



EIB supports the development of sustainable electric motor, hybrid and alternative fuel technologies.

Plug-in hybrid scooter
by Piaggio, Italy.



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

Reporting standards, boundaries, data collection and assurance

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

This report provides insights into the environmental, social and governance performance of the EIB Group. It covers the Group's direct impacts. For operations and staff, the report includes all EIB activities. For operational data, we use proprietary online data collection tools to gather, track and validate the data required for our annual corporate responsibility reporting cycle. These data are monitored by our internal experts.



The GRI table of content is available on our website. In this table we have included an explanation of why we have not reported on omitted indicators. Where appropriate, the index refers the reader to relevant sources of the required information, including our 2012 Financial, Statistical, Activity and Corporate Responsibility Reports and website. For a number of indicators that cannot yet be reported on, we aim to improve our data collection systems in order to include them in future reporting.

The EIB commissioned its external auditors, KPMG, to provide a limited assurance report on the statements and indicators in the Corporate Responsibility Report marked in italics and with a tick , prepared in accordance with the internal reporting criteria applicable at the EIB in 2012 as detailed on page 2.

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

We want to hear your views on our sustainability reporting and performance. Email us at info@eib.org



Foreword **by the President**



For the European Union the award by the Norwegian Nobel Committee of the 2012 Nobel Peace Prize was one of the highlights of the year. It was a great and touching moment that recognised decades of working for and investing in peace, democracy and prosperity on our continent. The award motivates us at the EIB in our efforts to help overcome this financial and economic crisis by reminding us that there is a higher goal at stake: to secure what has been achieved for Europe's people and to continue preparing ourselves for the challenges of globalisation.



The European Investment Bank plays an important role in addressing the financial and economic crisis by ensuring investment for projects that support sustainable growth and jobs. The capital increase that was approved in 2012 and will take effect in 2013 will enable EIB lending in Europe to be further increased.

Exceptional economic times require an exceptional response. The EIB's ambition is to lend an additional EUR 60 billion in the period 2013 to 2015 to smart, sustainable and inclusive projects that will contribute to growth and employment in Europe. The EIB is well aware that its financing will only have a positive impact if it is done wisely. The Bank's intervention will help to shift the structure and composition of economic growth towards sectors or projects that will have a sustainable effect on employment. This constant emphasis on support for growth and jobs in Europe and beyond is the hallmark of the EIB as a responsible financier.

Four priority sectors will be targeted where access to finance has been most difficult and where EIB financing will make a difference by unlocking additional private sector funding. The additional lending will be dedicated to supporting innovation and skills, small and medium-sized enterprises, resource efficiency (including clean energy) and strategic infrastructure across the EU. The new financing will target regions and sectors in all Member States, in particular where investment can rapidly be unlocked and blended with EU funds. This will be in addition to the close to EUR 50 billion of EIB lending a year already planned.

At the same time the EIB not only pays attention to the environmental sustainability of all of the projects it finances, everywhere and in every sector, but it also invests heavily in developing the environmental sustainability of Europe. In 2012 the EIB lent more than EUR 10 billion for projects specifically targeted at improving environmental sustainability, which is one of the EIB's prime lending objectives.

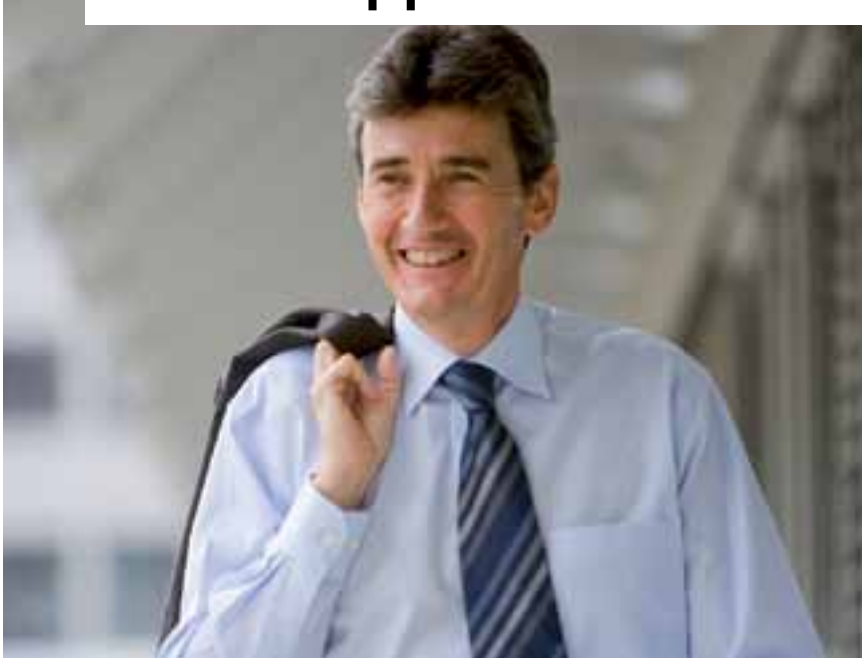
Another priority will be the strengthening of the Compliance function reflecting our strong and continuous commitment to compliance with all applicable laws, regulations, codes of conduct and standards of good practice.

Doing more and better is ultimately only possible because of the commitment of EIB staff and I am proud that they and the EIB delivered.

Werner Hoyer

Interview

with Philippe de Fontaine Vive



Vice-President
in charge of
corporate responsibility

What is the role of the EIB's corporate responsibility?

The key objectives of the EIB are not profit objectives but EU policy objectives. As the “bank of the European Union”, the EIB places corporate responsibility at the heart of its mission to support sustainable economic growth and a healthy environment by providing finance to projects that strengthen competitiveness and increase social inclusion. EIB activities and decisions are governed by the need to improve environmental and social impacts, to foster governance and to strengthen the future viability of our counterparts' business activities.

Checking the environmental acceptability of a project has long been and will continue to be part of the EIB's activities. In fact, for as long as I can remember, some of the EIB projects have had environmental objectives as their primary or sole objective. In 2012 the EIB devoted more than EUR 10 billion – a substantial part of its annual lending – to environmental sustainability.

We do our best but of course we do not claim to get it right every time. That is why the EIB has developed so many controls and accountability checkpoints. I would mention in particular the Complaints Mechanism, which enables ordinary EU citizens to request that a particular issue be reviewed.

Taking all these issues into account is part of our daily good business practice, while we ourselves adhere to the highest standards within our organisation. Corporate responsibility is not only part of the normal lending process, it is also embedded in the Bank's control mechanisms. In other words, corporate responsibility is part of the EIB's corporate culture. This way, the EIB contributes to sustainable development and is accountable to stakeholders and society.



How is corporate responsibility governed at the EIB?

In some ways, corporate responsibility is everybody's responsibility; it is a mentality that needs to be shared by everybody. However, if we want to continue to strengthen and improve corporate responsibility management and reporting, we need a dedicated team. At the EIB, the corporate responsibility unit reports to the Director of the Corporate Responsibility and Communication Department within the General Secretariat. The name of the Department already shows the importance that is given to corporate responsibility. We also have the support of a bank-wide network of corporate responsibility champions, experts in the different key building blocks of our strategy, in order to engage the staff in understanding and implementing good practices within the Bank. In addition, the Management Committee has highlighted corporate responsibility as one of the essential topics that needs to be more closely followed up on a regular (almost daily) basis by a Vice-President. This high-level supervision of corporate responsibility reporting and initiatives is part of my role as a Vice-President.

Do you assess the performance of the EIB's corporate responsibility?

I attach particular importance to measuring the efficiency of our corporate responsibility action plan. Since 2008, the EIB has commissioned an independent annual corporate responsibility performance assessment to evaluate the wider contribution made by the Bank – both through its borrowing and lending operations and in the way it manages its social and environmental footprint. This is carried out by independent consultants, who base their analysis on interviews with staff and an assessment of the action plans drawn up. This assessment shows that the EIB is performing extremely well in setting out transparent policies to guide responsible activity across all of the organisation's operations. The Bank has in place a range of relevant metrics to measure performance in relation to these policies and reports on its performance to internal and external audiences. We are also setting new targets to drive further improvements in corporate responsibility performance.

What are the corporate responsibility priorities for 2013?

The EIB does a lot to promote corporate responsibility but does not always make it known. It could do more to communicate the positive social and environmental impacts of its mainstream lending activities. There is also a strong internal recognition that greater emphasis should be placed on measuring and evaluating projects during the disbursement phase and ex post. With the planned increase in project funding by the EIB, the pressure to measure and report on the outcomes of the Bank's activities will only increase. We will also continue to pay close attention to ethical issues in our activities, for instance by strengthening the compliance function, and to develop our community engagement. But let's face it, the biggest corporate responsibility challenge of 2013 is for the EIB to have a positive impact on sustainable growth to create more jobs in the EU and beyond.

Performance indicators

Theme	Indicators	2011	target 2012	2012	target 2013
Corporate Responsibility (CR) Strategy	Independent EIB performance assessment score	61	↗	Best in class	→
Minimising our own imprint	Energy emissions (Tonnes of CO ₂ e per staff member)	0.38	↘	0.39	↘
	Mobility-related emissions (Tonnes of CO ₂ e per staff member)	8.62	↘	7.10	¹
	Paper consumption emissions (Tonnes of CO ₂ e per staff member)	0.053	↘	0.04	↘
	Waste emissions (Tonnes of CO ₂ e per staff member)	-0.0007 ²	↘	-0.0026	³
	Purchased electricity (100% green electricity) (kWh per staff member)	8 296.82	↘	8 042.94	↘
	Water consumption (m ³ per staff member)	29.88	↘	24.17	↘
	Paper consumption (Tonnes per staff member)	0.04	→	0.04	↘
Being an employer of choice	Number of staff members	1 948	→	1 964	↗
	Women in management positions (%)	18.7	20	19.9	↗
	Women in professional positions (%)	43.4	44	44.2	↗

Theme	Indicators	2011 ⁴	target 2012	2012 ⁵	Orientations 2013
Responsible finance for growth and employment (signatures € billion)	Environmental and sustainable communities ⁶	26.9	13.5	-	-
	Environmental sustainability ⁷			10.6	16.5
	Knowledge economy	10.4	8.4	9.3	11.5
	SMEs and midcaps	10.5	11	12	14.1
	Trans-European networks (including transport and energy) ⁸	10.77	6.0	-	-
	Trans-European networks (transport)			6.3	8.5
	Environmental and social assessment of EIB investment loans	100%	→	100%	→
Climate action (signatures of projects contributing to)	(signatures € billion)	18	→	11.9	→
Convergence		19.6	18.0	15.4	-
Committed to transparency and engagement with stakeholders	Admissible complaints on projects	46	↘	52	↘

¹ As of 2013, the EIB will adopt the GHG Protocol as the "best practice" methodology for calculating its carbon emissions. Mobility emissions may not be directly comparable using the current methodology, so no target has been set.

² The disposal of waste within the EIB Group through recycling and upcycling enables this emissions category to make a positive emissions contribution, the waste being used to generate electricity. Please refer to our internal footprint report on the EIB website. The sub-objective for "Environmental protection" met the COP target of EUR 4.1 bn

³ As of 2013, the EIB will adopt the GHG Protocol as the "best practice" methodology for calculating its carbon emissions. Waste emissions may not be directly comparable using the current methodology, so no target has been set.

⁴ In EU Member States for all EIB resources.

⁵ In EU Member States and Accession Countries for EIB own resources.

⁶ The indicator "Environmental and sustainable communities", used in our 2011 CR report was changed in 2012 to reflect the Bank's move to reporting underlying signature activity in line with its contribution to EU 2020 public policy goals. "Environmental sustainability" is one of our four key contributions together with "Increase in growth and employment potential", "Economic and social cohesion" and projects that specifically contribute to "Climate action".

⁷ This discrepancy compared to the 2011 "Environmental and sustainable communities" indicator results from the new reporting framework used (signatures previously double-counted are now recorded only under the transversal "Climate action" indicator). The indicator "Environmental sustainability" includes "Environmental protection", "Renewable energy and energy efficiency" and "Sustainable transport".

⁸ The indicator "Trans-European networks (including transport and energy)" used in our 2011 CR report was changed in 2012 to reflect the Bank's move towards reporting underlying signature activity in line with its contribution to EU 2020 public policy goals. "Trans-European networks (transport)" is a sub-indicator of "Increase in growth and employment potential", which is also composed of the knowledge economy, competitive and secure energy, support for SMEs, and support for urban renewal and regeneration, including health care.



Key CR developments in 2012

Maximising the impact on the EU economy thanks to our capital increase

The EIB capital increase was prepared and approved in 2012. Compared to the pre-capital increase figures announced in the Operational Plan 2012-2014, we envisage a 43% expansion in our lending activities for 2013-2015, representing additional annual lending of some EUR 20bn. As a consequence, our borrowing programme will again reach elevated levels, but with an order of magnitude already achieved in the last few years. We will target four focal areas for additional EIB action, including support for less developed regions. As part of the overall lending objective to boost growth and employment, the EIB aims to maximise the impact on the EU economy via four EU initiatives (innovation and skills, SME access to finance, resource efficiency and strategic infrastructure).

Fostering our climate action

The Bank has become a significant market player across climate action markets. However, lending for climate action projects is only one dimension of the Bank's contribution to climate action. *The Bank's climate action target has risen from 20% in 2010 to 25% for the current three-year planning period (2012 to 2014). This has not only translated into projects within the EU: in 2012 the Bank lent outside the EU to a total of 17 countries⁹, in part thanks to the additional EUR 2bn Climate Mandate envelope, which was activated in late 2011.* The project pipeline for this mandate ramped up sharply during 2012 and has been an effective means of ensuring a balanced distribution of climate action across regions, including low-income countries.

In addition to lending for low-carbon projects, the Bank has sought to integrate climate action considerations more broadly into all the projects it supports. A range of techniques is employed to develop

a better understanding of the potential impact of a project on the climate (mitigation) and of the changing climate on the project (adaptation). The results of this assessment are reported upon when seeking approval for a particular operation.

Measuring the impact

In 2012 the EIB reviewed its value added system for the assessment of its operations in the European Union. The new assessment methodology, which is applicable as of January 2013, is structured around three pillars: quality and contribution to sustainable growth and employment, the contribution to EU/EIB policies and the EIB contribution to the project.

In order to underline the contribution of projects to the objectives of the Growth and Employment Facility, to be implemented by the EIB following the 2012 capital increase, the evaluation of the quality and contribution to EU/EIB objectives concentrates on "economic interest" and "employment". The new methodology will strengthen the prioritisation of operations on the basis of their contribution to the achievement of EU priorities. The measurement of the EIB's own contribution, which also includes the technical contribution and advice provided by the Bank, has been refined.

Similar to the Results Measurement (REM) methodology introduced in 2011 for operations outside Europe, the assessment of a project's value added is complemented by core and sector-specific monitoring indicators that measure the outcome of EIB financing at project completion.

⁹ Albania, Armenia, Brazil, Egypt, Ecuador, Georgia, India, Israel, Lebanon, Montenegro, Morocco, Russia, South Africa, Sri Lanka, Turkey, Ukraine and Vietnam.

Responsible finance



The European Investment Bank is the bank of the European Union. What makes it different is that all of its financing helps to realise European ideals.

The EIB is a signatory to the Corporate Governance Development Framework alongside other development finance institutions and applies it to all its equity operations.

The EIB is the European Union's bank. As the world's largest multilateral borrower and lender, we provide finance and expertise for sound and sustainable investment projects that contribute to furthering EU policy objectives. EIB-financed projects support jobs and smart, sustainable and inclusive growth. This means investing in knowledge and innovation, supporting a greener and more resource-efficient economy and contributing to economic, social and regional cohesion. Small and medium-sized enterprises are also a specific target of EIB financing. An important part of the Bank's lending activities is geared towards climate action, supporting projects that mitigate greenhouse gas emissions and improve adaptation to climate change impacts. These are mainly in the energy, transport, water, wastewater, solid waste, forestry, and research, development and innovation sectors. Urban renewal and urban transport projects help cities go green.



Under the EU external mandates, the EIB helps to implement the financial pillar of the EU's foreign policy. It is active in over 150 countries, mainly in the pre-accession countries of South-East Europe, as well as in the neighbouring countries to the south and east. The EIB also operates in the African, Caribbean and Pacific countries and in Asia and Latin America. Its financing activities are aimed at supporting local private sector development, improving social and economic infrastructure and climate change mitigation and adaptation.

Total lending to support jobs and smart, sustainable and inclusive growth reached almost EUR 52bn in 2012.¹⁰

The EIB approach

In all of this financing, the EIB promotes the implementation of best practices in environmental, social and good governance (ESG) standards.

Our hallmark is the rigorous review of non-financial performance, including economic and technical per-

formance, coupled with a thorough assessment of environmental, social and governance performance for all investment projects we support.

Our priorities focus on helping to solve some of today's most pressing environmental and sustainability challenges, such as climate risks, resource efficiency, energy efficiency, water risks, innovation and education.

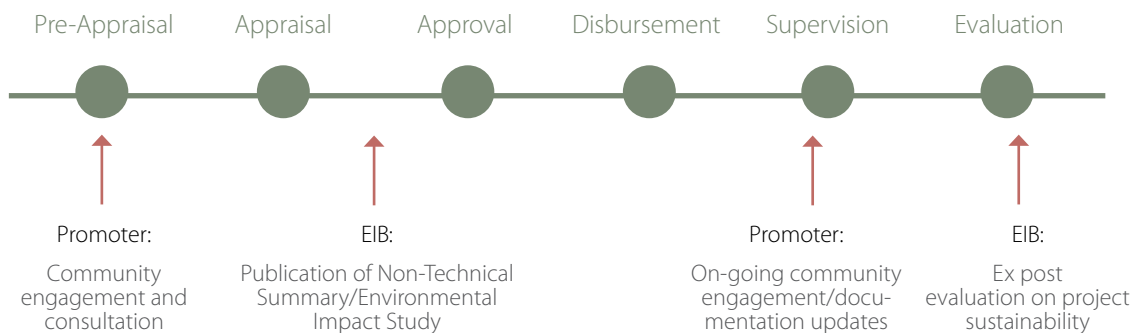
Projects financed by the Bank must comply with at least one of its policy objectives: SMEs and mid-caps, the knowledge economy, competitive and secure energy supplies, the environment, TENs (transport), urban renewal and regeneration, health care, environmental sustainability, social cohesion and climate change.

Our advisory and technical assistance to our customers improves their environmental, social and governance performance.

Unlike commercial banks, the EIB relies on about as many non-financial experts – consisting of engineers, sector economists and environmental and social specialists to screen each and every investment project – as it does on financial experts. The Bank requires the projects it finances to be economically viable and to contribute to growth. Projects must not only be bankable, they must also comply with strict environmental and social standards.

The decision-making process of the Bank, including for project financing, is detailed in the brochure "The Governance of the EIB".

ESG due diligence



¹⁰ For more detailed information on the EIB's financing activities in 2012, please consult the EIB's 2012 Activity Report (Volume I of the Annual Report) and the 2012 Statistical Report (Volume III of the Annual Report).

The EIB Statement of Environmental and Social Principles and Standards¹¹ and the European Principles for the Environment provide a structured framework for project analysis, including guidance notes on key environmental issues for project promoters. The EIB uses its "Environmental and Social Practices Handbook"¹² to make sure that all financing activities are consistent with EIB and EU policies. Outside the EU-27 and the Candidate and Potential Candidate Countries, the environmental standards of the Bank are also subject to local conditions.

These documents are all publicly accessible on the EIB's website.

Technical advice

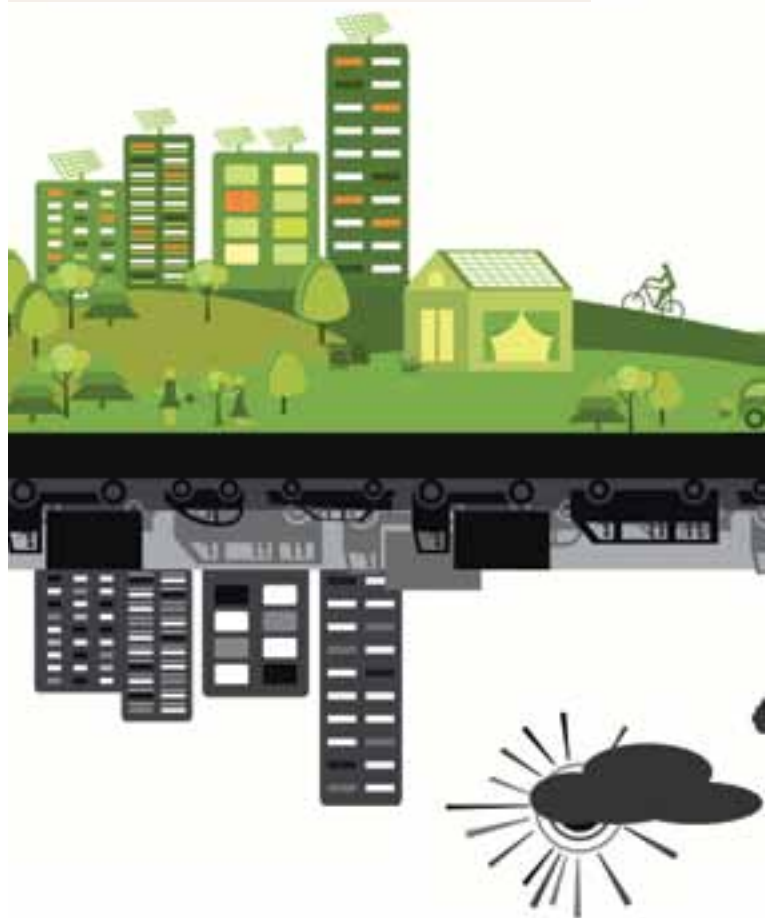
The EIB provides technical assistance to increase the efficiency, effectiveness and sustainability of project promoters' investment activities. Advice is an important element of non-financial value added. The EIB uses dedicated grants to train local staff and to provide expert advice via advisory firms, consultants and other independent experts and also sponsors feasibility and market studies. The grants may be funded from the EIB's own resources, third party funds, or a combination of both.

Technical assistance is available for sectors that have a direct impact on sustainable development. These include private sector support (support for small and medium-sized enterprises, microfinance, feasibility studies), the environment (water and wastewater projects, sector strategies, project management units, regulatory framework, environmental studies), energy (increasing energy efficiency, promoting renewable energy), and education and health (investment in infrastructure, improving quality and efficiency).

¹¹ <http://www.eib.org/infocentre/press/news/all/eib-statement-of-environmental-and-social-principles-and-standards.htm>

¹² http://www.eib.org/attachments/thematic/environmental_and_social_practices_handbook.pdf

We account for induced emissions from investments in project finance in conformity with the GHG Protocol Corporate Standard.



Carbon count

The EU roadmap for moving to a competitive low-carbon economy requires greenhouse gas (GHG) emissions in Europe to be reduced by 80-95% from 1990 to 2050 and global emissions to be halved. Such a target necessitates new and innovative strategies from institutions that support climate action.

Whenever the EIB appraises a project for financing, it compares economic costs and benefits in order to reach a decision on whether to support the project. As part of



Most of the projects financed by the EIB emit greenhouse gases into the atmosphere either directly (e.g. via fuel combustion or production process emissions) or indirectly through purchased electricity and/or heat. As of 1 January 2012, the EIB has been calculating and reporting 100% of a project's emissions, even if the Bank is only contributing a portion of the total project investment cost. At the public reporting stage results will be prorated to the EIB's share of the financing plan to avoid double-accounting with the co-financier. Not all projects need to be included in the GHG footprint and only projects with significant emissions are to be included in the GHG footprint exercise, as follows: absolute emissions should be greater than 100 000 tCO₂e and relative emissions (either positive or negative) greater than 20 000 tCO₂e. The methodologies applied by the Bank are based upon the internationally recognised IPCC Guidelines and the WRI GHG Protocol Corporate Accounting and Reporting Standard. The results revealed that these thresholds capture approximately 95% of the absolute and relative GHG emissions from projects and are in line with those set by other financial institutions for their induced GHG accounting. All projects included in the project finance carbon footprint exercise have had their carbon footprint information reported in the Environmental and Social Data Sheet. The EIB is currently working with the IFIs' Working Group on Project Finance Carbon Footprint, and a document will be edited to agree on a harmonised approach for reporting on the carbon footprint of mitigation projects. Our induced GHG Footprint Methodology can be found on the EIB's website¹³.

¹³http://www.eib.org/attachments/strategies/eib_project_carbon_footprint_methodologies_en.pdf

its drive to mainstream climate action into its lending, the EIB also includes, where considered appropriate by the Bank, an economic price of carbon, which basically converts future GHG emissions into euros. ☑ The cost of carbon is thus incorporated in the appraisal of all investment projects in the same way as any other cost or benefit. This is called the shadow price of carbon. Future emissions are measured in terms of absolute emissions (as a direct result of the project) and relative emissions, or savings in relation to what would be expected to happen without the project. In its calculations the EIB includes 100% of a project's

emissions, even if the Bank contributes only a portion of the total project investment costs. The aim is to encourage sound projects that will lead to a drop in carbon emissions.

To fine-tune its carbon count methodology, the EIB held meetings with civil society organisations interested in the Bank's project carbon footprint exercise in 2012 and is also working with other international financial institutions that are measuring the carbon footprint of their projects in order to agree on a harmonised approach.

Resource efficiency

The investment required to decarbonise our power generation and transmission systems is substantial. The way we produce electricity, heat our homes and businesses, and travel all need urgent change. The European Commission has estimated the investment needed by the EU to make the transition to a low-carbon economy by mid-century at EUR 270bn per year over the next 40-odd years. Since 2010, the EIB has given the highest priority to renewable energy and energy efficiency projects. To cut the annual primary energy consumption projected for 2020 by 20%, EUR 50bn a year of investment in energy efficiency is needed.

The EIB has helped to support these developments by creating a toolbox of instruments that promote energy efficiency projects. Not only have traditional lending instruments been refined to better address the requirements of energy efficiency investments, but the EIB has set up new instruments, mainly in cooperation with the European Commission, which aim to promote energy efficiency, such as ELENA (European Local Energy Assistance) and the EEEF (European Energy Efficiency Fund). Furthermore, existing joint instruments such as JESSICA (Joint European Support for Sustainable Investment in City Areas) and JASPERS (Joint Assistance to Support Projects in European Regions) include policy mandates to support energy efficiency. The relevance of energy efficiency under these instruments is bound to grow during the next programming period (2014-2020).

Between 2008 and the end of 2012, the EIB dedicated a total loan amount within the European Union of EUR 283.2bn, of which 27% to transport and telecommunications, followed by 17% to industry services and agriculture, 15% went to the energy sector, 11% to water management and sundry infrastructure and 7% to education and health.

Sustainable cities

Most people in the world live in cities, including three quarters of Europeans. Cities are the engines of innovation and economic growth, where most jobs, businesses and higher education institutions are concentrated. They are also home to major problems of social cohesion and environmental sustainability. Environmental degradation, noise and poor air quality, unemployment and social exclusion are the dark side of places that also offer many economies of scale and public services such as hospitals, schools and universities.

The promotion and development of more sustainable cities and communities is the focus of EIB activities in urban areas. EIB loans go to urban renewal and regeneration projects that help improve areas where deprived citizens live and make better use of scarce land in city centres. In 2012, EUR 1.5bn went to projects involving urban development.

Financing public transport in urban areas promotes a shift from private to public transport, improving air quality and reducing noise pollution. But the EIB's support for urban transport is wider. It includes not only the construction, extension or rehabilitation of public transport infrastructure, such as railway, light rail, metro and tramway systems and rolling stock, but also the promotion of cycling and pedestrian networks, as well as electro mobility. Between 2008 and the end of 2012, the EIB dedicated a total loan amount of EUR 18.6bn covering 137 operations to urban transport projects, of which 42% for conventional underground lines, 19% for tramways and 15% for urban railways. Urban transport projects accounted for EUR 3.3bn in loans in 2012. Around 5% of EU citizens use an EIB-financed public mode of transport every day.



Supporting electric car-sharing services in Paris

More than 1 750 electric cars are already being driven around the French capital, making it one of the first cities in Europe to introduce a comprehensive open-access infrastructure for electric vehicles. One year since its launch, in December 2011, the car-sharing service is on track to become a success and a mobility model for other cities. The EIB has lent EUR 205m to fund these services that are helping Paris to go green.


The EIB's funding goes towards the deployment of an interconnected roadside parking, renting and recharging network, as well as to research, development and innovation (RDI) for subscription, billing, recharging and fleet management systems. An earlier EIB loan supported the RDI process for the promoter's battery technology. ✓

Because electric vehicles do not generate local pollution and are quieter than ordinary vehicles, their use is particularly well suited to cities, where air pollution and noise are real issues. Electric vehicle powertrains are by their nature more energy-efficient than conventional engines. They can also help to lower CO₂ emissions further by increasing the use of renewable energy during off-peak hours and using the vehicle batteries for renewable energy storage.

So far the electric cars in Paris have covered a distance of over 5 million kilometres, with a collective equivalent of 660 tonnes of CO₂ emissions savings. Once the project is rolled out to cover 3 000 electric cars, they are expected to travel 60 million zero-emission kilometres a year, collectively reducing emissions by the equivalent of 22 500 cars in the French capital.

The promotion of electric mobility in Europe also opens up a new economic sector with strong potential for job creation. Within its first few months of operation, the Paris electric car-sharing project has helped to create some 1 000 new jobs.





Althelia Climate Fund

The world's forests are disappearing at a rate of about 13 million hectares per year. This has an impact not only at local level, but also globally: tropical forests are home to much of the planet's biodiversity, and are major repositories of carbon. Their loss in the form of deforestation, forest degradation and related land use changes are estimated to be responsible for 15-20% of human-induced carbon emissions worldwide. Meeting the EU's objective of limiting climate change to 2°C above pre-industrial levels will require a cut in global emissions by at least 50% below 1990 levels by 2050. Such a reduction is impossible without substantial action to combat deforestation. The rapid disruption of tropical forests probably imperils global biodiversity more than any other contemporary phenomenon, and instruments to protect them, including forest-based carbon credits, have a potentially powerful role to play in the safeguarding of global biodiversity. An innovative "bottom-up" financing mechanism has now been developed, which seeks to compensate landholders for the economic opportunities foregone in return for conserving their land to reduce emissions and protect biodiversity.

One such mechanism – the Althelia Fund – aims to promote the twin goals of environmental protection and forest conservation on one hand, and fostering sustainable livelihoods and economic development of local communities on the other.

The EIB/Althelia Fund approach

The EIB is investing up to EUR 25m in the Althelia Climate Fund, a pioneering climate change endeavour of worldwide significance, which is expected to make a very positive contribution towards sustainable development, climate change mitigation and biodiversity conservation.

Targeting a total of EUR 150m in commitments from private and public investors, the Fund will focus on the drivers of deforestation, principally in Africa and Latin America. By investing in projects that earn revenue mainly by offering incentives to farmers or landowners in exchange for managing their land to provide ecological services, the Fund seeks to simultaneously generate economic, environmental and social returns.

The Fund has a strong focus on environmental and social guidelines. The implementation of best environmental and social safeguards and development standards, including land tenure, community consultation and benefits sharing, will be "mission-critical" for the projects that it partners with. Furthermore, the Fund is committed to the highest international certifications for forest carbon.

As well as its capital investment, the EIB makes a big institutional, technical and financial contribution to the Fund. The EIB has worked with the Fund Manager since 2010 to develop the initial proposal, including the environmental and social principles and standards. The EIB's cornerstone participation is expected to have a valuable signalling effect contributing to the development of this new pro-conservation financial asset class. ✓



LuxFLAG Label Awarded to the Green for Growth Fund, Southeast Europe for 2nd consecutive year

As a sign of the increasing recognition being given to the European Investment Bank's green credentials, the Green for Growth Fund, Southeast Europe (GGF) is one of the first environmental funds to be recognised by a major sustainable finance-labelling agency since the inception of the category in late 2011.

The Luxembourg Fund Labelling Agency (LuxFLAG) is an independent, non-profit-making association providing labelling for responsible investment funds. Created to support the financing of sustainable development, LuxFLAG provides clarity for investors by awarding labels to investment funds which meet specific published criteria.

With this award, LuxFLAG labelled the GGF, an innovative public-private partnership established to promote energy efficiency and renewable energy in Southeast Europe, including Turkey, as meeting its stringent criteria for the second consecutive year. The GGF was first awarded the label in December 2011 (for calendar year 2012), and it was confirmed for use in 2013.

Environment labels such as the one given to the GGF are designed to reassure investors that labelled investment funds actually invest the majority of their assets in environment-related sectors in a responsible manner. To avoid any chance of "greenwashing", the LuxFLAG label has an eligibility committee made up of experts, and decisions are taken by a Board, with an independent auditor reporting on extra-financial indicators.

The GGF will strive to continue to earn its label as a fund investing in environmental projects that reduce energy consumption and create new and cleaner sources of energy throughout the areas where it operates.





Reducing the energy cost of green living in Bristol

To make Bristol more energy-efficient, the council is investing millions in solar energy, wind and biomass infrastructure to help cut carbon emissions and build improvement technologies. The Bristol Energy Plan is a unique city-wide enterprise designed to create publicly owned energy – renewable, affordable energy for the people of Bristol.

The EIB has lowered the cost of energy for thousands of Bristol's residents by investing in energy-saving measures with the GBP 2.5m "European Local ENergy Assistance" (ELENA) grant. It will provide Bristol Energy Services Company with the technical support needed to prepare, implement and finance the investment programme, including additional staff resources. This company should generate business worth at least 25 times the grant received from ELENA by signing contracts with construction companies totalling at least GBP 62.5m by the end of the three-year ELENA period. The investment programmes should also attract much greater investment to the city, potentially up to GBP 2bn.

This project will produce 77 GWh of renewable electricity yearly and will enable the city to save 59 GWh of energy and reduce its CO₂ emissions by 37 834 t.

The EIB grant will help to generate up to 1 000 new jobs in the construction and environmental technologies sectors – many going to local firms and employees.

This project will further improve the energy efficiency of over 6 000 homes and public buildings through wall insulation and other measures, reducing the carbon emissions from homes by up to 3% and helping to meet the city's ambitious carbon targets. It will also provide for the installation of over 7 000 renewable energy generating systems such as solar panels and wood-fuelled heating in homes and public buildings, improving energy security and reducing fuel poverty in the city by making buildings more energy-efficient.



Zambia water and sanitation project

Access to safe drinking water is essential to health, a basic human right and part of an effective policy for economic development. The fact remains, however, that in many underdeveloped regions of the world, such as the Copperbelt Province in Zambia, there is an acute need for rehabilitation of the water and sanitation sector and that the water drunk by thousands of people may contain many harmful constituents. It is vital in such regions that investment and assistance is provided so that the water infrastructure can fulfil its important role in human health, development and well-being.

The EIB, which has extensive, long-standing experience in supporting water and sanitation schemes in sub-Saharan Africa, has lent EUR 75m for a project to rehabilitate and expand water and wastewater services in Zambia's Copperbelt Province, which is close to the border with the Democratic Republic of Congo. The project will result in urgently needed upgrades to key water and sanitation infrastructure, which is generally over 50 years old and cannot cope with the growing demand and historical pollution levels in the Kafue River from the mining industry. A significant part of the project will be directed towards extending and improving water and sanitation services in low-income areas, to make them more resilient, cleaner and available to greater numbers of people. In fact, the project will make a key contribution to providing safe and sustainable water and sanitation services for up to 375 000 poor or very poor people in the area, many of whom will be receiving for the first time access to a reliable and safe water supply and sanitation facilities.

The project will help to support the objectives of the Millennium Development Goals and the EU-ACP Cotonou Partnership Agreement, which recognises the importance of improving coverage and the quality of and access to basic infrastructure and services, including water and sanitation. It will also help to increase the resilience of the Zambian public water supply systems to the negative impacts of climate change, particularly droughts.

The EIB will play an important strategic role in project implementation, notably in the form of specialist technical assistance, which will provide quality assurance in the implementation of the project.

The rehabilitation of water treatment plants financed by the EIB will provide improved access to better quality drinking water and improved coverage of the target populations across the Copperbelt. Major beneficial public health impacts are expected in Chililabombwe and Mufulira, in particular as a result of rehabilitation of the sewers.

Access to safe drinking water is important to both health and development. Furthermore, good water infrastructure is a fundamental key to unlocking a country's economic potential, making the economy more resilient and sharing gains from broader growth. Against this backdrop, the Zambia water and sanitation project can be expected to have a marked impact on the lives of thousands of people across the Copperbelt Province.





Helping the rural economy grow with sustainable forestry in Hungary

Forestry projects mitigate greenhouse gas emissions, while also facilitating adaptation to climate risks. To help reduce Hungary's soil erosion, capture carbon and diversify the rural economy, the EIB has provided a EUR 200m loan for afforestation and sustainable forest management.

The loan will help more than 6 000 Hungarian farmers to establish new forest plantations on 63 000 hectares of agricultural land. Another 3 000 hectares covered by the programme is owned by approximately 800 public authorities and municipalities. Financing is also being provided to improve the management of 170 000 hectares of existing forest and to support the necessary training and technical assistance to implement the programme.

The programme generates substantial employment in rural areas. It is estimated that over 4 000 jobs are being created during the site preparation, planting and forest management and administration phases. Workforce demand in agriculture and forestry peaks at different times of the year, so the two can complement each other to sustain employment in the sector. For example, the programme to support a young forest stand that was rolled out in 2012 requires considerable manual work. Around 3 000 to 4 000 people are expected to benefit from this part of the programme alone.

The new plantations will be predominantly composed of broadleaved trees, principally poplar and black locust (also known as "false acacia"), with some oak and beech. The wood will be used for a variety of purposes: construction, furniture and parquet, fencing, packaging boxes, pulp and papermaking and burning for heat and energy. Black locust is a successful and widely planted species in Hungary, which can fix nitrogen and thus improve soil fertility, and is also an excellent bee-forage plant, providing the basis for the country's important production of acacia honey.

This EIB loan is the first operation to focus exclusively on a rural development programme supported by the European Agricultural Fund for Rural Development (EAFRD), a Common Agricultural Policy fund. It has helped break new ground in the Bank's strategy of blending its financing with EU funds and extending its activities to rural investment. As a result, this operation has been followed by similar afforestation projects in Poland, Spain and Turkey.

Well-managed forests are relatively safe investments with multiple benefits: they reduce the erosion risk; as natural carbon stocks, they help regulate the climate; they safeguard biodiversity, protect watershed areas and increase renewable wood resources; and they also help to diversify the rural economy.



NER300 Initiative – Greentech support

The NER300 Initiative is a funding programme for Carbon Capture and Storage (CCS) demonstration projects and innovative Renewable Energy Sources (RES) technologies, which both form a cornerstone of the Commission's climate strategy. The initiative entails the sale of 300 million EU Allowances (EUAs) set aside under the New Entrant Reserve (NER) of the third phase of the EU Emissions Trading Scheme, which gives the initiative its name. The proceeds from the sales will be made available to projects selected through a competitive tendering process.

Under the NER300 Initiative the Bank provides services for the European Commission in two areas: it appraises CCS and RES projects proposed by Member States and it sells the EUAs. *In the first phase of the NER300 Initiative the EIB successfully completed the technical and financial due diligence on 79 projects in 9 months including providing continuing advice and support to the EC in the finalisation of the NER300 award decisions. The EIB also completed sales from a first tranche of 200 million EUAs on 28 September 2012. It raised in excess of EUR 1.5bn for 23 projects that were awarded by the Commission and the Member States under the first tender process.*

In 2013, the European Commission is planning to finalise the arrangements for the second phase of NER300, which involves a second tender and the sale of the remaining 100 million EUAs.



Your partner: a financier and employer of choice



IMWIND Wind Power, Austria

A responsible borrower

The Bank mainly finances its lending activities by issuing bonds on international markets. *The EIB raised EUR 71.3bn via the capital markets in 2012. The EIB considers that investors typically appreciate its financial strength as well as its borrowing strategy, which involves an emphasis on liquidity and transparency.* ✓

A growing number of institutional investors focus on investing in bonds that are used to finance sustainable and responsible investments. Investors in generic EIB bonds may therefore be reassured by the Bank's strong performance with regard to environmental, social and governance (ESG) issues.

Indeed, EIB securities are typically eligible for institutional investors that want to build up a portfolio of bonds supporting responsible investment. However, the Bank has taken this one step further by conducting special bond issues of so-called Climate Awareness Bonds (CABs). The particular feature of EIB CABs is that the proceeds from the issues are ring-fenced

from the EIB's general funding and are used exclusively to finance renewable energy and energy efficiency projects, supporting climate action. These often innovative projects include, but are not limited to renewable energy projects such as wind, hydro, solar and geothermal energy production and energy efficiency projects such as district heating, co-generation, building insulation, energy loss reduction in transmission and distribution and equipment replacement. In addition, internal guidelines currently exclude coal and nuclear, responding to preferences of certain investors.

Ethics for an EU institution

As an EU institution and a public bank, the EIB sets itself the highest standards for ethical business conduct. It also expects its professional partners to adhere to best practice as regards fighting fraud, tax practices and compliance.



Walney II Wind Farm, UK



Solnova 1 & 3 Concentrated Solar Power, Spain

Since Climate Awareness Bonds were first issued in 2007, the EIB has raised EUR 1.7bn through this instrument. In 2012 CABs raised EUR 350m equivalent, through four transactions. The finance raised via CABs benefited 10 European projects in the fields of renewable energy and energy efficiency. Details of the projects that received CAB financing this year are given below:

Project name	Country	CAB financing (EUR m)
Scottish Power Electricity Networks	UK	30
Northwind Offshore Wind (formerly Eldepasco)	Belgium	28
Toscana Energia Gas & Solar	Italy	6
Walney II Wind Farm	UK	68
Solnova 1 & 3 Concentrated Solar Power	Spain	19
La Boga Wind Power	Spain	18
Manchasol 1 & 2 CSP	Spain	58
EDA Power VII	Portugal	1
IMWIND Wind Power	Austria	70
GDF Suez Polaniec Biomass Power Plant	Poland	16



Zero tolerance on fraud

Under the provisions of the EIB's Anti-Fraud Policy, the Bank's staff and business partners are required to maintain the highest level of integrity and efficiency in all EIB activities and operations. The EIB has zero tolerance on fraud, corruption, collusion and coercion (known as "prohibited practices"), money laundering and terrorist financing.

The Fraud Investigations team is an independent division within the EIB's Inspectorate General, reporting via the Inspector General to the Bank's President, the Audit Committee and OLAF simultaneously. It investigates credible allegations of prohibited practices related to EIB projects, loans and investments, which may involve bidders, contractors, subcontractors, government officials, fund managers or EIB staff.

Personnel matters

EIB personnel strategy for 2011-2013 focuses on three main goals: high-performing motivated staff continuously developing their skills; inspirational leadership and empowered management in the right organisational set-up; and an enabling, inclusive working environment, allowing people to perform at their best. ☑

Equal opportunities

Diversity and equal opportunities have been on the Bank's agenda for a long time. The first Advisory Group on Equal Opportunities – made up of Personnel Management and Staff Representatives – was established back in 1984. A diversity strategy was established in 2008, and two reports on gender balance and equality have been produced since 2009 and published on the EIB's website. These Diversity



Progress Reports also set out clear action plans as there is always room for further improvement.

The diversity strategy now includes age, cultural, ethnic and racial background, education and experience, family status, gender, nationality, physical ability, religion and sexual orientation. It resulted in the establishment of a "Quiet room" for individual prayer, meditation and reflection, and sessions on sign-language understanding. The EIB also actively participated in EU inter-institutional discussions on the adoption of the UNCRPD (also called the UN enable or Convention on the Rights of Persons with Disabilities).

Staff development

Staff training and development play a crucial role at the EIB. In total 13 800 days of training were undertaken by staff in 2012 in order to update and upgrade professional skills, spread awareness of EIB policy developments, and promote individual growth. ☑ In addition to formal training class attendance mentioned above, informal environmental, climate and social training sessions were followed by more than 800 attendees. Also well attended was a Bank-wide awareness raising seminar on human rights due diligence, focusing on what constitutes adequate review of human

Compliance and integrity

In 2012, the Office of the Chief Compliance Officer (OCCO) upgraded existing procedures to address integrity, money laundering and financing of terrorism risks when establishing a business relationship with new counterparts as well as for enhancing monitoring processes during the course of a business relationship. ☑

OCCO is in charge of identification, assessment, advice, monitoring and reporting on compliance risk, which is the risk of legal or regulatory sanctions, financial loss, or loss of reputation that the EIB may suffer as a result of its failure to comply with all applicable laws, regulations, staff codes of conduct and standards of good practice. Early detection of possible compliance and integrity concerns enables the Bank to avoid entering into business relationships with disreputable counterparts and contributes to the establishment of healthier business practices.

The early detection of possible compliance and integrity concerns allows not only the Bank to avoid entering into business relationships with disreputable counterparts, but also contributes to the establishment of healthier business practices in the economic environment in which the Bank operates. In this respect, the strict requirements under the EIB Policy towards weakly regulated, non-transparent and uncooperative jurisdictions ("NCJ Policy") can be considered a cornerstone of EIB's long-standing participation to international efforts against money laundering, financing of terrorism and harmful tax practices worldwide.

In more general terms, all OCCO activities, from the daily control of operations to supervising the "ethics" of EIB staff, bear witness to the EIB's commitment to integrity, transparency and accountability vis-à-vis stakeholders and civil society. In 2011, the Bank established an Ethics and Compliance Committee ("ECC") to rule on any potential conflicts of interest of a member or former member of the Board of Directors or the Management Committee. The Chief Compliance Officer is a non-voting participant in the ECC meetings and advises it on specific cases.

Staff awareness-building seminars are an essential element of the above commitments and further confirm EIB status as "employer of choice", with dedicated training sessions on compliance and AML-CFT matters regularly made available to all new recruits and other staff, including through specialist training providers.



rights implications of projects financed. For the first time, a pilot communication course was organised for female professional staff of the Lending Directorate, which centred on using verbal communication to build presence, credibility and authenticity.

Management and careers

The EIB supports and invests in the short and long-term development of employees and their careers. In addition to the training available to staff members, managers are expected to have regular dialogue with staff about their development needs. These often take place in the context of preparing an Individual Development Plan as part of the Mid-Year Review and are an opportunity for the staff member to discuss with the manager the needs for further development, career aspirations and related opportunities. The EIB also has a well-established mentoring programme for professional staff.

The overall aim of EIB performance management is to ensure that managers guide the performance of their staff so that they can perform at their best. This is done on an ongoing basis throughout the year by

means of regular two-way discussions, feedback, and the clarification of roles, objectives and competencies with the overriding aim of improving individual performance so that everyone is working at their best. The appraisal exercise is a key part of performance management and its purpose is twofold: to evaluate the previous year's performance and to set the performance expectations for the year ahead. Both the annual appraisal interview and the mid-year review interview are obligatory.

There are three key components of the appraisal exercise:

- an annual appraisal interview is held between the staff member and manager;
- a mid-year review interview is also held mid-way through the year, which includes the discussion of an individual development plan supporting professional development and learning;
- staff and managers complete the performance documents and appraisal-related rewards are communicated to staff.



The EIB also invests in managers, and broadening managerial competencies. Leadership and development programmes are available for senior, middle and junior managers as well as individual skills development programmes to provide managers with the information and resources needed to discharge their responsibilities. These programmes are regularly reviewed/re-tendered to ensure that the EIB keeps abreast of current management practices.

Reform of the performance awards

In 2012 a reform of the performance award was implemented. Performance awards are split into a Bank award and an Individual award. The Bank award rewards the collective efforts of the people that contribute to the Bank's achievements, and staff members eligible for this award are those whose performance is in line with expectations. The performance award reform aimed to link the award to a set of Key Performance Indicators of the Bank and to the performance of the individual members of staff. The Individual award rewards the best performers among our staff members.

A healthy working environment

At the request of the Occupational Health Service of the EIB, the Luxembourg Ministry of Health conducted a series of tests to measure electromagnetic field (EMF) emissions at the Bank's Luxembourg and Brussels offices in 2012. EMF radiation has been around for a long time, be it through radio, radar or television. The arrival of transmitters of lower power but which are used relatively close to the body, such as GSM, cordless landline phones, Bluetooth and Wi-Fi, however, is relatively recent. Following a first round of tests, the EIB made new equipment available to staff to replace items such as headsets, thus ensuring compliance with the strict limits for EMF emissions. Tests conducted following the introduction of more compliant hardware showed the EMF for workplaces and equipment offered to be well within the safety limits. Meanwhile, the work of the EIB team involved in the testing has been recognised with an award from the Association Européenne pour la Promotion de la Santé for achievements in the field of health and well-being at work.

Our internal corporate footprint

The EIB's contribution to an environmentally friendly, low-carbon economy begins at our Luxembourg headquarters. Year on year the EIB manages to improve the environmental impacts of its internal activities, notably of its buildings and facilities services.

In 2012, the EIB's total absolute carbon footprint was 16 441 tCO₂e, a decrease of 8% compared to 2007. **The relative carbon footprint was 7.52 tCO₂e per employee, a decrease of 37% compared to 2007. The EIB has thus achieved the 20% reduction target set in 2007 for its relative emissions** as it continues its efforts to further improve its internal footprint.

In November 2012 the EIB conducted a methodology review, comparing Bilan Carbone® (the current methodology), the GHG Protocol, ISO 14064 and the Carbon Trust Standard to ensure its methodology was still in line with best practice for measuring and reporting on its carbon footprint.

It was agreed to directly align with the GHG Protocol¹⁴, an international standard used by a diverse range of organisations, including many in the banking sector (155 reported to the Carbon Disclosure Project in 2011), which is widely accepted as best practice. It is important for the EIB to retain flexibility to ensure that its methodology is fit for purpose and will evolve over time to minimise any unnecessary burden on its resources. In 2013 the EIB will fully adopt the GHG Protocol as the methodology to calculate its carbon footprint.

Responsible procurement

In recent years it has become standard practice for EIB contracts for the building and facilities services to include objectives regarding the suppliers' environmental and social responsibilities. Corporate responsibility aspects play an important part in the tendering process and continue to do so for the suppliers' performance evaluation during a contract's life cycle.

¹⁴ <http://www.ghgprotocol.org/standards/corporate-standard>

As a minimum the contracts set objectives such as compliance with national and international environmental and social rules and standards. Depending on the subject of the contract, specific requirements may also be included regarding recycling and waste usage, CO₂ emission limits, and the use of green chemicals and materials for maintenance.

To achieve carbon neutrality for its energy supplies, the EIB buys 100% renewable energy (hydropower, biomass, wind) from its electricity supplier. ☑ The effect is an annual reduction in carbon emissions of 7 870 tonnes. Heating supplies come from a nearby cogeneration plant, which also accounts for a significant reduction in carbon emissions as compared to the use of traditional boiler systems.

Quality label for waste management

Every year since 2007, the EIB has obtained the Quality Label of the SuperDrecksKëscht® fir Betriber, the Luxembourg recycling organisation for companies. ☑ The label is awarded by the Luxembourg Ministry of the Environment and Chambre des Métiers (chamber of trade) for environmentally correct waste management, in line with best practice. Only those companies that have implemented the extensive concept for waste management of the SuperDrecksKëscht® fir Betriber in their daily business routine receive the quality label. Waste management in the certified business fully meets the requirements of ISO 14024, involving criteria such as staff motivation, waste prevention, collection sites, segregated waste collection, and high-quality and transparent waste recycling and disposal.

Responsible catering

The EIB, together with its catering supplier SODEXO, also endeavours to reduce CO₂ emissions in the catering services. Organic waste is sorted for conversion into biogas at a bio-methane plant. Since the end of 2011 the impact of transporting the organic waste for processing has also been reduced by the opening of a bio-methane plant in Luxembourg. Until then waste had to be transported to Germany.

A dedicated fair trade products corner has been set up in the Bank's cafeteria, and in its restaurant the EIB

offers staff a full organic menu on a daily basis. Fish products carry the MSC eco-label (certified sustainable), while meat is purchased mainly from local producers. Environmentally-friendly cleaning products are used in all food and beverages outlets.

Greener business travel

Business travel often starts with a taxi ride to the railway station or airport. In 2012 Luxembourg saw the launch of a new "webtaxi" concept, making available latest generation hybrid vehicle taxis that emit 89g/km of CO₂. The EIB's supplier now puts three of these greener taxis at the Bank's disposal.

The EIB also strives to reduce the average emissions of its fleet of Bank cars as much as possible, in line with the EC 2007 target of 130g of CO₂ emissions/km/car. Benefiting from ongoing technical innovations, petrol engine cars have been replaced by DPF (diesel particulate filter) engine cars, which reduced emissions by more than 30% between 2007 and 2012. *In fact, the reduction in CO₂ emissions has become an important criterion when replacing an existing official car with a new vehicle. The EIB official car fleet, which consists of 13 vehicles, already included an electric car and the first full hybrid car was added in 2012. ☑*





2007-2012 total emissions against targets¹⁵

	tCO ₂ e per employee 2007	tCO ₂ e per employee 2008	tCO ₂ e per employee 2009	tCO ₂ e per employee 2010	tCO ₂ e per employee 2011	tCO ₂ e per employee 2012	tCO ₂ e 2012
Energy emissions	0.82	0.68	0.52	0.41	0.38	0.39	858
Mobility emissions	11.10	10.31	8.13	8.67	8.62	7.10	15 506
Waste emissions	0.0002	-0.0007	0.0001	-0.002	-0.0007	-0.0026	-5.7
Paper emissions	0.13	0.13	0.06	0.1	0.053	0.04	83
TOTAL (net emissions)	11.92	11.11	8.69	9.14	9.05	7.52	16 441

¹⁵ **Scope 1:** Natural gas combusted in boilers to heat EIB buildings and used in the co-generation plant to generate heat and power, and transport fuel used to run vehicles owned by the EIB. There are no relevant fugitive emissions because air conditioning systems use ammonia.

Scope 2: Purchased grid electricity (from green tariffs) and steam used for power in the properties (lighting, air conditioning, small-scale power, lifts, etc.).

Scope 3: Transport fuel and power used by air and rail transport operators for EIB business travel, by the outsourced minibus service that operates between the Luxembourg sites and by employee-owned vehicles for commuting to and from work; emissions from waste management operations due to incineration or recycling of waste generated by the EIB; and emissions generated in the production of office paper purchased by the EIB.



Transparency, accountability and stakeholder engagement



The EIB is very conscious of the fact that, as a public bank and European institution, transparency on how it makes decisions, works and implements EU policies strengthens its credibility and accountability to citizens.

A transparent institution

Transparency also contributes to increasing the efficiency and sustainability of our operations, reduces the risk of corruption and enhances relations with external stakeholders.

The EIB's Transparency Policy lays down the Bank's approach to transparency-related issues and defines the EIB's disclosure principles and practices. Every member of the public has the right to request and receive information on the Bank's activities. The Transparency Policy is based on a presumption of disclosure; that means in principle all documents are available on request. However, the EIB will make an exception for confidential business information regarding its counterparts, although this exception may be waived in the event of an overriding public interest in disclosure.



The EIB has set itself very strict deadlines for answering requests for disclosure. Replies must be given within 15 working days, except in the case of very complex requests for information, which may take up to 30 days to follow up. We report annually on the application of our Transparency Policy and publish the report on our website. EIB staff members are regularly trained on the practical application of the Transparency Policy by the Bank's Civil Society Unit.

In 2012, the EIB published a guidance note on the EIB's Transparency Policy on its website for the benefit of promoters of projects that are or may be financed by the Bank as well as other EIB partners. The guidance note explains the main provisions of the Transparency Policy and their practical application to information that the EIB produces or receives in relation to its operations.

Consulting the public

Public consultations take transparency one step further. Before our stakeholders ask us, we ask them. Public consultations are an instrument that the EIB has used for years, but in 2011 the Bank launched its first sector policy consultation, on the financing of transport projects. Sector policy is at the core of the EIB's business and accordingly public consultations can have an important, direct impact on the Bank's activities.

In 2012, the EIB launched a public consultation on its energy lending policy. How can EIB financing best support EU energy policy and contribute to an energy system that meets society's economic, social and environmental needs? Where does our financing have the biggest impact in transforming and decarbonising the energy sector in line with EU policy?

Achieving the EU policy goal of establishing a sustainable, competitive and secure energy system will require enormous investment. The European Commission's estimates are of the order of EUR 120bn per annum for the energy sector and EUR 85bn per annum for energy efficiency. These investments appear even more challenging against the backdrop of the current economic crisis.

Participation in the public consultation has been broad, with input from business, government and civil society. The EIB expects to adopt a revised lending policy in 2013.

An accountable institution

An accountable institution

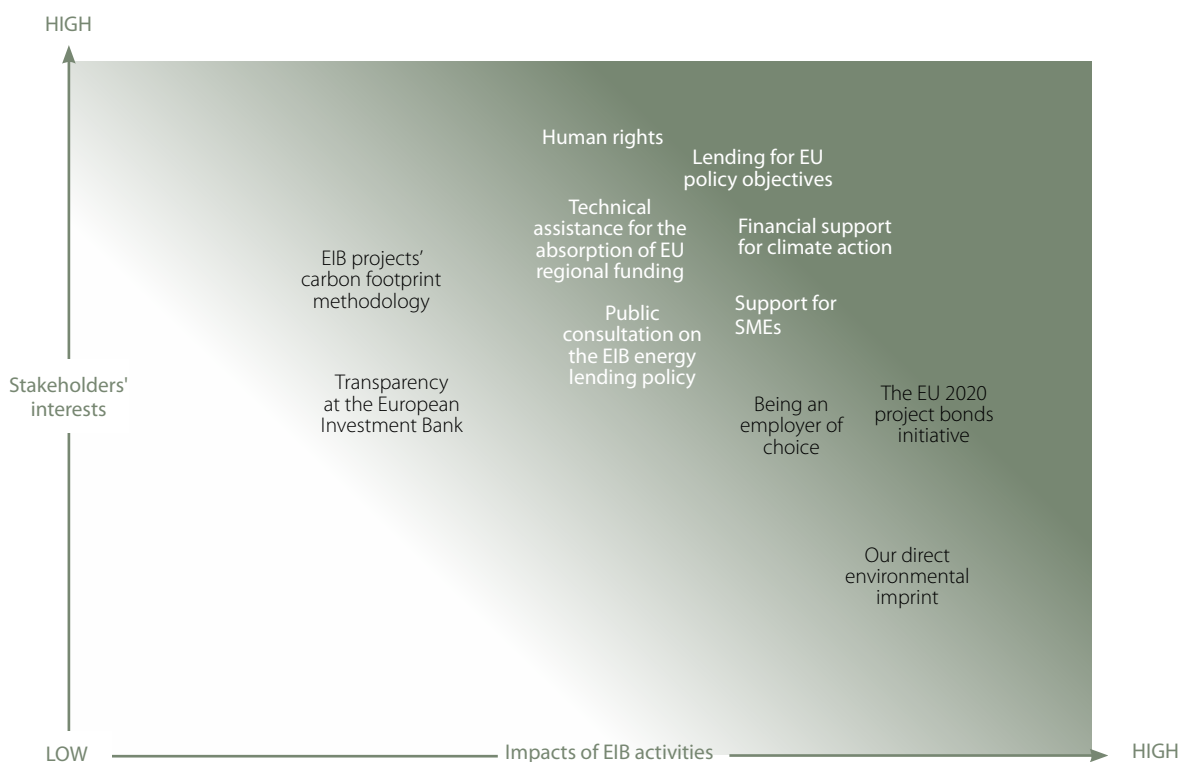
Transparency is a precondition for accountability. For a responsible bank, corporate responsibility means being accountable for what you have done and what you have not done.

The EIB's Complaints Mechanism plays a key role in this respect. It is a comprehensive tool enabling resolution of disputes for members of the public who decide to challenge a decision, action or omission by the Bank. Access to it is open for all. The EIB Complaints Mechanism provides for assessment, investigation and mediation, but if the complainant is not satisfied with the outcome of the process, a second

"International Right to Know Day – Transparency and accountability in international development banks"

The International Right to Know Day, celebrated each year on 28 September, was established in 2003 by access to information advocates from around the world. Given that approximately one third of the inquiries carried out by his Office annually concern lack of transparency, the European Ombudsman is keen to highlight the importance of every individual's right of access to information. This year, he highlighted his continued cooperation with the Complaints Mechanism of the EIB and stimulated the debate on transparency and accountability in European and international development banks.

Materiality graph on stakeholders' key issues



level of recourse is provided by the European Ombudsman. This makes the EIB's grievance mechanism unique among those of international financial institutions.

The EIB realises that an effective Complaints Mechanism is an opportunity, not a threat. In 2012, the Complaints Mechanism received 55 complaints, of which 52 were admissible. During that year, the European Ombudsman closed three complaints against the EIB (one dropped by the complainant and two where it was concluded that there had been no maladministration), and received three new complaints against the EIB. ✓

Independent ex post evaluation

Operations Evaluation (EV) is one of four independent functions under the umbrella of the Inspectorate General, the others being Fraud Investigations, the Complaints Mechanism (both discussed above) and Internal Audit. EV provides transparency concerning

the EIB's governing bodies as well as external stakeholders by carrying out thematic ex post evaluations of the Bank's activities. All thematic evaluation reports are published on the Bank's website. Through its work, EV reinforces accountability and encourages the organisation to learn from experience.

In 2012, EV carried out ex post evaluations on EIB financing of urban infrastructure projects in the European Union, on the financing in the EU of energy efficiency operations, on framework loans, and on intermediated lending to SMEs. The findings of the evaluation on urban infrastructure have already been published; the others will follow in early 2013. ✓

EV found that in the area of urban infrastructure the projects, which were implemented correctly by highly competent promoters, are currently performing well and leading to sustainable results. Nevertheless, it is clear that the EIB, whose role is to finance projects in line with EU policies, was put in a position



where it had to lend to projects in an area where formally no EU policy existed for most of the decade. In 2008 the adoption of the Sustainable Communities policy by the Bank, in line with the Leipzig Charter on Sustainable Cities, put an end to that unusual situation.

Working with such competent promoters also raised the question of the EIB's added value. The financial value added may have been significant, but high-quality projects of this kind generally involved lower risk and less effort from the Bank. The EIB's management accepted this observation, but pointed out that working with competent promoters is sometimes an essential part of EIB-facilitated knowledge transfer across Europe and beyond. Similarly, social housing practices in Western European countries where the EIB has financed investment schemes have influenced the introduction of best practice for projects in countries outside the European Union.

Sharing knowledge

The EIB shares experience and expertise in numerous forums with a wide selection of peer organisations. A number of events in 2012 are especially worth mentioning.

The EIB hosted a roundtable meeting on "Plantation Forestry in Developing Countries" for expert delegates from organisations such as the UN Food and Agriculture Organisation (FAO), the African Development Bank, Finnfund, the European Forest Institute and private sector forest industry and timberland funds. Plantation forestry projects are often complex, but offer enormous potential to deliver much-needed raw materials in a sustainable manner. The aim of the event was to share best practice on how to realise the potential that such projects offer.

The EIB also hosted the International Social Expert Meeting, welcoming social development and human rights experts from the major multilateral and bilateral financial institutions. The meeting was facilitated by the Danish Institute for Human Rights and SHIFT.

Among the key topics discussed were assessment and management of human rights impacts, undertaking social due diligence through a human rights lens and relevant institutional implications, human rights and social due diligence on financial intermediaries, and dealing with minorities, indigenous people and vulnerable populations.

Community engagement

Since 2012 all EIB community engagement activities have been channelled through the EIB Institute. The Institute is dedicated to promoting EU objectives by supporting European initiatives for the common good. With the support of its partners and "Friends of the Institute" network, it seeks to be a catalyst for social, cultural, educational and research activities directed towards economic and social development in the EU Member States. The focus is on three strategic pillars: knowledge, social and the arts.

Under the Knowledge Programme, the EIB Institute awarded research grants. Cooperation with other universities was also intensified through Memorandums of Understanding and cooperation agreements. Throughout the year the EIB Institute offered a series of topical seminars, conferences and debates.

The recent crises have highlighted gaps in EU social policies. The EIB Institute does not have ambitions of a global nature, but it is acting in a practical way through the Social Programme to promote social innovation and entrepreneurs whose primary purpose is to have a social impact. *Through a Social Innovation Tournament the Institute granted awards to six innovative projects contributing to the fight against social exclusion.* The Institute also donated IT equipment and made subsidies available for social purposes.

The EIB Institute recognises the value of arts and culture as an integral part of both effective community engagement and corporate social responsibility. Under the Arts and Culture Programme, there are two distinct windows: managing and leveraging the EIB art collection, and creating a platform for the arts and culture.



Independent Limited Assurance Report to European Investment Bank

We were engaged by the Management of EUROPEAN INVESTMENT BANK (or “the Bank”) to provide limited assurance on the following information included in the “Corporate Responsibility Report 2012” for the year ended December 31, 2012 of EUROPEAN INVESTMENT BANK (“the Report”): indicators and statements in the Report marked in italics and with a tick prepared in accordance with the internal reporting criteria applicable in 2012 at the Bank, as detailed on page 2 of the Report.

EUROPEAN INVESTMENT BANK Management's responsibility for the Report

EUROPEAN INVESTMENT BANK'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 2012 at the Bank as detailed on page 2 of the Report for determining the EUROPEAN INVESTMENT BANK's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, as adopted for Luxembourg by the Institut des Réviseurs d'Entreprises. That Standard requires that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the indicators and statements in the Report marked in italics and with a tick are free from material misstatement.

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

- Inquiries of management to gain an understanding of the Bank's processes for determining the material issues for the Bank'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 Bank during the reporting period;



- Comparing the information presented in the Report to corresponding information in the relevant underlying sources;
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the Report;
- With regard to the financial data marked in italics and with a tick included in the Report, verifying that they were correctly derived from the Bank's 2012 audited financial statements, when applicable.

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

Conclusion

Based on the limited assurance procedures performed, as described above, nothing has come to our attention that causes us to believe that the indicators and statements in the Report marked in italics and with a tick are not prepared, in all material respects, in accordance with the internal reporting criteria applicable in 2012 at the Bank, as detailed on page 2 of the Report.

Luxembourg, April 23, 2013

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

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Statement GRI Application Level Check

GRI hereby states that **European Investment Bank** has presented its report "2012 Corporate Responsibility Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 9 April 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because European Investment Bank has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 22 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Glossary

ACP	African, Caribbean and Pacific Group of States
CABS	Climate Awareness Bonds
CO2e	Carbon dioxide equivalent
COP	Corporate Operational Plan
CR	Corporate Responsibility
EIB	European Investment Bank
EIF	European Investment Fund
ELENA	European Local Energy Assistance
ESG	Environmental, Social and Governance
EU	European Union
EV	Operations Evaluation
FEMIP	Facility for Euro-Mediterranean Investment and Partnership
GBP	Sterling
GGF	Green for Growth Fund
GHG	Greenhouse Gas

GRI	Global Reporting Initiative
IFI	International financial institutions
IPPC	Integrated Pollution Prevention and Control
Kt	kiloton
kWh	kilowatt hour
NCJs	Non-Compliant Jurisdictions
NER 300	300 million allowances (rights to emit one tonne of carbon dioxide) in the New Entrants' Reserve of the European Emissions Trading Scheme
OCFO	Office of the Chief Compliance Officer
OECD	Organisation for Economic Co-operation and Development
OLAF	European Anti-Fraud Office
SMEs	Small and medium-sized enterprises
WRI	World Resources Institute



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