting criteria applicable at the EIB Group in 2014.

If you should have any questions or comments in respect of this report, please do not hesitate to email us at cr@eib.org.
Defining the Aspects that Matter

To better define, understand and respond to the aspects that matter most to us and our key stakeholders, we conducted a materiality assessment in 2013/14. From this, we identified three key aspects that are a high priority for both internal and external stakeholders. These will be the aspects that we report on for 2014.

The EIB Group always seeks to understand and respond to our most material aspects – those aspects that are of greatest concern to our stakeholders and which have the most significant impact on the operational success of the institution.

The materiality assessment identified ten material aspects, shown in the matrix. Of these, we further identified the top three most important material aspects (in dark blue) that were a high priority for both internal and external stakeholders, which are addressed in this report.

Materiality assessment

The EIB Group continues to display a commitment to inviting and listening to the views of its stakeholders. In addition to holding a number of stakeholder events, we undertook a materiality survey in 2013/14. In this assessment, we considered both internal and external perspectives through the engagement of: employees, civil society, project promoters/borrowers and dealers.

This engagement process was undertaken specifically as part of the report preparation process in

<table>
<thead>
<tr>
<th>Importance to stakeholders</th>
<th>Importance of impacts of EIB activities</th>
</tr>
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<tbody>
<tr>
<td>LOW</td>
<td>LOW</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>MEDIUM</td>
</tr>
<tr>
<td>HIGH</td>
<td>HIGH</td>
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Human and labour rights
- Respecting core labour standards and displaying commitment to Health, Safety and security

Managing the EIB Group indirect impacts
- Social, environmental and governance due diligence
- Monitoring, evaluation of results and impacts
- Combating fraud and corruption within projects
- Ensuring human rights are respected and protecting the rights of vulnerable individuals and groups
- Ensuring sound procurement practices

Achieving our priority objectives (EU)
- Climate action, energy futures & strategic infrastructure
- Employment and growth
- Cohesion
- SMEs

Direct impacts of the EIB
- Assessing and managing environmental and social impacts & risks
- Emissions, waste, water
- Supply chain environmental and social impacts

Achieving transparency and accountability of the EIB Group
- Transparency of the EIB’s decision-making and governance processes and results/impacts
- Prevention of maladministration of the Bank in line with legislation
- Promoting the right to access information

Effective communications and stakeholder engagement
- Both internally and externally
- Being open, proactive, transparent and building the EIB’s communication
- Providing timely and clear information about EIB’s activities

Providing technical assistance and advisory services
- Both internally and externally

Being an employer of choice
- Employee engagement and motivation
- Staff morale and trust
- Career management and development
- Diversity and inclusion
line with the requirements of the GRI G4 Reporting Guidelines. To determine if a Global Reporting Initiative aspect is material for the EIB Group, an assessment was carried out based on the importance of the impacts of EIB Group activities and the importance to external stakeholders.

### Assessment process

The purpose of the assessment was to ensure that the correct aspects are being given due prominence in the strategy as well as in our public reporting. Materiality is a principle that has become essential to helping companies focus their sustainability strategy, define performance indicators and determine what they manage and report.

A materiality assessment begins with the definition of a strong purpose which helps frame the internal and external perspectives within a structured process. We defined the purpose, perspective and process for our materiality assessment as follows:

- **Purpose**: Reinforce our corporate responsibility and sustainability strategy and ensure that the correct aspects are being given due prominence in the strategy as well as in our public reporting.
- **Perspective**: Conduct research to identify the aspects that are of high importance to our stakeholders and which have a high impact on the short and long term success of the Bank.
- **Process**: The materiality assessment draws on existing resources and includes primary research to incorporate both internal and external views.

### Methodology – Desk research and aspect categorisation

We reviewed internal and external documentation to identify 54 key aspects in five categories:

- governance;
- economic;
- employment;
- society; and
- environment.

These 54 aspects were then consolidated into a “material aspects table” that included the above five key categories in five columns.

Aspects were further categorised in terms of how much influence the EIB Group has over the management of each of them. The three spheres of influence were identified as:

- aspects related to the EIB Group’s direct or internal environmental footprint through its buildings and equipment as well as social impacts related to its staff and procurement on its own account;
- aspects related to the EIB Group’s lending priorities or mandate, borrowing activities and priorities supporting EU policies;
- aspects related to the EIB Group’s indirect impacts, which include the social, environmental, economic and governance impacts that arise from the projects that the EIB Group finances.
Methodology – Internal stakeholder interviews

The second stage of the process tested the aspects identified during the desk research with senior managers and subject matter experts within the EIB Group.

We consulted employees from a selection of representatives from all relevant EIB Group operational entities, including the EIF and the EIB Institute, which interact with stakeholders directly or indirectly. The systematic selection aimed to achieve a balance of views by inviting EIB staff that represented a cross section of hierarchy, geography and operations within the EIB Group.

Interviews were conducted to gain an understanding of the relative importance of aspects identified during the desk research. The interviews elicited both unprompted and prompted views from EIB staff members on what they considered to be the most material and relevant environmental, social and governance aspects for the EIB Group. Subsequently these aspects were mapped on the “x” axis of the materiality matrix.

Methodology – External stakeholder survey

In addition to the desk research and the insights gained through the internal interviews, it was essential to incorporate external perspectives to inform our materiality assessment process. For this reason an online survey was developed for civil society organisations, project promoters/borrowers and dealers. Responses to the survey were received from 119 external stakeholders from a cross section of the 28 EU Member States.

The purpose of the online survey was to determine the relative importance of specific environmental, social and governance aspects to external stakeholders. To ensure parity and comparability, the survey questions were designed to mimic the questions asked during the internal materiality interviews.

The surveys included four questions that covered aspects related to the EIB Group:

1) Financing priorities;
2) Projects financed;
3) Internal, i.e. direct environmental and social, impacts; and
4) Governance and management processes.

Stakeholders were invited to comment on whether they care a lot, a little or not at all about each individual aspect under the four headings above.

We then analysed and consolidated these perspectives to create a materiality matrix. In the matrix, the “x” axis represents the relative importance of the aspects to the EIB Group. The “y” axis represents the relative importance of the aspects to external stakeholders.

Outcome of materiality assessment

The top three material aspects were deemed to be:

- achieving our priority objectives;
- managing the EIB Group’s indirect impacts;
- transparency and accountability of the EIB Group.

Due to the breadth of aspects, some were grouped together in the matrix. The intention for these broader categories was to be holistic enough to capture most of the aspects that surfaced during the assessment and, at the same time, succinct enough to be meaningful for both internal and external audiences.

Material aspects and boundaries

Achieving our priority objectives

Boundaries: the impacts of achieving our objectives occur primarily outside the EIB Group’s own organisational boundaries. The EIB provides technical assistance and advisory services to better prepare and implement projects, to enhance the effective use and potential leverage of EU funds and to improve access to public and private finance. All projects and investments supported by the EIB Group further EU objectives, and the EU and EU
institutions therefore fall within the boundaries of this material aspect. Alongside the EIB Group, other external stakeholders that may have a direct impact on achieving our core objectives are the financial intermediaries and those ultimately benefiting from our funding.

This material aspect is explored further in the section “Supporting Sustainable Growth.”

Managing the EIB Group’s indirect impacts

**Boundaries:** the impacts of managing the EIB Group’s indirect impacts occur both within the institution, through the governance of our investments, and externally through the financial intermediaries that distribute our loans and the public and private sector entities which benefit from our financing. Indirect impacts cover the entire project cycle of the EIB Group and so the boundaries include all impacts from the social and environmental due diligence process during the pre-appraisal or appraisal stages, monitoring during disbursement through to implementation of projects and ex post evaluation of results.

Indirect impacts beyond those covered in our own appraisal systems are not within the scope of this report.

This material aspect is explored further in the section “Our Wider Impact.”

Transparency and accountability of the EIB Group

**Boundaries:** the primary impacts of transparency and accountability occur within the EIB Group as we strive towards constant improvement of all aspects of our performance. Transparency and accountability is, of course, subject to external influence but it is down to the EIB Group to report on, suitably govern and evaluate the projects we support.

This material aspect is explored further in the section “Open and Accountable.”

Mapping our GRI aspects and indicators

For the specific standard disclosures, we chose to construct our index starting with our three most important material aspects identified during the materiality exercise. We then mapped the relevant GRI G4 aspects as closely as possible to these material aspects, and for each GRI G4 aspect we report on all relevant indicators in line with the requirements of the GRI G4 ‘in accordance’ comprehensive option.
In 2014, the EIB Group helped make a real difference to people’s lives in Europe and beyond by supporting over 500 projects, including many that may have been delayed or never got off the ground without our intervention. Our investment is directly in line with EU policy objectives and supports projects with a focus on innovation and skills, access to finance for smaller businesses, climate action, the environment and strategic infrastructure.

In 2014, the European Investment Bank lent EUR 77bn in support of the objectives of the European Union: EUR 69bn in the Member States of the Union and EUR 8bn in the partner countries.

The EIB Group acts as the backbone of investment in sustainable growth and development in the EU. We recognise the importance of our position as the bank of the European Union and continue to step up our response to the changing economic conditions that are occurring as a result of the global financial crisis through the provision of targeted and appropriate funding.

The focus of the EIB Group’s investment is on supporting innovation and skills, access to finance for smaller businesses, infrastructure, climate action and the environment. These focus areas are directly aligned with and aim to support the creation of

of growth and jobs in Europe and to further European cohesion.

Additional targeted support for projects, with a particularly strong impact on growth and employment, is pursued through a number of special initiatives, including “Jobs and Skills – Investing for Youth”, and the roll-out of trade finance facilities and programmes for midcaps (companies with up to 3,000 employees). The European Commission-EIB SME Initiative is yet another important new instrument which aims to overcome persistent financing bottlenecks for SMEs.

On 26 November, the EIB Group and European Commission announced the Investment Plan for Europe to boost jobs and growth in the face of an investment crisis. The financing arm of the plan involves the creation of a new European Fund for Strategic Investments (EFSI), managed by the EIB Group. EFSI will mobilise at least EUR 315bn of additional investment in strategic projects for Europe over the next three years. In April 2015, the EIB announced the first projects earmarked for support under the EFSI guarantee.

For the latest developments on the EIB Group’s involvement in the Investment Plan for Europe, please visit our website.

As such, 2015 will be a year of transition for the EIB Group. While continuing to deliver on our core business, we will focus on financing new projects under the new Investment Plan. Investing in Europe means so much more than just figures and projects. The new initiative is about mobilising investment, to ensure that projects which are strategic for the prosperous future of Europe have the much needed support to become a reality.

Technical assistance and advisory services

The EIB Group makes available its financial and technical expertise to project promoters and local authorities to enhance their institutional capacity, strengthen project preparation and implementation and improve the efficient use of EU and other funds. Technical assistance and advisory services often have a positive bearing on the aspects identified through the materiality assessment such as the achievement of EIB Group objectives, managing the indirect and direct impacts, lending priorities outside the EU and stakeholder engagement.

The Bank’s portfolio of advisory programmes is aligned with EU and Corporate Operational Plan (COP) objectives. In 2014, the EIB Group incurred around EUR 120m for technical assistance and advisory services, with approximately 630 ongoing advisory operations/assignments under more than 40 advisory programmes/facilities. 2014’s advisory activity remained for the most part project-focused and concerned to a lesser extent institutional support/capacity-building and upstream support/market studies. Support for strategic infrastructure represented the biggest share of advisory activity, but the EIB’s objective is to progressively increase its support for innovation, access to finance and resource efficiency activities.

EIB advisory services are at the heart of another element of the Investment Plan. The European Commission and the Bank have agreed to provide an integrated advisory offer to the public and private sectors via a European Investment Advisory Hub (EIAH) with the objective of strengthening and accelerating investment. EIAH will aim at (i) providing a single point of entry for project preparation and implementation, use of financial instruments as well as capacity-building, (ii) bringing together existing advisory programmes and activities and developing new or extended services to cover unaddressed or increased needs; (iii) establishing a unique cooperation platform to make available and share the existing expertise within the EC, the EIB, National Promotional Institutions (NPIs) and Managing Authorities. The Advisory Hub will be set up in the second half of 2015.

Innovation and skills

The EIB Group is a major partner in supporting projects to develop innovation and skills for a growing economy in Europe. Our projects include everything from financing ambitious large-scale research
to backing small, specialised spin-outs or funding digital networks. In 2014, the EIB Group provided EUR 14.7bn in finance for this area in the form of loans, equity and guarantees.

Projects that support our drive to develop innovation and skills in the EU focus on promoting education and skills, accelerating innovation and supporting the digital economy. Examples include:

• backing vocational and other training schemes;
• financing investments in research, technology development and innovation across the board;
• investing in telecoms infrastructure throughout Europe.

Our financing products in this area include traditional medium and long-term loans as well as indirect support through credit lines to local banks or other intermediaries. We are always looking to go beyond the conventional approaches and have developed innovative financial products including initiatives such as InnovFin.
Innovative finance for innovative companies

The EIB Group has developed next generation assistance for innovative businesses. InnovFin, a joint initiative of the EIB Group and the European Commission launched in June 2014, comprises a new generation of financial instruments and advisory services aimed at helping innovative firms. The loans allow already established firms to break through to the next stages of progression and growth and enable increased private investment. Between 2014 and 2020, it is expected that the InnovFin products will make available more than EUR 24bn of financing for research and innovation by small, medium-sized and large companies and the promoters of research infrastructure.

As innovation is a key ingredient for driving sustainable growth, the EU and EIB Group have made it a top priority to provide access to finance for innovation and R&D projects. InnovFin financing solutions and advisory services provide a foundation from which to mobilise investment from other parties – in keeping with the EIB’s core mission of using public money to leverage private investment.

From June to the end of December 2014 the EIB Group:

- signed 28 individual operations with companies and other innovative entities;
- partnered with five banks and financial intermediaries; and
- provided EUR 2.7bn in loans and guarantees.

Supporting innovation through teamwork

The InnovFin SME Guarantee, managed by the EIF, aims to address identified market gaps in investment and builds on the success of its predecessor, the Risk-Sharing Instrument.

After a due diligence process following the launch of a call for expressions of interest, the EIF selects
eligible financial intermediaries. Acting for both the EIF and the EU as the implementing body, it covers a portion of the losses incurred by the financial intermediaries on loans, leases and guarantees of between EUR 25,000 and EUR 7.5m, which they provide under the InnovFin SME Guarantee Facility. In this way, the EU and the EIF allow the provision of more debt financing to innovative SMEs and small midcaps (up to 499 employees).

A sister product managed by the EIB, the InnovFin Midcap Guarantee, provides guarantees and counter-guarantees on debt financing of up to EUR 50m to innovative midcaps (up to 3,000 employees). Like the SME Guarantee, financial intermediaries are guaranteed against a portion of their potential losses. Commerzbank in Germany as well as KBC Belgium signed up to the pilot scheme.

Direct financial support

The EIB Group also offers loans to innovative mid-sized and large companies as well as promoters of research infrastructure.

One of the first loans to be signed under InnovFin Large Projects was with UCB, in what was also a first-of-its-kind transaction with its innovative “at risk co-development funding” approach to supporting the company’s biopharmaceutical R&D. The Bank is providing up to EUR 75m in a programme designed to share risks and returns, with payments being contingent on milestones being reached. This will see the Bank investing directly in certain selected R&D programmes in UCB’s significant portfolio of potential breakthrough medicines. These are at various stages of development but could help millions of patients.

Innovative projects supported in 2014 also include large-scale research infrastructure, such as the ELI Network, an open-access, laser-based research facility located in Hungary, the Czech Republic and Romania. The InnovFin financing is helping to bring forward new laser-based research opportunities and make them available to an international scientific user community.

A dedicated EIB team is also working to improve access to growth finance for mid-sized companies via the InnovFin Midcap Growth Finance product and has so far signed transactions with 12 companies such as Novabase in Portugal, Pharmathen in Greece and Finnish Rovio, creator of the popular Angry Birds game.

A combination of financial and advisory support

Further to the financing that is on offer, InnovFin products include advisory support. InnovFin Advisory takes two forms:

- guiding clients on how to structure their research and innovation projects in order to improve their access to finance. We advise clients on how to capitalise on their strong points and adjust elements such as their business model, governance and funding sources;

Development of new financing mechanisms - A blueprint for an Infectious Diseases Finance Facility

Following discussions with the European Commission, pharmaceutical companies and industry players, InnovFin Advisory prepared a concept paper covering the latest trends in innovative financing instruments for infectious diseases R&D. The paper outlines the need for a new, higher risk-taking Infectious Diseases Finance Facility (IDFF). This is expected to be funded by EU budgetary resources and, potentially, to be a catalyst for attracting additional resources from other funders. InnovFin Advisory has met with various pharmaceutical companies and stakeholders to check the IDFF concept and to contribute to the development of a potential investment pipeline. Going forward, InnovFin Advisory will work to attract additional resources from other entities/donors to invest in IDFF to enhance the impact of the facility.
• improving wider framework conditions for access to finance, such as developing a business case for new financing mechanisms and preparing studies on increasing the effectiveness of financial instruments.

InnovFin financial products are backed by funds set aside by the EU, under the Horizon 2020 programme, and by the EIB Group (from our own resources).

To read more about which InnovFin products are available and who can benefit from them, please click here.

Horizon 2020

Horizon 2020 is the biggest EU research and innovation programme ever, with nearly EUR 80bn of funding available over seven years (2014 to 2020). It promises more breakthroughs, discoveries and world firsts by taking great ideas from the lab to the market.
Access to finance for smaller businesses

Small and medium-sized enterprises (SMEs) and medium-sized corporates (midcaps) are the engine of Europe’s economy. SMEs account for 99% of businesses in the EU and employ two thirds of the active working population. In 2014 alone, the EIB Group financed SMEs and midcaps in Europe to the tune of EUR 25.5bn, with a further EUR 2.6bn benefiting SMEs around the globe.

The EIB Group has two main priorities in this area. The first is to provide continuous and affordable access to finance as smaller businesses can face difficulties accessing finance. In 2014, the EIB Group supported 285 000 SMEs and midcaps in Europe sustaining 3.6 million jobs. The second is to mobilise additional financing for the real economy by diversifying our product range. To maximise the impact of our support for micro-enterprises, SMEs and midcaps, we team up with the European Commission, Member States, public promotional banks and other key players to enhance access to finance and improve financing conditions for SMEs all over Europe.
SMEs for growth and jobs

IDEA
- EIBI support for research
- Technology transfer
- Business Angels Fund
- Microfinance
- JASMINE Technical Assistance
- Venture capital and growth capital

RESEARCH

GROWTH
- Mezzanine for growth
- Guarantees and securitisation
- Risk Sharing Instrument for innovative SMEs
- Intermediated loans for SMEs
- Skills and jobs: investing for youth
- Growth Finance Initiative for innovative midcaps

MARKET

Access to finance
Supporting European people growing small businesses

Making a difference – the EIF in 2014
The EIF provides pioneering financing instruments which stimulate the SME market across Europe. It supported 175 000 SMEs and midcaps in 2014 improving the availability of risk capital to build and grow their businesses.

Stimulating economic growth in Europe
The EIF makes a real difference to real people in Europe as well as helping to stimulate economic growth. Its central mission is to support Europe’s small and medium-sized businesses (SMEs) by helping them to access finance. The EIF has a strong commitment to contribute to the sustainability of the European private equity market. This is done by stimulating entrepreneurship and innovation, improving the availability of risk capital for high-growth and innovative SMEs, attracting further capital from the private sector and working with like-minded investors to address market gaps and opportunities.

EIF support and investment in 2014

Support for 175 000 SMEs and midcaps employing over 630 000 people through a range of financial instruments provided to SME-focused intermediaries

through EIF commitments: EUR 3.3bn

through mobilised resources: EUR 14bn
Stages of support

The EIF’s equity activity encompasses all of the main stages of SME development, from the earliest stages of intellectual property development to the expansion and growth phases of a company. The Fund provides pioneering financing instruments which stimulate the SME market across Europe. We hope to further develop our most innovative schemes and increase collaboration with Member States’ governments and national institutions. The increase in SME activities will contribute directly to the Investment Plan that EC President Jean-Claude Juncker announced in late 2014 to boost jobs and growth in Europe.

Businesses we support

Examples of high-growth, innovative enterprises that have been backed by the EIF:

PassivSystems, UK

PassivSystems needed further capital to take its home energy management product to market. They received EU-supported investment through WHEB Ventures.

“With this most welcome support”, says Colin Calder, co-founder of PassivSystems “we were able to complete the development phase of our technology and launch our product on the market. It is now available to a large number of new customers which we would not have been able to reach otherwise”.

Speech Therapy, Germany

Manuela had no means of funding when trying to set up her own speech therapy business. With an EIF-managed EU guarantee on a EUR 25,000 loan from KfW, Manuela set up her speech therapy clinic and has since built up a solid client base in her local area.

Manuela is able to provide specialist therapy, consulting and post-treatment services to people of all ages. The demand for this service in her local area is so high that she expects to recruit another two members of staff over the next few years.

Electro Power Systems Spa, Italy

In 2007, Adriano Marconetto noticed that there was no resource-friendly energy provider on the Italian market. Now, after an EU-supported investment through 360 Capital One, his business is able to provide a ground-breaking energy solution, an advanced fuel cell system that delivers 100% clean energy, saving money, time and a significant amount of CO₂.

“Just a few years ago, we would have never imagined how fast our company would grow. We are on the way to becoming a worldwide leader in the provision of clean energy”, says CEO Adriano Marconetto. “This is only possible because we received the resources we needed and found like-minded investors who believed in our innovative concept and our abilities to realise it.”
Infrastructure

Under the EIB priority goal of infrastructure, we support transport, energy and urban projects which assist growth and development.

Cities are the drivers of the modern economy and are national hubs for growth and employment opportunities, so fostering good quality urban developments to renew our cities is vital for sustainable growth. In addition, linking Europe’s urban centres with an efficient and effective network of transport and energy connections, together with smart grids and smart cities, enables the creation of coherent European systems that are ready for the future.

Support for these projects is born from the need to secure freedom of movement for people, energy and goods, all of which underpin the fundamental developmental and integration aims of the European Union. Our lending in this area generally amounts to less than our upper limit of 50% of the project cost; however this can rise to 75% in exceptional circumstances. The EIB’s Trans-European Network (TEN) contribution adds real value by mobilising the large amounts necessary with maturities tailored to the long construction and operating periods of the schemes.

Sustainable transport is not just about greater efficiency; it is also about reducing accidents and saving lives, so as an integral part of its transport financing the EIB has given high priority to road safety.

Making a difference – our 2014 lending supports

- 545 million additional passengers and 100 million hours of time savings per year
- 6 000 MW of electricity capacity, of which 80% from renewables
- Improved healthcare facilities for 10 million EU citizens
The inhabitants of Bucharest suffer from an ageing and inefficient housing stock. Emissions are high and energy bills are costly for the city’s two million inhabitants, with residential buildings accounting for more than one third of total energy consumption. The EIB loans were put to work financing a comprehensive energy efficiency programme for the city’s residential buildings. The programme has the added advantage of job creation through the implementation of these measures. The project will provide the co-benefits of a reduced subsidies bill for the authorities and a reduced heating bill for residents.

Giving inefficient housing the cold shoulder
Over 80% of Bucharest’s dwellings are situated in blocks of flats within estates which were built as early as the 1960s.

The first phase started in 2010-2011 when the Bank worked with various Districts of Bucharest (1, 2, 4 and 6) and provided loans amounting to EUR 282m out of a total project cost of EUR 423m. In 2014, the EIB developed the second phase of the energy efficiency refurbishment of multi-apartment buildings and provided financing to Districts 1 and 4.

Co-benefits and continuous investment programme
As an energy efficiency project, this represents an example of a dedicated climate change mitigation and adaptation initiative. The investment programme will provide the co-benefits of a reduced subsidies bill for the authorities and a reduced heating bill for residents, with positive implications for living standards in Bucharest. At present, apartment residents are eligible for heavily subsidised heating tariffs. However, the authorities are planning to phase out these subsidies over the next couple of years, when heating costs in refurbished buildings are expected to fall by up to 50%.

The first tranche of investment began in 2014 and has since been followed by a series of loans, the latest signed in the first half of 2015. The EIB’s close follow-up of implementation and investments has resulted in the continual expansion of the programme, increasing its coverage across neighbourhoods in Bucharest.

The estimated project cost for the second phase is EUR 238m (District 1 and 4). In order to support this important energy efficiency project in Bucharest, the EIB’s contribution has been raised to 75% of the project cost, in line with guidelines for in-
vestments aimed at reducing energy consumption and mitigating climate change. The municipality’s own resources are expected to cover the remaining 25% of the cost.

Demonstrable efficiency gains
Before works started, most buildings in the neighbourhoods of Bucharest were classified with a D energy performance rating within the city. Today, their performance has significantly improved as most have passed from D to B and are below the energy consumption threshold of 100 kWh/m² per year, set by the programme requirements. This represents energy savings of up to 50%.

The EIB has identified energy efficiency as the most cost-effective way of reducing emissions and energy demand and has made this investment in Bucharest’s existing housing stock in accordance with the EIB Energy Lending Criteria adopted in July 2013.

Climate action and the environment
Sustainable growth and caring for the climate and our environment go hand in hand. It is of major importance to the EIB Group to both maintain our environmental, social and climate standards and also to support environmental projects that include sustainability aspects, such as those targeting air quality improvements, depollution, safety or ecosystem restoration. The natural environment is a major source of employment around the world, so supporting its wellbeing bears fruit for economic growth.

Many environmental impacts will be exacerbated in the future by climate change, which is one of the most urgent challenges of this century. Worsening droughts, flooding and extreme weather events are already affecting us, threatening growth and development. In Europe and in developing economies, there are many opportunities to promote energy efficiency, more climate-friendly transport modes, renewable energy generation and forestry, land use and natural capital investments which will support climate mitigation by avoiding or reducing GHG emissions. As our world becomes more heavily affected by climate change impacts, support for adaptation processes and investment are also vital. All these areas of mitigation and adaptation are included in the EIB’s wide-ranging climate action finance.

Climate action at the EIB takes a dual approach: as well as prioritising climate action lending, as highlighted above, the EIB integrates climate action concerns into the methods and processes used to assess and monitor all of its investment projects. These include using an economic price of carbon in the economic analysis of projects, providing technical assistance to promote energy efficiency in projects, assessing climate impacts on projects, and estimating and reporting the greenhouse gas (GHG) emissions from all sectors of investment projects that it finances. The carbon footprint methodologies (Methodologies for the Assessment of Project GHG Emissions and Emission Variations) that the EIB has developed to assess and report the GHG emissions generated and saved/avoided by EIB projects are publicly available on the Bank’s website, and more information on the carbon footprint data for 2014 projects in the EU is given below.
Climate finance

The EIB commitment to support a shift to a more resource efficient, climate resilient and low-carbon economy is shown through the EUR 19.1bn investment in climate action projects in 2014. To fully support not only European climate policy goals but also international goals, the EIB has committed to investing at least 25% of its lending signed each year in climate action, and this target was achieved again in 2014.

We finance whole projects and smaller component investments dedicated to climate change mitigation and adaptation across a variety of sectors. All these parts contribute to our overall climate action figures, and this granular approach is harmonised with other Multilateral Development Banks, with which we have been working for five years on a coherent and rigorous approach to climate finance tracking.

A shift to a more resource efficient, climate resilient and low-carbon economy is needed globally, and the Bank has adopted climate standards and provides innovative climate financing, as well as technical assistance for its projects and promoters, to deal with climate risks and support climate action opportunities. There are many synergies between our support for climate action and other areas – we also seek benefits beyond CO2 emissions reduction and adaptation to climate change such as resource efficiency, sustainable transport and access to water and clean air.
Greater energy independence, lower emissions

In direct support for the renewable energy directive the EIB provided financing of EUR 587m for one of the world’s largest wind farms, to be constructed 85 km north of the Netherlands. Once operational the Gemini offshore wind farm will supply renewable electricity for more than 1.5 million people and mitigate 1.25 million tonnes of CO₂ emissions per year. The project is a significant feat of engineering as, from tip to toe, the turbines stand more than two-thirds of the height of the Eiffel Tower.

The EU Renewable Energy Directive has set the goal of sourcing 20% of all energy from renewables by 2020. In order to meet this target, the EU requires significant investment in renewables infrastructure.

The EIB has a primordial role to play in the financing of positive climate action, encouraging low-carbon and climate resilient growth by supporting projects such as Gemini.

EIB at the forefront of renewable investment
From 2017, the Gemini offshore wind farm will make a significant contribution to the national energy independence of the Netherlands as well as to the sustainability goals of Europe.

The EIB is confident with lending at scale
The 150 turbines in the Gemini wind farm will produce the largest amount of renewable energy from any offshore wind farm due to the constant high wind speeds, averaging wind force 5, in the 68 square kilometre construction area. The project’s innovative turbines with rotors that reach 150 m above sea level can operate up to gale force 11.

The wind farm’s distance from the shore has been overcome with the longest power export cables ever to be employed for an offshore wind farm – two cables of 100 km each.
More than 500 people will be employed during the three-year construction period and around 120 will work permanently on maintaining the Gemini wind farm’s turbines during the first 15 years of operation, extending the project’s benefits beyond climate action and energy.

The largest renewable project to be developed using project finance
The new Dutch project is also the largest renewable energy project in the world to be developed using project finance. The only security provided to the banks and organisations providing loans consists of the project itself and its expected revenues. 85% of the electricity generated by the Gemini wind farm will be marketed by the Dutch energy company Delta.

The overall building costs of the Gemini wind farm are expected to be EUR 2.8bn. The EIB is financing the project together with Northland Power, the Danish pension fund PKA and a consortium of international commercial banks.

The Bank is one of the world’s largest lenders to renewable energy projects. Recent support has included backing for the Noordoostpolder onshore wind farm and investment by TenneT to improve high-voltage connections between wind farms and consumers in the Netherlands and Germany.

Climate mainstreaming: the 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. We apply our carbon footprinting methodology to all sectors, not only climate mitigation projects. While an external review of our methodologies in 2013 confirmed our Carbon Footprint Exercise (CFE) approach, we continue to update our methodologies and to improve the clarity and transparency of our reporting. We aim to continually improve our carbon footprinting work, learning from our peers and partners, and take an active role in the IFI working group on greenhouse gas (GHG) assessments.

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) > 100 000 t CO₂ eq/year for a standard year of the project’s operation
- relative emissions (estimated emissions increases or reductions compared to the expected alternative) > 20 000 t CO₂ eq/year

Analysis of our CFE suggests that these two thresholds capture approximately 95% of emissions from the EIB’s 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 which fall below the thresholds also target emissions savings.

At the heart of our footprinting approach are the absolute emissions from each project. Whilst assessing and reporting emissions reductions 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 is 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 renewable 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 in our annual CFE from the areas of conventional and renewable energy generation and networks, energy efficiency, transport, industry, water and solid waste and, this year for the first time, forestry. This allows us to assess the contribution from each type of lending.
2014 project footprinting

In 2014, 70 of the projects in the EIB portfolio had estimated emissions above the absolute or relative emissions thresholds and were included in the 2014 CFE. They represent total EIB signatures or allocation approvals of EUR 15.1bn. The related total absolute GHG emissions are estimated at 4.7 Mt CO₂ eq/year, with overall reduced or avoided emissions from the same financing estimated at 3.0 Mt CO₂ eq/year in accordance with the CFE methodology.

Project level data for projects included in the CFE are reported at appraisal stage in our Environmental and Social Data Sheets (ESDSs) and published in our public register of environmental information. For the annual figures, these are aggregated over all the included projects, with emissions first prorated to EIB financing in the corresponding year. If total project emissions were aggregated the figures would be significantly larger, but there would be a risk of double-counting these emissions and the savings claimed with other financiers who are also reporting. For this reason, the Bank believes that, for the annual aggregated data shown here, it is important to report only the emissions linked to its own lending.

The table below shows the results of these aggregate figures for the last three years of EIB project CFE. These totals vary significantly from year to year, and are closely linked to the numbers of large power or industrial projects for which financing is signed in the year. Despite our conservative CFE approach, every year the overall emissions figures show a large saving – the aggregate savings have been estimated at 2 to 3 Mt CO₂ eq for the last two years, confirming that, overall, the EIB’s investment projects are supporting a path of reduced emissions.

<table>
<thead>
<tr>
<th>Relating to projects included in the CFE</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects</td>
<td>61</td>
<td>67</td>
<td>70</td>
</tr>
<tr>
<td>Total EIB amount signed² - EUR bn</td>
<td>11.2</td>
<td>13.8</td>
<td>15.1</td>
</tr>
<tr>
<td>Total project cost - EUR bn</td>
<td>45.7</td>
<td>79.6</td>
<td>63.0</td>
</tr>
<tr>
<td>Average % EIB financed</td>
<td>25%</td>
<td>17%</td>
<td>24%</td>
</tr>
<tr>
<td>Absolute emissions - Mt CO₂ eq/year⁴</td>
<td>5.7</td>
<td>3.2</td>
<td>4.7</td>
</tr>
<tr>
<td>Relative emissions - Mt CO₂ eq/year⁴</td>
<td>-3.0</td>
<td>-2.4</td>
<td>-3.0</td>
</tr>
</tbody>
</table>

² Projects with finance contract signed or large allocations approved in the year. Large allocations under already signed framework loans are those where the individual investment projects have undergone a full individual project appraisal.
³ Individual project GHG data is assessed at appraisal, but for the purposes of annual reporting, the project figures are aggregated on the basis of 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.
⁴, ⁵ Emissions are prorated to the EIB lending volume prior to aggregating. Total project emissions (absolute) and savings (relative) would be significantly larger.
A record year for the EIB’s Climate Awareness Bonds

Climate Awareness Bonds (the EIB’s Green Bonds) raise funds that are allocated to the EIB’s disbursements for projects with a positive environmental impact. 2014 was another record year for the EIB’s Green Bonds. The EUR 4.3bn raised in seven currencies marks an increase compared with 2013 (EUR 1.4bn), reflecting wider growth in the market, which roughly tripled in size in 2014. The EIB has contributed to the continuous development of this segment, not only through issuance, but also in terms of enhanced governance and transparency, supported by refinements in administration and reporting.

The EIB has always been at the forefront of the Green Bond market

In 2007, the EIB became the first borrower to issue a bond – our “Climate Awareness Bond” or CAB – with proceeds allocated to a dedicated sub-portfolio of its treasury specifically earmarked for disbursement to projects with a positive environmental impact.

Annual record

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.4bn</td>
</tr>
<tr>
<td>2014</td>
<td>4.3bn</td>
</tr>
</tbody>
</table>

6  http://www.climatebonds.net/year-2014-green-bonds-final-report-0

In 2014, the CAB due 2019 was increased to 2.6bn making it the largest Green Bond outstanding in the market at year-end
Specifically, CABs focus on projects in the fields of renewable energy and energy efficiency such as:

- renewable energy: wind, hydro, tidal, solar and geothermal power;
- energy efficiency: district heating, co-generation, building insulation, energy loss reduction in transmission and distribution and equipment replacement.

One of our key goals, with this type of finance, is to enhance public accountability through effective reporting on the use of Green Bond proceeds. We do so through the Financial Report, Sustainability Report and Climate Awareness Bonds Newsletter.

Contributing to market development
The EIB has been at the forefront of providing more liquid, tradable solutions for investors in various currencies. In 2014, the CAB due 2019 was increased to EUR 2.6bn, making it the largest Green Bond outstanding in the market at year-end. We also made a pioneering move by starting the first green yield curve, by adding a second key reference on our EUR Green Bond curve with a 12-year issue. In October 2014, we also launched our inaugural USD Green Bond in liquid size (USD 1bn), which established the first 10-year Green Bond benchmark in this currency, as well as a liquid-size GBP bond (GBP 500m). At the same time, we have responded to demand for Green Bonds in other currencies: CHF, JPY, SEK and ZAR.

The Bank has also played an active role in the development of the Green Bond Principles, voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market. The new, second edition of the Green Bond Principles, reflects a broad consensus reached among Green Bond market participants – investors, issuers and intermediaries. The alignment of EIB practices with the recommendations of the Green Bond Principles has been outlined in our latest CAB Newsletter, published concurrently with the announcement of the second edition of the Green Bond Principles in March 2015.

Ahead of the UN Climate Summit in September 2014, in a Joint Statement by Multilateral Development Banks (MDBs) on climate finance, the EIB undertook to “maintain its developmental role, in order to spur further sustainable growth of the green bond market”.

Issuers such as the EIB are also collectively working towards a common framework for reporting on the impact of projects associated with Green Bonds. In early 2015, the EIB launched its new impact reporting framework, putting the Bank in the vanguard of accountability on environmental impact, and responding to the investor demand for the inclusion of quantitative metrics. This reporting conformed to an approach agreed among several MDBs and published in a joint paper. Both the EIB’s impact reporting and the joint approach were given a high profile at the Annual General Meeting of the Green Bond Principles in March 2015.

EIB commitment leads to clear outcomes
In 2014, based on a documented internal tracking and allocation method, EUR 3.3bn of proceeds from CAB issuance were allocated to 56 projects, within and outside the EU. The unallocated proceeds at the end of 2014 stood at EUR 1.1bn.

To increase transparency and accountability, rather than report by aggregated sectors, the EIB reports the complete list of projects to which CAB proceeds have been allocated, as well as publishing the EUR amounts allocated in this report and a dedicated CAB Newsletter. The 2014 CAB Newsletter is the first Green Bond report to encompass such detailed information on climate impacts, including absolute and relative GHG emissions estimates, at the aggregate and individual project levels.

### Overall, the EIB’s delivery of relevant products and support for the growth of the Green Bond market underlines our developmental commitment towards long-term investment to achieve positive environmental impacts.

<table>
<thead>
<tr>
<th>Project name</th>
<th>Location</th>
<th>Sector</th>
<th>Allocation from the CAB portfolio in 2014 (EUR m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENAG WIND POWER / A</td>
<td>Austria</td>
<td>Wind - Onshore</td>
<td>90</td>
</tr>
<tr>
<td>BORDEAUX POSTAL OFFSHORE WIND PROGRAM</td>
<td>Ireland</td>
<td>Wind - Offshore</td>
<td>100</td>
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<td>BUCHAREST 51 THERMAL REHABILITATION</td>
<td>Romania</td>
<td>Energy Efficiency - Buildings</td>
<td>22</td>
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<tr>
<td>BUCHAREST 54 THERMAL REHABILITATION</td>
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<td>Energy Efficiency - Buildings</td>
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<td>BUTENDIEK OFFSHORE WIND FARM A</td>
<td>Germany</td>
<td>Wind - Offshore</td>
<td>306</td>
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<tr>
<td>CENTRALE SOLAIRE DE GUARASSATE</td>
<td>Morocco</td>
<td>Solar</td>
<td>40</td>
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<td>COMPAGNIA VADOLOTTANA ENERGIA ED AMB</td>
<td>Italy</td>
<td>Hydropower</td>
<td>60</td>
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<tr>
<td>DIERPACCO/NORTH WIND OFFSHORE WIND / A</td>
<td>Belgium</td>
<td>Wind - Offshore</td>
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<td>ENEL GREEN POWER ROMANA</td>
<td>Romania</td>
<td>Wind - Onshore</td>
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<td>ENERGYPARK BRUCK WIND POWER A</td>
<td>Austria</td>
<td>Wind - Onshore</td>
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<td>EXTENSION CHAUFFAGE GE URBAIN PARIS</td>
<td>France</td>
<td>Heat supply</td>
<td>56</td>
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<tr>
<td>PORTUM CHIP PLANT STOCKHOLM</td>
<td>Sweden</td>
<td>Combined Heat and Power - Biomass</td>
<td>191</td>
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<tr>
<td>FRANCE BIMESSA - DALIXIA - TRANCHE CIC</td>
<td>France</td>
<td>Combined Heat and Power - Biomass</td>
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<td>GLOBAL TECH OFFSHORE WINDFARM A</td>
<td>Germany</td>
<td>Wind - Offshore</td>
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<td>HIGHVOLTAGE TRANSMISSION LINES</td>
<td>Georgia</td>
<td>Renewable Energy - Transmission</td>
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<td>IMMIND WIND POWER C</td>
<td>Austria</td>
<td>Wind - Onshore</td>
<td>9</td>
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<tr>
<td>KA XU CSP PROJECT B</td>
<td>South Africa</td>
<td>Solar</td>
<td>79</td>
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<tr>
<td>KOI SOLAR ONE TOWER PROJECT</td>
<td>South Africa</td>
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<td>LAKE TURKANA WIND POWER B</td>
<td>Kenya</td>
<td>Wind - Onshore</td>
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<td>Lberia</td>
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<td>NETHERLANDS OFFSHORE WIND A</td>
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<td>OFFSHORE TRANSMISSION NETWORK - LINCS WIND FARM</td>
<td>United Kingdom</td>
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<td>OULX LAKE GEOTHERMAL EXTENSION</td>
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<td>Geothermal</td>
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<td>TAFILA WIND FARM</td>
<td>Jordan</td>
<td>Wind - Onshore</td>
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<td>Georgia</td>
<td>Hydropower rehabilitation</td>
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<td>VLADIVOSTOK CHIP PROJECT</td>
<td>Russian Federation</td>
<td>Combined Heat and Power - Gas</td>
<td>42</td>
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<td>WIEN ENEW WASTE TO ENERGY</td>
<td>Austria</td>
<td>Combined Heat and Power</td>
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<td>WIND FARM GULF OF EL ZAYT</td>
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<td>Wind - Onshore</td>
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<td>Wind - Onshore</td>
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<td>Nigeria</td>
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<td>19</td>
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<td>SW DEVON WASTE-TO-ENERGY CHP PLANT</td>
<td>United Kingdom</td>
<td>Municipal waste incineration / thermal treatment</td>
<td>26</td>
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<td>EDA POWER V</td>
<td>Portugal</td>
<td>Renewable Energy</td>
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<td>ETED POWER TRANSMISSION</td>
<td>Dominican Republic</td>
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<td>Italy</td>
<td>Energy Efficiency - Electricity distribution and district heating</td>
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<td>DRC (Conglo)</td>
<td>Renewable Energy - Transmission</td>
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<tr>
<td>ACCIONA WIP 2</td>
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<td>Research, Development, Innovation</td>
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<tr>
<td>RTE TRANSMISSION NETWORK UPGRADE / A</td>
<td>France</td>
<td>Renewable Energy - Transmission</td>
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<tr>
<td>TOSCANA ENERGIA GAS AND SOLAR B</td>
<td>Italy</td>
<td>Manufacture of Gas / Solar</td>
<td>2</td>
</tr>
<tr>
<td>LINEA GROUP HOLDING POTENZIAMENTO RETI</td>
<td>Italy</td>
<td>Energy Efficiency - Electricity distribution and district heating</td>
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<tr>
<td>AUSTRAN ENERGY EFFICIENCY FL</td>
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<td>Energy Efficiency - Buildings</td>
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<tr>
<td>BIPER ENERGIA RINNOVABILE FL A</td>
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<td>Renewable Energy / Energy Efficiency</td>
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<tr>
<td>CENTRAL AMERICA CLIMATE CHANGE FL A</td>
<td>Honduras, Nicaragua, El Salvador, Guatemala, Costa Rica, Panama</td>
<td>Renewable Energy - Energy Efficiency</td>
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</tr>
<tr>
<td>CHILE CLIMATE CHANGE FL A</td>
<td>Chile</td>
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</tr>
<tr>
<td>ENERGY EFFICIENCY MILAN COV OF MAYORS</td>
<td>Italy</td>
<td>Energy Efficiency - Buildings</td>
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</tr>
<tr>
<td>FR BIOMASSE COGENERATION AND VALORISATION CASA</td>
<td>France</td>
<td>Renewable Energy - Bioenergy</td>
<td>35</td>
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<tr>
<td>FRANCE ENERGIES RENOUVABLES - CASA UNIFERGIE</td>
<td>France</td>
<td>Renewable Energy - Wind, Solar</td>
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<tr>
<td>REGION AQUITANE CLIMATE ACTION CASA</td>
<td>France</td>
<td>Renewable Energy / Energy Efficiency</td>
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<tr>
<td>REGION CENTRE ENERGIES RENOUVABLES / A (CASAL)</td>
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<td>Renewable Energy / Energy Efficiency</td>
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<td>UNICREDIT ENERGIA RINNOVABILE FL B</td>
<td>Italy</td>
<td>Renewable Energy - Energy Efficiency</td>
<td>94</td>
</tr>
</tbody>
</table>


* The following projects (project-level data) focus on the design, construction, operation, expansion, upgrade or reinforcement of electricity transmission lines and corresponding facilities, linked to renewable energy. For these projects, the length of the additional transmission lines is provided as a relevant indicator:

<table>
<thead>
<tr>
<th>Project name</th>
<th>Location</th>
<th>Sector</th>
<th>Allocation from the CAB portfolio in 2014 (EUR m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project 20130422 RAANE CHIP PLANT: 82 MW-th capacity &amp; 674 GWh-th generation</td>
<td></td>
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</tr>
<tr>
<td>Project 20110488 SW DEVON WASTE-TO-ENERGY CHP PLANT: 27 MW-th capacity &amp; 70 GWh-th generation</td>
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<tr>
<td>Project 20130422 SE RENEWABLE POWER GENERATION: 95 MW-th capacity &amp; 300 GWh-th generation</td>
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</tr>
<tr>
<td>Project 20120264 LINEA GROUP HOLDING POTENZIAMENTO RETI: 39 MW-th capacity &amp; 58 GWh-th generation</td>
<td></td>
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</tr>
</tbody>
</table>

* Overall, the EIB’s delivery of relevant products and support for the growth of the Green Bond market underlines our developmental commitment towards long-term investment to achieve positive environmental impacts.

* The company that took the loan for the Bord Gais project was purchased by a Canadian company that subsequently decided to cancel the loan and reimburse the outstanding balance on 14/07/2014. 100% of the original loan amount, which was fully eligible for CAB, was disbursed during the construction period and no further amount was disbursed.

* In case of intermediated loans, project-specific information, such as installed capacity, energy production, energy savings, absolute and relative GHG emissions, is not available at the appraisal stage. As prescribed by the EIB’s Environmental and Social Framework Handbook (v. 1, p. 46), "in the case of intermediated financing, global loans or equity / debt funds dedicated to renewable energy and/or energy efficiency or climate action more generally, the EIB requires the financial intermediaries to apply the same eligibility criteria as for EIB’s direct operations." The flow of funds is conditional upon the fulfillment of this requirement, which is verified by EIB’s Projects Directorate."
How does the EIB Group’s influence extend beyond its direct investments?

To ensure that the sustainability outcomes of our projects are carefully controlled we promote high standards across the project lifecycle. This includes stringent due diligence processes and the evaluation of performance against a number of standards.

The sustainability outcomes of the EIB Group extend beyond the direct impacts of the projects we support with our finance or advisory services. That is because we promote high standards on aspects such as pollution prevention, labour and human rights, and health and safety. Our everyday impact evaluation systems include the social and environmental due diligence process during the pre-appraisal or appraisal stages as well as the ex post evaluation of results.

Combating fraud and corruption and fostering responsible procurement are all fundamental to the promotion of sustainable development. We have stringent policies in place to ensure commitment to both of these principles.

The preservation of environmental and social capital underpins the EIB Group’s lending strategy and objectives; however, to achieve these, the Group relies to a large extent on activities undertaken by our clients, the borrowers and project promoters.

We set high expectations for social and environmental due diligence, covering aspects such as pollution prevention, climate impacts, rights of vulnerable people and labour rights, which have been embodied in a set of ten standards. The ten environmental and social standards outline the promoters’ responsibilities regarding EIB-supported projects. The EIB’s approach to integrating sustainable development into our operations is fully described in the Environmental and Social Handbook.

Since the creation of the EIB’s Public Register in January 2014, the Bank has made publicly available the Environmental and Social Data Sheets (ESDSs) for those projects approved since 2013, for which a due diligence was required and carried out by the Projects Directorate. These data sheets are publicly available and outline any significant environmental and social aspects, from the list above, which the promoter faces, how they will manage the impacts, including the policies, frameworks and legislation they will follow, and the requirements of the EIB before financing the project.
Building the first eco-city in Morocco

The EIB has provided a EUR 150m loan to help tackle Morocco’s urban development challenges face-on. This project hopes to relieve pressure on existing urban areas through the establishment of a new conurbation – the Zenata eco-city. The aim is to house 300,000 residents and create 100,000 jobs by 2030. The project’s scale and ambition mean there are important environmental and social impacts that need to be considered. Consequently, the EIB has ensured that an extensive environmental and social impact assessment has been carried out by the promoter in accordance with EIB requirements in preparation for the development of Morocco’s first eco-city.

Building a map of impacts – the eco-city urban development project, Zenata Morocco, impact review

Morocco faces evolving urban development challenges as its economy continues to grow. The objective of the Zenata eco-city project is to provide a response to the urban population pressure in Morocco. The EIB’s EUR 150m loan to the project contributes to EU priorities by supporting sustainable communities in one of the key Mediterranean partner countries.

Zenata has been presented as the first eco-city in Africa and employs the core principles of sustainable development: public modes of transport, optimisation of water management, green corridors, high density, and social and functional diversity.

Due consideration of project impacts

The project aims to reconcile urban development with sustainable goals, but a number of environmental and social impacts have to be considered first. The EIB’s rigorous due diligence process was employed to ensure these impacts are minimised.
Ambitious in its scale, the Zenata city project has been designed to house 300,000 residents and create 100,000 jobs in many high value added activities (in the commercial centre, exhibition centre, education and health centres, logistics centre, tourism, light industry, municipal services, etc.) by 2030. Zenata will also have an impact on the construction industry, which accounts for almost a million direct and indirect jobs in Morocco.

Beyond these economic achievements, the Zenata project also seeks to reach new realms in urban planning in terms of its environmental impacts. It will do this through the incorporation of positive environmental features such as extensive green zones, water retention basins for water management, dedicated rights of way for public transport, cycle lanes, energy-efficient lighting and planning-led mixed-use development.

Within the EU, projects such as this typically require a Strategic Environmental Assessment (SEA). There are no such requirements in Morocco, so an Environmental Impact Assessment (EIA) has been carried out incorporating elements required by the EIB and Agence Française de Développement (AFD) to align it with the typical requirements of an SEA.

The EIA indicates that negative environmental impacts on air quality, soils, groundwater, etc., will be modest or negligible, and primarily concentrated during the construction phase. Environmental impacts will be mitigated through measures incorporated into an Environmental and Social Management Plan (ESMP). The project is expected to generate significant positive environmental benefits, for example through the provision of sewerage infrastructure and the elimination of wastewater discharges from informal settlements.

Social impact challenges of the project
In the short and long terms, the project will generate vast benefits for the local area, but it also has the potential to create adverse social impacts, which need to be carefully monitored. Due to its scale and complexity, the resettlement component carries the most significant social risk: as a result of the acquisition of 1,600 ha of land, the project will require the resettlement of over 10,000 households, 238 registered businesses, other informal households, other informal economic activities, livelihood strategies (including subsistence) and community infrastructure. Over 8,000 of the affected households are located in 17 informal settlements and are low-income slum-dweller households lacking land titles. In addition, some of the affected households (i.e., owners of sheds along the coastline) have launched legal proceedings against the expropriation process delaying the completion of the land acquisition process.

Concrete solutions and successful outcomes
In line with EIB environmental and social standards, the project owner will seek to mitigate the risk associated with involuntary resettlement by drawing up a Resettlement Policy Framework (RPF) and Resettlement Action Plan (RAP). At the same time, meaningful consultations will be held with the people affected by the project. These measures are expected to result in improved living conditions, particularly for slum dwellers, who constitute the vast majority of the individuals affected. This group will also benefit as a result of gaining more secure land tenure rights, whilst remaining in the vicinity of their current homes and communities.

Based on the findings of the Environmental and Social Impact Assessment, in May 2014 the EIB requested that an open doors event be held to firm up elements of the resettlement option, with both the Governor of Mohammadia Province and the project promoter in attendance. The above-mentioned land tenure rights were confirmed as a resettlement option during the event. This was the first affirmative step by the promoter in building ownership of the mitigation measures and facilitating the resettlement process through consultation.

The Bank has also made requests to the promoter to enhance long-term in-house capacity related to social impacts. In addition, the EIB will contribute to the creation of an Environmental and Social Management System (ESMS) to guide the implementation of the project. We are committed to the close and sustained monitoring of these aspects to ensure that environmental and social risks and impacts are adequately mitigated.
Meeting the energy needs of over 150 000 Jordanians

The EIB has invested in a 117 MW wind farm in Jordan. The project has the potential to meet the energy needs of over 150 000 people and to be a major contributor to employment and skills in the region. However, the site is located within the Rift Valley flyway and near an important bird area and as a result the EIB required that comprehensive and seasonal bird surveys be carried out including the development of a biodiversity management plan. This resulted in a change in the layout of the turbines and the establishment of a post-construction monitoring programme in order to protect migratory bird species.

The EIB supporting first-time projects
The EIB’s environmental standards require that the mitigation hierarchy be applied, in particular avoidance and minimisation of negative impacts on the natural environment. Furthermore, the EIB actively invests in projects that contribute to reducing climate change impacts and protecting our environment. In 2013, the EIB signed a EUR 53m loan agreement for Jordan’s first large-scale independent renewables project, Tafila wind farm.

When fully operational in August 2015, the Tafila wind farm will produce 354 GWh/y of renewable energy, meeting the energy needs of over 150 000 Jordanians. Construction began in April 2014, following four years of development by Jordanian and international experts. The EIB financed around 25% of the project cost, with other lending partners, including the International Finance Co-operation, Europe Arab Bank and OPEC Fund for International Development and Netherlands Development Finance Company, providing a further 52%.

A milestone in Jordan’s renewable energy strategy
The project represents a significant milestone in Jordan’s renewable energy strategy, delivering a reliable source of clean energy. In line with the Mediterranean Solar Plan’s goals and the country’s objectives, Jordan aims to reduce its heavy dependency on fossil-fuel energy imports, while developing renewable capacity and increasing the participation of the private sector in energy generation.
For the EIB, as one of the global leaders in climate finance, the Tafila wind farm represents a significant investment in climate change mitigation. With the announcement of the loan, the EIB’s then Vice-President Philippe de Fontaine Vive commented, “The EIB is proud to contribute both its financing and its technical expertise acquired across the European Union for all sources of renewable energy... [The project] provides a strong and green signal for the future in terms of technology, economic and energy development, and job opportunities.”

**Monitoring environmental and social impacts**

Environmental and social impacts were a key consideration throughout the development process. Prior to investment, the project underwent a comprehensive Environmental and Social Impact Assessment (ESIA), in accordance with applicable EIB Environmental and Social Standards and international best practice. The assessment, mitigation and management framework developed for the project has now been adopted as a model for similar projects in Jordan and elsewhere.

The project will be a major contributor to employment and skills in the region, creating around 150 jobs during its construction and around 30 jobs during operation. Further indirect impacts will be felt by local businesses who meet the needs of the workforce, while no resettlement of the local population is expected.

The project site is located less than 5 km away from the Dana Biosphere Reserve’s eastern border, an important bird area, and within the Rift Valley flyway. Detailed field monitoring and biodiversity surveys were undertaken by multiple international experts between 2011 and 2014, with an emphasis on migration periods. The surveys determined a potential heightened risk of collision with the moving rotors for soaring migrating birds. A comprehensive post-construction monitoring programme will be developed and implemented, also allowing for adaptive management measures which may include shut down on demand based on the monitoring results. The Tafila wind farm will have wide-ranging positive social impacts through the provision of electricity to over 150,000 people.
Ex post evaluations

In our endeavour to see continuous improvement in the management of the EIB Group’s indirect impacts, Operations Evaluation (EV) carries out independent ex post evaluations of EIB and EIF activities with two aims:

- **accountability**: to assess whether our activities have been in line with our policy mandates and the strategies derived from them, and if these activities have delivered as expected;

- **lessons learned**: to identify possible areas for improvement that can be applied to Group activities to increase performance in the future.

Whilst this evaluation goes beyond the indirect impacts, it provides us with a valuable review tool to understand the impacts of our projects, how those impacts have been controlled and what we can do to improve our performance going forward.

Combating fraud and corruption

The EIB Group has a zero-tolerance policy on fraud or corruption whether occurring in connection with projects, loans or equity financed by the EIB Group or perpetrated by its own staff. The EIB Group has an Anti-Fraud Policy that is regularly updated (last revision in 2013) and is supported by a number of other anti-fraud instruments such as the Whistleblowing Policy, the EIB’s Guide to Procurement, proactive integrity reviews and exclusion procedures.

Ensuring sound procurement practices

As part of our commitment to managing our indirect impacts, the EIB has produced a Guide to Procurement which includes the requirement for the EIB’s project promoters to comply with the EIB’s environmental and social requirements when implementing EIB-financed projects, and for tenderers to comply with applicable national and international standards in that regard. More specifically, the Guide to Procurement provides promoters with the possibility to include environmental characteristics in tender evaluation criteria. The EIB strives to continually review and improve its practices, for example by providing practical guidance to its staff to ensure that environmental and social measures required for projects are consistently reflected in procurement documents and taken into account in procurement decisions.

**The main elements of the Bank’s policy on procurement are:**

- the work, goods and services procured under the EIB’s financing should be of appropriate quality and acquired at economic prices and in a timely manner;

- in projects located within the EU and in those candidate and potential candidate countries that have already incorporated the relevant EU legislation, the applicable EU laws on public procurement should be adhered to, particularly as regards tendering on the basis of fair and non-discriminatory terms;

- in all other countries outside the European Union, the Bank requires that the main mechanisms of the EU Directives on procurement be followed, with the necessary procedural adaptations.
Growing forest sustainability in Slovakia

Forests play an important role in Slovakia, providing employment and maintaining a delicate environmental balance. In 2014, the EIB financed a EUR 210m loan to support an afforestation project by the Slovak Ministry of Agriculture and Rural Development. The project will improve the environmental performance of farms, with 2 000 farmers’ land benefiting from the modernisation of on-farm facilities.

Supporting the entire forest value chain
In March 2014, the EIB signed a EUR 120m loan agreement in support of the Slovak Ministry of Agriculture and Rural Development. The EIB finance will contribute to afforestation projects, improved forest protection and management and the upgrading of agricultural infrastructure in Slovakia.

Forests and other wooded land account for over 40% of the EU’s land area. In recent decades, afforestation and natural succession have increased this area by approximately 0.4% annually while the global demand for forest products continues to grow steadily at an annual rate of 3%.

Woodland areas are an important source of employment for three million people living in Europe’s rural areas. The EIB has been active in the forestry sector for some 35 years, promoting its wide range of economic, environmental and social benefits by investing in the entire forest value chain, from planting, management and fire protection, to processing and timberland funds.

Importance of forest cover in Slovakia
In Slovakia, forests play a particularly important role in maintaining the delicate environmental balance; they make up 69% of the country’s Natura 2000 network of protected areas, compared to an EU average of 51%. This afforestation project will have considerable environmental benefits in terms of improved forest ecosystem health and increased greenhouse gas sequestration and renewable energy production. It will also generate new employment throughout the country.

Improving the environmental performance of farms
The investment will improve the environmental performance of farms, with 2 000 farmers’ land benefiting from the modernisation of on-farm facilities, including the use of renewable energy and energy-efficient technologies. Improved nutrient management will reduce surface and groundwater pollution from livestock farming activities to improve the management of all-important water resources.

The on-farm nutrient management will reduce nitrate and phosphate pollution arising from agricultural activities, directly contributing to Slovakia’s compliance with the EU Nitrates Directive and the country’s progress towards meeting the requirements of the Water Framework Directive.

As this project was particularly environmentally sensitive a Strategic Impact Assessment was carried out, which resulted in the Ministry of Environment giving its approval to the programme.
Open and Accountable

How the EIB Group aspires to meet the highest standards of transparency.

We pride ourselves on constantly reviewing and improving how and what information we share. One of our biggest achievements in 2014 was to launch our public register, which allows public access to the environmental information received or produced by the EIB Group.

Transparency is at the core of how the EIB Group operates. We consider that as a bank and a public institution, openness on how we make our decisions and implement EU policies strengthens our credibility and accountability to citizens. We strive to put processes and instruments in place to make it easier for external stakeholders to request information. We want to be transparent about our decision-making processes and our governance, about the results and impacts that our projects have and about how we prevent maladministration in the Bank.

Engaging with stakeholders

As a public institution and the only bank owned by all EU Member States, we are committed to engaging with a wide range of stakeholders.

The underlying objective of stakeholder engagement at the EIB Group is to ensure that our many and diverse stakeholders have a channel to be heard and that their concerns are adequately addressed. The EIB’s stakeholder engagement follows best practice, with the aim of increasing mutual understanding, addressing stakeholder concerns by adjusting our activities accordingly, and decreasing potential gaps between expectations, policy and practice. In addition, by engaging with stakeholders we are able to achieve greater coherence and accountability in our policies and practices.

In terms of engagement with EU institutions, the EIB Group not only holds discussions with the European Commission and the European Parliament, but also with smaller institutions, such as the European Economic and Social Committee and the Committee of the Regions. The EIB contributes to

The stakeholders with which the EIB engages range from other EU institutions to individual EU Member States, from companies in the financial and business sectors to many organisations in civil society, including various interest groups from universities and research centres to social entrepreneurs.
Civil society organisations are invited to participate in the EIB Group annual Board seminar

Events of other institutions, such as the Open Day of all EU institutions on Europe Day on 9 May, as well as the Open Day events of the Committee of the Regions. Also, when the EIB runs a public consultation on a topic such as our transparency or climate action policy, we actively seek the participation of other institutions. Equally, the Bank contributes to similar initiatives of the other institutions and we regularly participate in their public events.

Examples of our stakeholder engagement in 2014 include our materiality assessment for sustainability reporting and the annual EIB Board Seminar with Civil Society Organisations. Furthermore, the EIB also engages with the stakeholders of individual projects we support.

Engagement through our materiality assessment

As part of our process to understand and respond to our most material aspects – those aspects that are of greatest concern to our stakeholders and which have the most significant impact on the operational success of the institution – we consulted with a wide range of stakeholders at the end of 2013 and throughout 2014.

In line with our strong ethos of transparency, we used a third party to conduct the materiality survey. Using a third party ensured impartiality when speaking with all stakeholders and gave us a clear and balanced picture of what the material aspects are for the EIB Group.

At the end of 2013, we distributed an online survey to civil society organisations. Responses were received from a wide range of stakeholders including, non-governmental organisations, business associations and federations and think-tanks.

After analysis of the data and further consultation we extended our materiality survey to include project promoters and dealers to provide a broader stakeholder opinion base. The survey was adapted for project promoters and dealers and sent to everyone on the EIB’s Project Promoters and Dealers contact list in October 2014.

We also conducted an internal consultation which included face-to-face and telephone interviews with EIB Group employees.

From the comprehensive stakeholder engagement, we were able to produce a materiality matrix and determine that the three aspects that are most important to both internal and external stakeholders are: achieving our priority objectives; managing the EIB Group’s indirect impacts; and transparency and accountability of the EIB Group. More on the materiality process can be found in the materiality assessment section of this report.
Transparency policy and public register

Transparency is a core value of the EIB Group. The EIB Group’s Transparency Policy governs our approach to transparency, access to information and stakeholder engagement. We apply the principle of “presumption of disclosure” to all information held by the Bank with well-defined exceptions based on applicable EU legislation and case law. 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, click here for the latest report. In 2014 we conducted a review of our Transparency Policy through a “best in class” public consultation. Full details of the consultation can be found here.

A public register of environmental documents was established in early 2014 as a result of the application of the Aarhus Regulation to the EIB. The register allows public access to the environmental information received or produced by the EIB. It is constantly evolving and information will be progressively made available. Further information concerning the public register can be found here.

Compliance and ethics

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 EIB Group 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.

The Office of the Chief Compliance Officer is the key control function for ensuring the integrity of EIB staff, management and activities. The main aspects covered by the EIB compliance function include ethics, anti-money laundering/combating the financing of terrorism (“AML-CFT”), integrity due diligence of EIB counterparties and operations, regulatory compliance, training, and clearance of procurement processes for the Bank’s own account.

In September 2014, the EIB compliance function hosted the first Compliance Summit. The audience comprised leading experts in their fields and drew from an international community including International Financial Institutions (IFIs) such as the World Bank, IADB, EBRD, ADB and AfDB, as well as representatives from European bilateral financial institutions, from regulators and standard-setting organisations (EBA, BIS, EUROPOL, FATF and OECD Global Forum) and from Transparency International. The summit emphasised the high and ever-rising importance of compliance and highlighted recent trends in the fight against money laundering, terrorism financing, tax evasion and harmful tax practices and their link to the reputation of IFIs.

External review of performance

We firmly believe that understanding external perceptions of our sustainability efforts is of the utmost importance. To do this we engage with a number of external non-financial rating agencies. The feedback from these agencies allows us to fine-tune our communication or adjust our policies and practices in the most effective way.

In 2014, we were rated as “Outperforming” by Sustainalytics, as “Positive” by IMUG, as “Prime” by Oekom Research and as “Advanced” by Vigeo, maintaining the same levels of performance as in previous years.
Complaints Mechanism

The EIB Complaints Mechanism Division (EIB-CM) 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-CM and, second, the European Ombudsman.

In 2014, the Complaints Mechanism Division received 60 new cases (63 in 2013). Of these, 48 were declared admissible in accordance with the EIB Complaints Mechanism Principles, Terms of Reference and Rules of Procedures (57 in 2012).

The European Ombudsman (EO) received five new cases (two in 2013) against the EIB Group and closed six (six in 2013). Of these, one was closed with a critical remark and a conclusion of maladministration, and in another, the EO issued a draft recommendation.

In September 2014, the EIB Compliance function hosted its first Compliance Summit
Consulting our external stakeholders
The EIB Group is committed to actively encouraging stakeholder input in its policies and practices.

Through our commitment to open communication, as a Group we demonstrate our willingness to listen to third parties so as to benefit from their contributions and better fulfil our mission.

In 2014, we held a public consultation as part of the review of our Transparency Policy, which sets out the EIB Group’s approach to transparency and stakeholder engagement and defines the Bank’s procedures concerning information requests from the public, as well as the information that we routinely make available to the public.

The previous Transparency Policy had been adopted in 2010, following an in-depth two-round public consultation procedure that took place in 2009.

The consultation process was launched in July, with an announcement on the EIB website. Concurrently, a draft revised Transparency Policy was published soliciting opinions.

The consultation process was a standard, one-round process, which had proven successful during the recent reviews of the transport and energy lending policies and criteria. Stakeholders were invited to submit written contributions. In addition, two consultation meetings were organised in order to discuss the review with interested stakeholders.

In order to inform a broad range of stakeholders about the review, and in addition to the regular public announcements on the Bank’s website, information about the consultation and its steps were sent directly to interested organisations and individuals who had shown or were likely to show a particular interest in the EIB Group’s Transparency Policy. We also held bilateral meetings with EU institutional stakeholders such as the European Ombudsman.

The stakeholders’ written contributions were consolidated in an aspects matrix that outlined sug-
gestions and comments according to articles of the Transparency Policy. An inter-directorate re-
view panel was set up within the Bank to consider all stakeholders’ contributions and to examine
the extent to which suggestions could be taken into account in the review process. The consolidat-
ed matrix with the aspects raised by stakeholders’ suggestions and the Bank’s reasoned opinion was
published on our website, together with the draft revised policy, the stakeholders’ contributions and
a consultation report, more than 15 working days before the new policy was submitted to the Bank’s
Board of Directors.

The process to review the policy through public consultation and meetings with stakeholders has been
brought by the European Ombudsman to the attention of relevant EU agencies as a model when they
consider developing their own policies in the area of transparency.

Improving our transparency

The revised EIB Group Transparency Policy main-
tains the high level of transparency provided for
in the previous version and its guiding principles
will apply to the whole EIB Group. The new poli-
cy continues to compare favourably with interna-
tional best practice, while safeguarding legitimate
requirements for confidentiality on the part of the
Bank’s commercial counterparts. It also recognises
the particular character and the specificities of the
EIB as enshrined in the Treaty on the Functioning
of the European Union.

The policy is more user-friendly than the previous
one, with significant improvements to its structure
and clarity. It has been further aligned with appli-
cable EU legislation, as interpreted by the case law
of the Court of Justice of the European Union re-
garding transparency and access to information.
The new policy commits the EIB to a high level of
proactive dissemination of information via tools
such as a public register of documents and the
publication of project data via the International Aid
Transparency Initiative.

It also continues to apply the principle of “pre-
sumption of disclosure” to all information held by
the Bank with well-defined exceptions based on
applicable EU legislation and case law.

By implementing this revised Transparency Policy,
the EIB Group remains committed to achieving the
highest possible level of transparency regarding its
activities.
Proactive disclosure

The right of access
In order to support and promote the principle of transparency, the EIB is fully committed to regularly publishing accurate information regarding our role, policies and operations in a timely fashion, and we routinely publish a broad set of documents, notably through our website.

In compliance with Regulation (EC) No 1367/2006 (the Aarhus Regulation), environmental and social information held by the Bank and related to projects is also made available through the EIB’s public register of documents, which we set up on our website in 2014. In accordance with the Aarhus Regulation, EU institutions and bodies must organise the environmental information which is relevant to their function and which is held by them, with a view to its active and systematic dissemination to the public.

The register is progressively evolving and we aim to publish more information in the future. It currently includes the key project-related environmental and social information/documents held by the Bank, namely:

- EIB Environmental and Social Data Sheets (ESDSs), which summarise the EIB’s environmental and social appraisal of individual projects. ESDSs are
published in the public register following project approval by the EIB Board of Directors;

- EIB Environmental and Social Completion Sheets (ESCSs), which summaries the Bank’s assessment of environmental and social aspects at the project completion stage and are published on the register when available after the completion of the EIB investment;

- Non-Technical Summaries (NTSs) of Environmental Impact Assessments (EIAs), for projects outside the EU carried out by project promoters and published in the register during project appraisal when received by the EIB;

- Environmental and Social Impact Assessment (ESIA) documents prepared by project promoters and published in the register when received by the Bank. These can include the EIA for projects outside the EU and also Strategic Environmental Assessments (SEAs), Social Impact Assessments (SIAs), Resettlement Action Plans (RAPs), Environmental Impact Statements (EISs), Stakeholder Engagement Plans (SEPs), Environmental and Social Management Plans (ESMPs), and Environmental and Social Impact Assessments (ESIAs).

By the end of 2014, 556 Environmental and Social Data Sheets (ESDSs), 80 Environmental and Social Impact Assessments (ESIAs) and 192 Non-Technical Summaries (of ESIAs) had been published in the public register and linked to their respective project summaries.
Independent Limited Assurance Report to EIB Group

We have been engaged by the Management of the Group, which includes the European Investment Bank and the European Investment Fund (the "Group" or the "EIB Group"), to provide limited assurance on the following information included in the Sustainability Report 2014 for the year ended 31 December 2014 of the EIB Group ("the Report"); indicators and statements in the Report marked in italics and with a tick ✓, prepared in accordance with the internal reporting criteria applicable at the Group in 2014, as detailed on page 8 of the Report.

Group Management’s responsibility for the Report

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 2014 at the Group as detailed on page 8 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 perform 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 ✓ 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, to the extent that they apply to the indicators and statements in the Report marked in italics and with a tick ✓:

- 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;

• 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;

• Comparing the indicators and statements in the Report marked in italics and with a tick ☑ to corresponding information in the relevant underlying sources, when applicable;

• Verifying that the indicators and statements in the Report marked in italics and with a tick ☑ were correctly derived from the Group’s 2014 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 an audit or 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 ☑.

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

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 2014 at the Group, as detailed on page 8 of the Report.

Luxembourg, 20 July 2015

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé

E. Dollé
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