

EIB Group 2010 Annual Report — 'Corporate Responsibility' volume

Caption: The EIB Group's 2010 Annual Report consists of four separate volumes. This volume, the Corporate Responsibility Report, gives detailed information on the bank's corporate responsibility practices.

Source: European Investment Bank, Annual Report 2010 – "Corporate Responsibility" volume . [ON-LINE].

[Luxembourg]: European Investment Bank, [19.03.2012]. Disponible sur

http://www.eib.org/attachments/general/reports/crr2010_en.pdf

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URL: http://www.cvce.eu/obj/eib_group_2010_annual_report_corporate_responsibility_volume-en-5960e380-c555-49f4-b787-dff8f35109ad.html

Publication date: 24/09/2012

Annual Report 2010



European Investment Bank Group • European Investment Bank Group • European Investment Bank Group • European Investment Bank Group



Volume IV

Corporate Responsibility Report 2010

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Volume IV

Corporate Responsibility Report 2010

The EIB Group's 2010 Annual Report consists of four separate volumes:

- the Activity Report, presenting the EIB Group's activity over the past year and future prospects;
- the Financial Report, presenting the financial statements of the EIB, the EIB Group (under IFRS and EU Directives) and the EIF, along with the related explanatory annexes;
- the Statistical Report, presenting in list form the projects financed and borrowings undertaken by the EIB in 2010, together with a list of the EIF's projects. It also includes summary tables for the year and over the last five years;
- the Corporate Responsibility Report, presenting detailed information on corporate responsibility practices.

The Annual Report is also available on the Bank's website www.eib.org/report.



Message from the President	4
Key lending figures 2010	6
Who we are	7
What we do	7
How we work	8
The EIB and Corporate Responsibility	9
1 - Responsible Finance	10
⇒ Climate action: a top priority	11
⇒ Financing renewable energy and energy efficiency	12
⇒ Promoting sustainable transport	14
⇒ Forestry	15
⇒ Water	15
⇒ Financing the development of low-carbon technologies	15
⇒ Co-sponsoring carbon funds	16
⇒ Mainstreaming climate action in the EIB's activities	16
⇒ The pilot carbon footprint assessment	16
⇒ Capital markets	17
⇒ Promoting sustainability	19
⇒ Environmental lending and sustainable communities	19
⇒ Inclusive social development	20
⇒ Sustainability tools	25
⇒ EIB contribution to EU development cooperation objectives	27
2 - Governance and Accountability	30
⇒ Stakeholder engagement and relations	31
⇒ Dialogue with European and peer institutions	33
⇒ Checks and balances	35
⇒ Compliance and ethics	35
⇒ Independent evaluation	36
⇒ Complaints Mechanism	37
⇒ Anti-fraud and anti-corruption	37
3 - Corporate Footprint	38
⇒ Organisation and staff	39
⇒ Learning and development	40
⇒ Health and safety	41
⇒ Managing the environmental footprint	41
⇒ Community interaction	43
Assurance statement by KPMG	44
GRI Content Index	46
Glossary	51



Message from the President

Corporate responsibility lies at the heart of how the European Investment Bank conducts its business. The EIB, as one of the world's largest multilateral financing institutions, is strongly committed to integrating environmental and social considerations throughout its business activities.

In approving the Bank's Corporate Operational Plan 2011-2013 in December 2010, the EIB's Board of Directors gave three dimensions to the Bank's activities in the years ahead: implementing the Europe 2020 strategy, which calls for smart, sustainable and inclusive growth; combating climate change; and supporting the European Union's external policy.

The key challenge for Europe's growth strategy will be to boost employment by promoting education, research and innovation. Across the developed world, investment in these sectors is the driv-

ing force of economic growth. Better education improves employability, which helps reduce poverty. In 2010, EIB financing for education projects amounted to more than EUR 4 billion. It is further worth highlighting the Bank's activities in the areas of microfinance, which foster entrepreneurship and eco-innovation.

Combating climate change and its sometimes dramatic consequences has become a priority for the European Union and therefore for the EIB. The Fukushima nuclear accident and the concerns that it triggered further underline the need to invest massively in energy savings, renewable energies and new energy technologies.

The EIB has a clear target in its operational plan that 25% of its projects should support climate action. We are pleased to report that in 2010 the Bank exceeded this target: 29% of its total lend-



ing was for climate action projects. These are projects in the areas of energy efficiency, renewable energy, transport, forestry and climate adaptation. To qualify as climate action projects, they have to meet stringent criteria for their contribution to CO₂ reduction, energy efficiency goals or sequestration of CO₂. Alternatively, to qualify as climate action projects, the climate adaptation component has to account for at least 50% of the total project cost.

The EIB is further making an important effort to reduce the climate impact of all of its lending activities by requiring rigorous environmental and social standards for all projects financed; by embarking on measurement of the carbon footprint of projects; and by requiring the use of best available technologies for energy efficiency.

On the funding side, in 2010 the EIB increased the volume of its climate awareness bonds from EUR 214 million to EUR 543 million. A key feature of these bonds is that their proceeds are ring-fenced from the general funding portfolio of the Bank and are used exclusively to finance projects involving climate protection.

Outside the European Union, EIB lending is governed by a series of EU mandates in support of EU development and cooperation policies in partner countries. The EIB's external lending mainly focuses on supporting projects that deliver sustainable economic growth coupled with social and environmental benefits.

In 2010, the EIB took further steps to remain at the forefront of international financing institutions in the fight against tax fraud, tax evasion, money laundering and the financing of terrorism by adopting an updated policy on non-compliant jurisdictions. Also, as regards transparency, the EIB continuously improves and adopted an updated policy in 2010.

As far as the Bank's internal activity is concerned, I would like to share with you that, last year, we

worked on minimising the carbon footprint of our operations, continued to take forward our diversity strategy, and created a more inclusive working environment through increased possibilities for flexible working hours, tele-working and part-time working.

Philippe Maystadt

Key lending figures 2010

Total EIB lending amounted to EUR 72 billion in 2010:

- ↳ EUR 63 billion in the European Union
- ↳ EUR 9 billion outside the European Union.

Lending for climate action in the EU reached a record level of EUR 19 billion, representing almost 30% of EU lending. Overall climate action lending ran to EUR 20.5 billion.

Funding for the economically weaker regions of the European Union hardest hit by the crisis totalled EUR 26 billion.

Some 460 large-scale projects and some 190 000 small and medium-sized enterprises were supported by the EIB Group.

Andasol, Spain



The EIB engaged their external auditors, KPMG, to provide a limited assurance report on the indicators in the corporate responsibility report marked with a blue tick and the statements in the corporate responsibility report in italics marked with a green tick , prepared in accordance with the internal reporting criteria applicable in 2010 at the EIB as detailed on page 46.

Who we are

The EIB Group consists of the European Investment Bank (EIB) and the European Investment Fund (EIF). It is one of the world's largest multilateral financing institutions. The shareholders of the EIB are the European Union (EU) Member States. It is based in Luxembourg and has representative offices in 24 countries within and outside the European Union.

As the Bank of the European Union it uses its special expertise and resources to make a difference to the future of Europe and its partners by supporting sound investments underpinning EU policy objectives. Set up in 1958 under the Treaty of Rome establishing the European Community, the EIB

operates as a bank and raises the majority of its resources on the capital markets on favourable terms which it passes on to its borrowers.

The Bank's consistent AAA rating is underpinned by firm shareholder support, a strong capital base, solid asset quality, conservative risk management and a sound funding strategy.

The European Investment Fund is structured as a public-private partnership and is owned 61.2% by the EIB, 30% by the European Union and 8.8% by a number of European financial institutions.

What we do

The mission of the EIB is to implement EU policies by making long-term finance available for sound investment. It does so by providing financial products, services and technical assistance in support of capital investment.

Besides supporting projects in the Member States, its main lending priorities include financing investments in future Member States of the EU and EU partner countries.

The EIF provides risk finance cover to intermediaries (financial institutions and private equity schemes) for the benefit of small and medium-sized enterprises (SMEs) essentially operating within the Member States of the European Union and EU Candidate Countries.

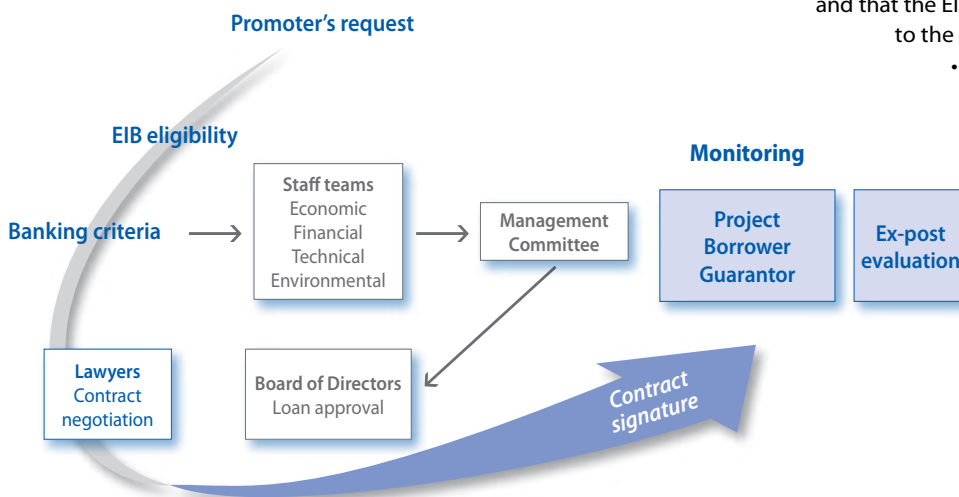


How we work

The EIB finances sound long-term projects. The project cycle at the EIB comprises the following elements:

- Thorough assessment of all projects, notably their economic, technical, environmental and financial viability;
- Evaluation of each capital project and follow-up through its completion;
- Monitoring of every project to ensure that the EIB financing operations are in line with its mission and that the EIB's contribution adds value to the project;
 - For projects outside the Union, the EIB fosters the transfer of the existing body of Community legislation and regulations.

The EIB project cycle



The EIB and Corporate Responsibility

Corporate Responsibility lies at the heart of how the European Investment Bank conducts its business.

The EIB is strongly committed to integrating environmental and social concerns throughout its business activities – to ensure proper governance, transparency and accountability, for itself and its counterparts; to check the consistency of its lending activities with EU policy objectives and conduct its appraisals with a view to ensuring that investments are sustainable; to promote more ethical and sustainable investments; to develop a mutually beneficial relationship between itself and its host communities; and to minimise its own environmental footprint.

The EIB has been reporting on corporate responsibility practices since 2005 with an annual report produced each year, the last one detailing developments in 2009. In addition, a specific performance indicator on corporate responsibility has been introduced into its operational strategy. ✓ This indicator is based on the results of a corporate responsibility review performed by a non-financial rating agency whose aim is to evaluate the relevance of the EIB's policies, the consistency of their implementation and the results achieved.

C-Power offshore wind farm, Belgium



1 - Responsible Finance



Renault
electric vehicles,
France



Climate action: a top priority

Climate change is one of the biggest environmental, social and economic threats. To avoid catastrophic consequences, significant reductions in greenhouse gas (GHG) emissions and strategies to adapt to climate change are needed.

Grenoble Tramway, France



The EIB has aligned its corporate objectives, targets, principles and standards with the EU and international evolving climate policy. *The EIB has a clear target in its operational plan that 25% of total lending should support climate action in 2012.* ✓ Climate action is therefore a key priority for the EIB. By financing climate action projects, the Bank helps to deliver sustainable growth while supporting a low carbon and climate-resilient future for Europe and across the globe.

In 2010, EIB lending for climate action in the European Union reached a record volume of EUR 19 billion (in 2009 it was EUR 16 billion) or 30% of the Bank's lending in the EU. Total lending for climate action projects amounted to EUR 21 billion or almost 29% of the EIB's entire portfolio, within and outside the EU. ✓

How to mitigate the impacts of climate change (mitigation) and how to adapt to it (adaptation)

are complementary in the fight against climate change. Therefore the EIB focuses its climate action on low-carbon investments that mitigate GHG emissions and climate-resilient projects which take into account the consequences of climate change. Mitigation and adaptation are taken into consideration in the whole of the EIB's financing of climate action, particularly the energy, transport, water, wastewater, solid waste, forestry and research, development and innovation sectors.

Specifically, the EIB tries to reduce the climate impact of its overall lending activities by imposing rigorous environmental and social standards for all projects financed, measuring the carbon footprint of the projects it finances and requiring that all projects use the best available technology for energy efficiency.

Financing renewable energy and energy efficiency

Renewable energy (RE) and energy-efficiency (EE) projects are at the heart of the EIB's energy investment efforts and contribute to making Europe's energy supplies more sustainable, competitive and secure. Their development and expansion are the best way to help the EU achieve its energy and climate action objectives by 2020, notably:

- to reduce greenhouse gas emissions by 20% compared to 1990 levels;
- to raise the share of renewable energy in final energy consumption by 20%.

- to increase energy efficiency by 20% in comparison with projections.

Total EIB energy lending projects amounted to EUR 18.1 billion in 2010, a 23% increase on 2009. Renewable energy lending has grown dramatically over the last few years to reach EUR 6 billion in 2010 (EUR 4.6 billion in 2009). The share of renewable energy lending in the overall EIB energy portfolio more than doubled from below 13% in 2006 to 34% in 2010. ✓

Loans in energy efficiency also increased substantially to over EUR 2.3 billion in 2010, representing a share of 13% of the energy projects signed by the EIB.



C-Power offshore wind farm, Belgium

In 2010, the EIB lent EUR 450 million for the construction of the second and third phases of the offshore wind farm on the Thornton Bank, located some 30 km in the North Sea off the Belgian coast. It will be the first time that 6MW (megawatts) offshore wind turbines will be used. The 48 turbines will have a combined capacity of 295MW, taking the full wind farm capacity to 325MW – enough to provide power to 600 000 inhabitants and avoid 450 000 tons of carbon emissions per year. The EIB loan was part of a non-recourse financing package of EUR 1.3 billion in which two export credit agencies and seven commercial banks also participated. Project Finance International magazine called the financing package the "Renewables Deal of the Year".



The EIB has also developed other financing means, such as equity and carbon funds, to further support renewable energy and energy-efficiency projects. It also works upstream with project promoters providing technical assistance (TA) to develop pro-

jects. In addition, it has put in place financing facilities, i.e. major investment programmes promoting projects with a specific renewable energy or energy efficiency purpose.

Key instruments used for RE and EE project development

European Local Energy Assistance (ELENA)	Provides technical assistance to EU Member States' local authorities for projects focusing on EE and RE in buildings, urban transport and related local infrastructure.
Green for Growth Fund	Aims to contribute to enhancing energy efficiency and foster renewable energies through the provision of dedicated financing to businesses, households and public entities via partnering with financial institutions and direct financing.
Facility for Energy Sustainability and Security of Supply (ESF)	Aims to enable the continued financing of priority renewable energy and energy security-related projects outside the EU and Accession Countries.
Mediterranean Solar Plan	Aims to capitalise on the enormous potential of solar energy resources in the Mediterranean. The EIB underpins this ambitious policy by examining the possible financial mechanisms to be implemented and supporting pilot projects.
Energy Efficiency Financing Facility (EEFF)	Its goal is to reduce greenhouse gas emissions by using renewable energy sources and improving energy efficiency in buildings and in the industrial sector in Turkey and the Western Balkans.
Global Energy Efficiency and Renewable Energy Fund (GEEREF)	An innovative fund of funds, providing global risk capital through private investment for energy efficiency and renewable energy projects in developing countries and economies in transition.

Signed ELENA projects in 2010

Country	Project name	Elena TA contribution (EUR m)	Expected resulting investment (EUR m)	Emission reduction in t (estimated over the 3 years of the project)
Spain	Renewable and energy efficiency in Diputació Barcelona	2	500	185 000
Netherlands	District heating Purmerend	1.8	80	56 500
Italy	Energy efficiency Milan	1.9	90	9 000
France	Energy performance contracts for Parisian schools	1.3	180	6 480
Spain	Madrid electric vehicles	1.1	53	3 720



Photovoltaic power plants, Italy

In Montalto di Castro, in the Lazio region, a EUR 98 million loan supported the construction and operation of two photovoltaic power plants using a tracker system that follows the sun during the day and delivers up to 25% more energy than fixed systems. The renewable energy investments are financed by way of project bonds, issued through a special purpose vehicle. The EIB was actively involved in structuring the project bond-based transaction and, by purchasing half the bonds, is considered a cornerstone financier. The transaction has already had a powerful demonstration effect on institutional investors. The magazine Project Finance International honoured the transaction with the award "Bond Deal of the Year."

Promoting sustainable transport

By promoting a shift from private to public transport and by investing in maritime transport, sustainable transport projects aim to improve air quality and reduce noise pollution. They also help to tackle climate change by enhancing energy efficiency and limiting greenhouse gas emissions while ensuring an appropriate response to the needs of mobility. This is mainly done by financing metros and urban light rail, tramways, buses, railways, inland waterways and short sea shipping, as well as investment in rolling stock, vessels and associated equipment. *In 2010, the EIB increased its financing of sustainable transport projects by 39% compared with 2009 to reach EUR 9 billion.* ✓



Forestry

The EIB seeks to support forest plantation projects in developing countries, which are usually short of ways to improve and preserve their existing forests. Sustainable forest plantations can make a crucial contribution to climate change mitigation by managing these important carbon stocks, delivering lower emissions and providing a source of renewable energy. At the same time, forests can facilitate adaptation to the effects of climate change, such as soil erosion and increased flood risk as well as preserving biodiversity. The EIB has over 30 years of experience of financing forestry projects within the EU and around the world, having supported some 25 projects with direct loans and several thousand smaller projects through financial intermediaries. The EIB supports forestry projects that sequester or conserve at least 20 000 tons/year of CO₂-equivalent (CO₂e).

Water

The EIB has established adaptation as a key area of intervention for mitigating the detrimental impact of climate change, in particular on the availability and quality of water resources.

The Bank seeks to maximise added value to water projects, particularly in regions and countries where the climatic conditions mean that even greater importance is attached to this sector. The EIB has been the largest source of loan finance to the global water sector to date, compared with other international financial institutions (IFIs). *In 2010, the total amount of lending to the water sector was EUR 2.4 billion.* ✓

Financing the development of low carbon technologies

The Bank supports innovative low carbon technologies in the early stages of commercialisation as well as related manufacturing processes, goods, services and research, development and innovation. Such projects include photovoltaics, offshore wind, concentrated solar power, second generation biofuels, low-emission engines, carbon capture and storage and all projects currently under the European Clean Transport Facility (ECTF). The ECTF is a EUR 8 billion financing programme established in December 2008 targeting research, development and innovation in the areas of emissions reduction and energy efficiency in the European transport industry. The Facility has had a significant impact on the amount of EIB investment in RDI in the automotive sector. It was phased out at the end of 2010.

Carbon Capture and Storage (CCS)

The NER300 is a new funding programme jointly implemented by the European Commission and the EIB to support CCS and innovative renewable energy technology demonstration projects. Under this initiative, 300 million emission allowances from the New Entrants Reserve of the EU ETS (Emissions Trading Scheme) will be sold to raise funding of around EUR 4.5 billion for demonstration projects.

The EIB will be responsible for selling these allowances and managing and disbursing the proceeds. The initiative will act as a catalyst for the demonstration of new low carbon technologies on a commercial scale, thereby providing the much needed push for major energy companies to escalate their efforts in making CCS a commercially viable alternative, and help the EU meet its ambitious climate targets for 2020 and beyond.

Co-sponsoring carbon funds

The EIB has co-sponsored a total of six carbon funds in cooperation with other public and private financing institutions at national and international level, including the European Bank for Reconstruction and Development (EBRD), Kreditanstalt für Wiederaufbau (KfW), Caisse des Dépôts (CDC), Cassa depositi e prestiti (CDP) and the World Bank. These funds aim to encourage carbon trading and focus mainly on the less-developed areas of the carbon market, aimed at helping EU Member States and companies, as well as other institutions, to meet their carbon emission compliance obligations at EU and international level.

Mainstreaming climate action in the EIB's activities

The EIB screens projects in vulnerable sectors to ensure that climate risk considerations are taken into account in the project cycle. The Bank has also integrated adaptation considerations into some of

its lending policies and finances adaptation measures, notably for the water sector. The approach will be extended to the entire EIB portfolio.

The EIB assesses the potential of relevant projects to generate carbon credits. It can help public and private sector promoters to prepare and finance mitigation and adaptation projects via technical assistance programmes. The EIB has developed a methodology to measure greenhouse gas emissions generated by the projects financed by the Bank.

The pilot carbon footprint assessment

The Bank's specialists have developed, in cooperation with an independent consultant, a comprehensive sector-specific carbon footprint methodology to measure greenhouse gas emissions generated by projects financed by the Bank.

A pilot assessment looked at 73 projects, representing an investment of approximately EUR 74 billion in ag-

The EIB's carbon funds supporting the carbon market

Armenia Hydropower

In 2010, the Multilateral Carbon Credit Fund signed an agreement to buy carbon credits from a group of ten small hydro-power plants in Armenia. The project helps reduce Armenia's reliance on energy imports and improves the supply of electricity in rural areas where most of the plants are located. It also contributes to global climate change abatement efforts by offsetting more carbon-intensive electricity production from the Armenian electric grid.

Nepal Biogas Support Programme

Wood, which is used particularly for cooking and heating, is the most important energy carrier in Nepal and accounts for around 75% of the country's energy consumption. Extensive reliance on wood has led to increasing deforestation, in a country whose forest cover is already under pressure. The Nepal Biogas Support programme, signed in 2010 within the EIB/KfW Carbon Programme II, concerns the installation of 200 000 biogas systems in private households which will reduce the loss of forest areas and deliver savings of around two tonnes of CO₂e per biogas system.

Melloussa Wind Farm (Tangiers, Morocco)

In June 2010, Africa's largest wind farm, partly financed by the EIB, was inaugurated near the city of Tangiers in Northern Morocco. It is expected to save around 125 000 metric tons of fossil fuel annually. In October 2010, the Post-2012 Carbon Credit Fund and Fonds Capital Carbone Maroc signed an agreement with the Moroccan national electricity utility for the purchase of emission rights equivalent to two million tonnes of CO₂e to be generated by the Melloussa Wind Farm.



gregate, 30% of which (or approximately EUR 22 billion) financed by the EIB. ✓ It found that energy projects accounted for 53% of the EIB's absolute carbon footprint, transport for 34%, and industry for the rest. A small number of water projects were also included in the pilot.

On the whole, the projects included in the pilot will result in net emission reductions of 2.5 million tonnes of CO_{2e} per year for each year of their operation in the future. This can be attributed directly to the fact that the EIB finances best available technologies, maximises the potential for energy efficiency measures, and promotes more sustainable transport patterns.

The methodology used for this pilot was based on current international GHG sector-specific accounting practices and was subject to rigorous testing and revisions. A series of training exercises was carried out in 2010 to ensure that project appraisal teams are now able to include this methodology as part of the routine assessment of projects.

The pilot project helped improve the Bank's understanding of its overall carbon footprint, and demonstrated that emissions reductions are being made as a direct result of Bank financing policies. The Bank will continue to work on improving both the methodology and the scope of the exercise.

Capital markets

The EIB's lending activities are mainly funded via bond issuance in the international capital markets. The EIB's debt products are purchased by both institutional and retail investors internationally. EIB bonds have attracted socially responsible investors mainly because of the EIB's attractive corporate responsibility credentials, as well as purely financial merits, including the Bank's top-quality credit standing, its strategic approach to markets and its securities product offering.

Melloussa wind farm, Tangiers, Morocco



Climate Awareness Bonds

In 2010, the Bank launched new Climate Awareness Bonds (CAB) for a total value of EUR 543 million, significantly exceeding the levels seen in 2009 (EUR 214.3 million). ✓ The funds were raised through several transactions over the year and in four currencies: synthetic Brazilian Real (payable in Japanese Yen), South African Rand, Australian Dollar and Turkish Lira. All 2010 issues were in the Japanese 'Uridashi' format, with a maturity of two to six years. They were intended for Japanese retail investors. Since 2007, the Bank has raised EUR 1.36 billion through CAB issuance.

The particular feature of the EIB's Climate Awareness Bonds is that the proceeds from the issues are ring-fenced from the EIB's general funding portfolio and are used exclusively to finance projects supporting climate protection.

More specifically, the funds raised in CABs will go to EIB lending projects in the fields of renewable energy and energy efficiency, which 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 with energy efficiency improvements of 20% or more.

The net proceeds from each issue are allocated to a special treasury sub-portfolio. Disbursements from CAB proceeds in 2010 comprised most proceeds of 2010 CAB issuance (EUR 487 million disbursed, with a residual treasury balance of EUR 57 million) and also part of the proceeds from CAB issuance in late 2009 (EUR 164 million).

Projects which received financing from CAB funds in 2010

Project	Sector	Country	CAB financing (EUR m)
Acciona RDI	Research, development and innovation	Spain	37
EDA Power VII	Efficient energy generation	Portugal	1
Eolicas de Portugal	Wind farms	Portugal	73
Extension of Paris District Heating	District heating	France	61
La Venta III Wind Farm	Wind farms	Mexico	79
London Array Offshore	Wind farms	UK	161
Portucel Energy	Energy facilities	Portugal	85
RE Geothermal Energy	Geothermal energy	Iceland	31
Scottish and Southern Renewables	Wind farms	UK	58
Thermosolar Gemasolar	Solar power	Spain	37
Zelios – Photovoltaic Plants	Photovoltaic energy	France, Italy	29



Promoting sustainability

The EIB promotes environmental sustainability – as well as closely related social well-being – in support of the EU's policy on sustainable development.

The EIB has three main objectives for defining its environmental and social responsibility:

- ↳ to ensure that all the projects that it finances are compliant with EU environmental principles and standards;
- ↳ to promote specific projects that protect and improve the natural and built environments and foster social well-being, in support of EU policy. The EIB supports environmental investments that focus on climate change, protecting nature and biodiversity, dealing with the links between the environment and health, and promoting the sustainable use of natural resources and management of waste;
- ↳ to manage its environmental footprint, both internally (from its own internal activities) and externally (with regard to the projects that it finances).

Environmental lending and sustainable communities

The EIB's environmental lending is based on the EU 6th Environmental Action Programme. Adopted in 2002, this policy programme will run until 2012 and identifies four key environmental priorities: climate change, nature and biodiversity, environment and health, and natural resources and waste.

Overall trends

In 2010, lending to projects contributing to the protection of the environment and sustainable communities increased by 11% to 195 environmental projects, which amounted to EUR 29 billion or 40% of the Bank's total lending. ✓ This is the highest share recorded to date. The table on the next page illustrates the trend in environmental lending over time.

The bulk of environmental lending was directed to the European Union: the EIB provided financing for

162 environmental projects for a total of EUR 26.3 billion in the 27 EU Member States. ✓ Most of the support went to investments promoting sustainable transport, improving environmental health, mitigating climate change as well as towards enhancing the health sector.

Concerning credit lines, the ex ante estimations indicate that around EUR 1.7 billion will be allocated to finance the protection of the environment and sustainable communities.

Waste: catalysing efforts

The EIB recognises that treatment of solid waste is characterised by a combination of environmental challenges and resource management opportunities, since waste increasingly represents loss of potentially valuable natural resources in the form of materials and energy, the re-use, recycling and recovery of which could bring significant net benefits.

Environmental Lending (Investment and Framework Loans) from 2008 to 2010*

Year of signature	2008	2009	2010 <input checked="" type="checkbox"/>
Total EIB lending (in EUR million)	57 890	79 005	71 760
Total environmental lending (in EUR million)	17 986	25 288	28 981
Environmental lending as % of total	31%	32%	40%
Number of projects	150	176	195
Increase in number of projects			11%

* small variations in the "Total EIB lending" figures from last year's published data are due to adjustments made mainly for projects in ACP countries or projects for which the amount lent was revised after signing.



Waste-to-energy plant in Lahti, Finland

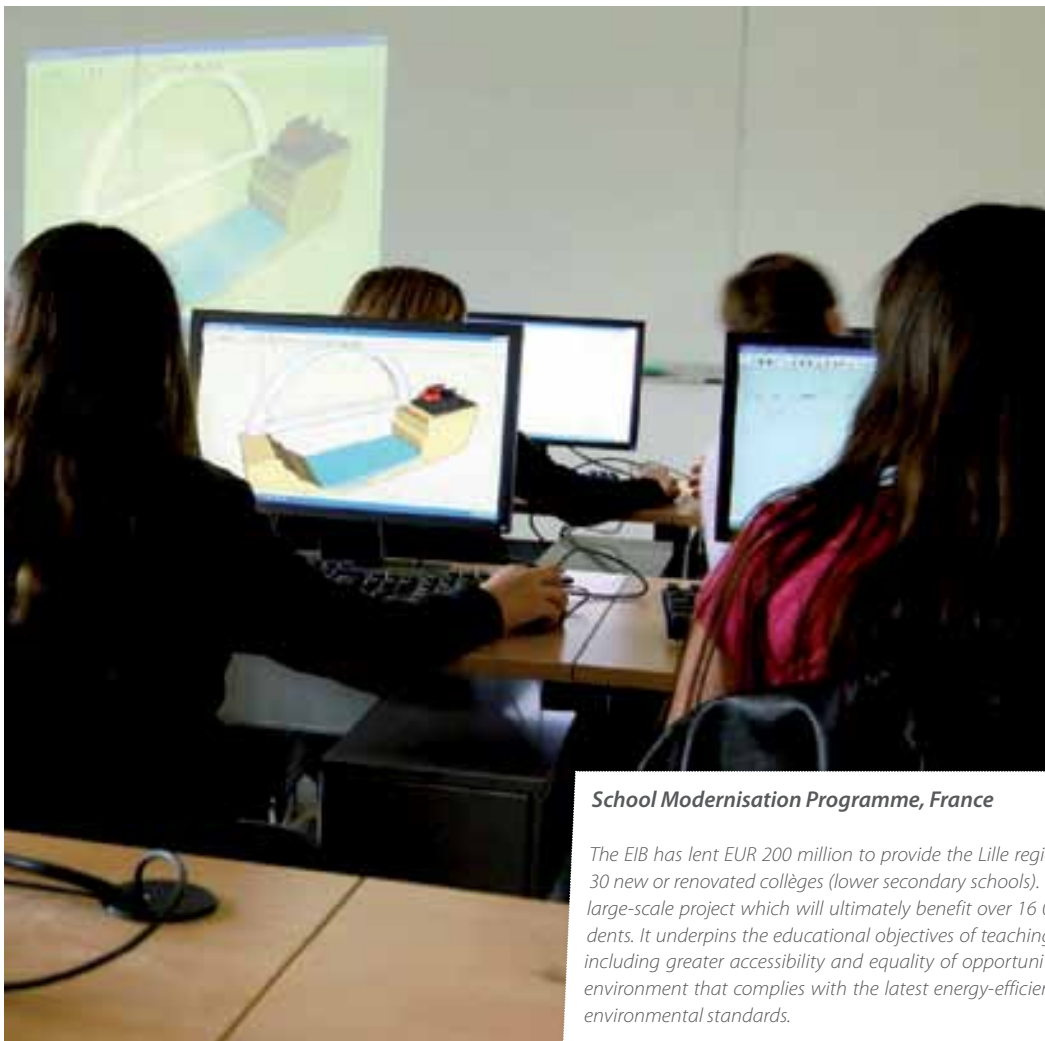
In 2010 the EIB financed the waste-to-energy plant in Lahti, Finland, which will convert municipal waste into heat and power through the large-scale use of a novel method involving waste gasification, gas cleaning and high-efficiency combustion.

With a capacity of 250 000 tons of waste per year and generating 90MW heat and 50MW electricity, the plant will supply most households, businesses and industry in the Lahti region. By means of the most advanced gasification techniques, it will reduce harmful emissions and partially replace a coal-fired plant. This shift from coal to waste-fuelled energy production is expected to result in roughly a 50% drop in the need for fossil fuels in the Lahti region.

The EIB intends to take a pivotal role in this sector, not only from a financing point of view, but also as a catalyst and independent broker supporting waste prevention, re-use and recycling, ensuring appropriate technical, economic, environmental and social solutions, promoting policy reform, institutional capacity building and good governance that would contribute to sustainable solid waste management. In 2010 the EIB provided finance of EUR 107 million in the solid waste management sector.

Inclusive social development

The EIB supports social development through its financing, notably lending for investment in health and education. Across the developed world, investment in these sectors is the driving force for economic growth and regional and national development. Modern health and education services are critical. Better education helps employability which helps to reduce poverty. EIB loans for health in the European Union help to improve the social and urban environment and contribute to developing more sustainable communities. In 2010 EIB financing for the education and health sector amounted to EUR 7.4 billion.



School Modernisation Programme, France

The EIB has lent EUR 200 million to provide the Lille region with 30 new or renovated collèges (lower secondary schools). This is a large-scale project which will ultimately benefit over 16 000 students. It underpins the educational objectives of teaching teams including greater accessibility and equality of opportunity in an environment that complies with the latest energy-efficiency and environmental standards.

This project will help to implement the following measures in the fields of education and environmental excellence: the construction and renovation of 17 collèges for children of secondary school age; optimisation of the energy efficiency of 13 collèges by applying HQE (high environmental quality) standards with a view to substantially reducing their energy consumption; computerisation of all collèges with the provision of 9 200 IT workstations (the equivalent of 307 classrooms), including the replacement of 2 800 of the oldest workstations over a 5-year period; improvement in the accessibility of collèges to young people with restricted mobility.

Microfinance and equity funds

To grow, innovate and consolidate beyond traditional loans, small businesses need a variety of financial products. The EIB Group has supported microfinance institutions, fund providers and other industry stakeholders in addressing specific market failures and promoting financing solutions for micro, small and medium-sized enterprises and low income self-employed.

The EIB Group adopted the Client Protection Principles in Microfinance¹ in November 2009 and has since then actively promoted responsible finance principles in its microfinance operations. In 2010 it introduced contractual clauses relating to the implementation of these principles in its financing contracts with microfinance investment vehicles and microfinance institutions. ✓

In the course of the last three years, the EIB has grown its portfolio of microfinance investments focusing on underserved markets in the least developed countries, particularly in sub-Saharan Africa.

The European Investment Fund has built a reputation as Europe's leading developer of risk financing for entrepreneurship and innovation. With a total of EUR 4.7 billion (net repayments) committed in 339 fund structures and commitments for guarantees of EUR 14 billion, the EIF has further confirmed its position as the leading specialist institution for small and medium-sized enterprise (SME) financing within Europe. This considerable strengthening of the microfinance activities of the EIF in 2010 is expected to reinforce the EU-wide efforts to promote social inclusion and combat unemployment.

Amongst the instruments available in this sector it is worth mentioning the SME Guarantee Facility, under which the EIF has succeeded in providing guarantee cover for the financing of over 407 000 micro-enterprises across Europe under the SME Guarantee Facility alone, as well as the EIB Risk Capital Mandate (RCM), which is managed by the EIF on behalf of the EIB.

¹ The Client Protection Principles for Microfinance are part of a collaborative initiative endorsed and led by a broad coalition of microfinance institutions, networks, funders, and practitioners whose purpose is to ensure that providers of financial services to low-income populations take concrete steps to protect their clients from potentially harmful financial products and ensure that they are treated fairly.





Innovative financial instruments

REGMIFA

In 2010, the EIB became a founding investor in the Regional Micro and SME Fund for sub-Saharan Africa (REGMIFA), a regional focused local currency fund that specifically targets less developed microfinance institutions and banks serving micro, small and medium-sized businesses in sub-Saharan Africa. During its first six months of operations, REGMIFA disbursed USD 13.75 million in local currency loans to support six microfinance institutions located in Ghana, Kenya, Senegal and Tanzania.

African Capitalization Fund

This is a new private equity fund created by the International Finance Corporation (IFC) Asset Management Company supported by the African Development Bank (AfDB), the EIB, and the OPEC Fund for International Development. The Fund will seek to capitalise systemically important private sector commercial banking institutions in Africa in order to spur economic recovery and job creation. It aims to strengthen the banking sector by increasing capacity for lending by African banks, improving corporate governance and risk management, and contributing to increased efficiency and access to finance in areas that are poorly served by banking services.



Progress Microfinance

In 2010 the EIF was mandated by the EU to implement the "Progress" funding programme which aims to increase access to, and the availability of, microfinance for social micro-enterprises and self-employed individuals. Progress Microfinance forms part of the EU 2020 strategy and contains two layers of financial support for micro-enterprises:

- under the European Progress Microfinance Facility for Employment and Social Inclusion (EPMF), a microfinance initiative established with EUR 200 million of funding from the European Commission and the EIB, the EIF issues, on behalf of the European Union, guarantees for micro-loans granted by financial intermediaries. A total amount of EUR 25 million is available to cover losses, which is expected to leverage by a factor of seven a minimum loan volume of EUR 175 million. In 2010, two agreements were signed for a cap amount of EUR 1.4 million and a total guaranteed volume of EUR 17.3 million;
- as manager of the European Progress Microfinance Fund (PMF), the EIF provides loans, risk-sharing instruments as well as equity and quasi-equity finance to financial intermediaries with a view to enhancing the access to finance for micro-enterprises. PMF is currently funded by the European Union and the EIB with overall commitments of EUR 175 million; however, the innovative structure of the programme as a compartment of a Luxembourg-based mutual fund also enables the leveraging of its investment capacity by funding from other sources, including from the commercial markets.

Avantium, The Netherlands

Since 2000, Avantium has been developing products and processes in the fields of biofuels, bio-based chemicals and novel crystal forms of existing drugs. One of Avantium's main patented technologies converts biomass into what is called "Furans", a chemical obtained by processing carbohydrates, the most abundantly available source of carbon on earth, and turning them into green materials and fuels. It can replace oil as the raw material for fuels, car parts, clothing, carpets, water bottles and a very wide range of plastics. Avantium received a EUR 5 million loan supported by the EU and was listed in the 2010 Global Cleantech 100, which highlights the world's most promising private clean technology companies.

Joint European REsources for Micro to Medium Enterprises (JEREMIE)

Under the JEREMIE initiative, the EIF continued to confirm its position as a key player in regional finance. In 2010, three selection processes were launched with a view to identifying suitable financial intermediaries for the utilisation of EU Structural Funds and the implementation of regional operating programmes aimed at narrowing the finance gap between European regions.

Furthermore, two new funding agreements with national and regional authorities have been signed and an existing funding agreement has been increased, bringing the amount available to the EIF for regional financing to a total of approximately EUR 1.2 billion in 11 EU Member States and Regions.

Srečko Knuplež, Zgornja Velka, Slovenia

Srečko set up his business in 1994, supplying roof structures and accessories, as well as providing design and technical advice to an array of private and corporate clients. In 2008 his company, Srečko Knuplež, needed some extra cash to start expanding its product range. When Srečko found out about the finance available under the CIP programme he went to his local financial intermediary, Slovene Enterprise Fund, for a guarantee for the bank loan. He received EUR 119 086 which gave him enough to buy his new Palfinger lift and to start expanding his business. He has now taken on two new members of staff bringing his current headcount to 21 and in one year alone the company's revenue increased by 28%. The eco-friendly business contributes to a cleaner environment by ensuring the clean disposal of asbestos-cement roofing, facade panels and water pipes.





Promoting research, development and technology transfer


In 2010, the EIF further developed its business focus towards enhanced support of regional and social financing within the European Union.

Ecolnnovation

The European Union-mandated Competitiveness and Innovation Programme (CIP), managed by the EIF, provides for a specific window for financial support to Ecolnnovation/Cleantec through investment in venture capital/private equity fund structures.

Technology transfer

In the context of its private equity transactions the EIF provides targeted support to technology transfer (TT) schemes, which aim at efficient commercialisation of intellectual property generated mainly by universities or other independent scientific research institutions. By 2010, the EIF had invested in nine specialist TT fund structures.

In June 2010, the EIF, together with the EIB and six other major EU Member State institutions², signed a memorandum of understanding with a view to promoting the funding of research opportunities and knowledge transfer in the context of the EU's 2020 strategy .

Sustainability tools

The EIB considers the relationship between the environment and social well-being in all the projects that it finances. Accordingly, an analysis of the environmental and social issues/benefits is performed for each project.

The environmental and social capacity of the project promoters in all regions is also reviewed to determine whether they have the capacity and ca-

pability to manage the environmental and social aspects, including impacts and risks, arising from their investment activities within the policy and legal context in which they operate.

The EIB Statement of Environmental and Social Principles and Standards derives from and reflects the evolving EU approach towards the promotion of environmental sustainability and social well-being. It sets out the way in which the Bank structures its projects and operates to avoid or mitigate risk and to provide environmental and social benefits in the regions in which it operates through its financing.

With regard to biodiversity, the EIB manages all of its operations to minimise negative impacts on biodiversity and aims to enhance biodiversity and natural habitats wherever feasible. All EIB-financed projects are screened for their potential impact on biodiversity and natural habitats, applying the principles of the EU Nature Conservation Policy.

The Bank also invests in innovative new businesses where nature (in particular biodiversity) is the main value proposition, and closely collaborates with the EC Directorate-General for Environment, businesses, non-governmental organisations (NGOs), IFIs, and international institutions to support the private sector in conserving and protecting biodiversity. It also works closely with organisations working on biodiversity conservation having already formed a number of strategic partnerships, notably with the European Space Agency in a pilot project using satellite imagery for project preparation and monitoring, the World Conservation Monitoring Centre (UNEP), the University of Stirling, and NGOs such as the International Union for the Conservation of Nature (IUCN) and the Royal Society for the Protection of Birds (RSPB).

² CDC (France), CDP (Italy), Centro para el Desarrollo Tecnológico Industrial, CDTI (Spain), Innovationsbron (Sweden), KfW (Germany) and Veraventure (Finland).

Excluded activities

The EIB does not finance activities such as ammunition and weapons, military/police equipment or infrastructure, projects which result in limiting people's individual rights and freedom, or violation of human rights, projects unacceptable in environmental and social terms, ethically or morally controversial projects and activities prohibited by national legislation (only where such legislation exists). The detailed list of excluded activities can be found on the website.

The Guidelines on European Investment Fund Restricted Sectors took effect as of 1 January 2011. These guidelines constitute an ethical compass to be followed in EIF transactions through the exclusion of EIF support to certain economic sectors, such as arms production and arms trade, human cloning or gambling and the request to exercise specific scrutiny in relation to ethically sensitive economic sectors, such as genetically modified organisms.

The EIB and evaluation of social aspects in project financing

Over the past year, the Bank has strengthened its capacity to operationalise its social policy at the project level through the recruitment of several social development specialists. The Bank financed a number of projects in 2010 that required the input of the social specialists in the due diligence process.

Gazela Bridge Rehabilitation Project

In 2007, the EIB signed a EUR 33 million loan for the rehabilitation of the Gazela Bridge in Belgrade, the Serbian capital, to guarantee the use of the bridge under safe conditions and to improve traffic flows on the access roads. The project (total cost EUR 77 million) was mainly financed by the EIB, the EBRD, the City of Belgrade and the borrower (the public company Roads of Serbia).

The project required the relocation of people living in an informal settlement under the bridge. One of the conditions precedent to the first disbursement of the finance contract was to prepare a realistic and implementable resettlement action plan (RAP) to the satisfaction of the Bank.

The physical move of the population living under the bridge took place in August 2009 without approval by the EIB of the final versions of the proposed resettlement action plan.

Nonetheless, since the resettlement took place the EIB has monitored the implementation of the resettlement process in close cooperation with the City of Belgrade and the Ministry of Labour and Social Policy. Reports show that progress is being made on improving access to health and education services, providing relevant information to the population and increasing access to social welfare benefits. However, gaps remain on the provision of sustainable housing and the restoration of livelihoods.

At the Serbian authorities' request and considering the public safety concerns linked to the rapid deterioration of the Gazela Bridge, as well as the related socioeconomic impacts, a first disbursement of up to EUR 10 million was approved by the EIB Board of Directors in March 2010. The corresponding Amendment Agreement included action plans for bridging the gaps identified. The local authorities are receiving support from the project manager consultants financed by the EIB and the EBRD. The EIB-funded consultant is working with the City of Belgrade and assisting in the implementation of the resettlement-related activities including strategic planning for sustainable housing, restoration of livelihoods and improvement of school attendance.

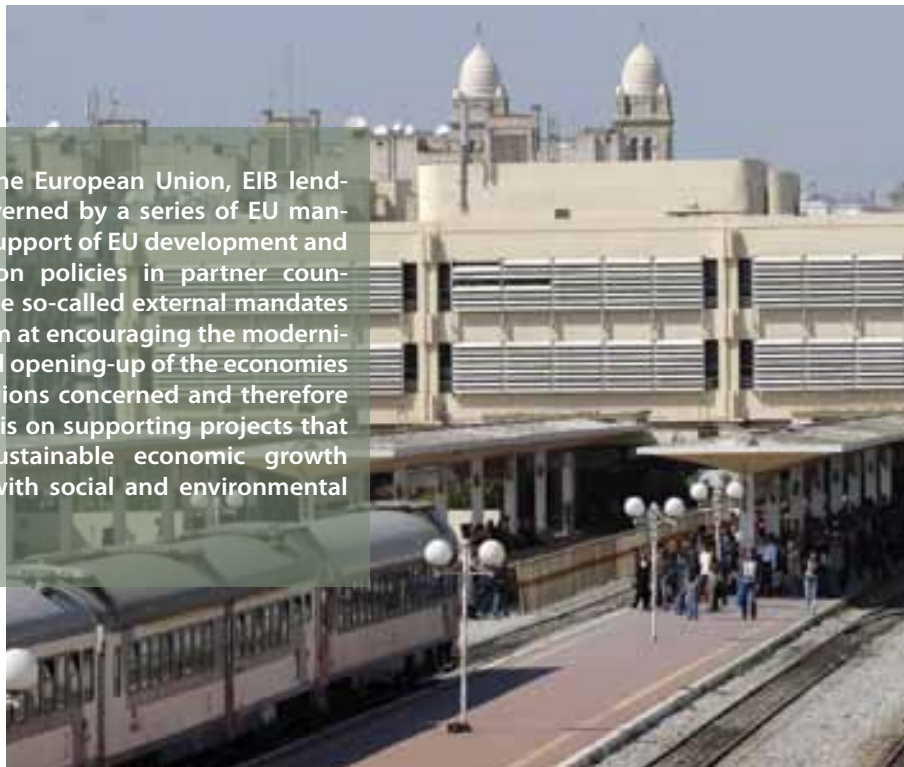
eThekwini Water Project, Republic of South Africa

The project is a key component of eThekwini municipality's water investment programme. The municipality provides water and sanitation services to nearly four million people in the greater Durban area. The environmental and social impact assessment for the relevant parts of the project was reviewed by the Bank and deemed appropriate in substance and process. The most significant social impacts are expected to arise out of the construction process, although most of these are temporary, and with the implementation of the environmental and social management plans, can be mitigated. The project will contribute to South Africa's achievement of the Millennium Development Goals by improving access to piped drinking water in previously unserved rural and peri-urban areas.



EIB contribution to EU development cooperation objectives

Outside the European Union, EIB lending is governed by a series of EU mandates in support of EU development and cooperation policies in partner countries. These so-called external mandates mainly aim at encouraging the modernisation and opening-up of the economies of the regions concerned and therefore the focus is on supporting projects that deliver sustainable economic growth coupled with social and environmental benefits.



Railway station, Tunis, Tunisia

To foster economic cooperation and sustainable development, 94 operations, totalling EUR 8.8 billion, were completed in some 44 countries (EU Candidate and Potential Candidate Countries, EU East and South Neighbourhood, Balkans, Africa, Caribbean, Pacific, Asia, Latin America) during 2010. With reference to the operations fully allocated to date, these were split between the public (53%) and private (47%) sectors.

In addition the EIB may selectively provide technical assistance in order to strengthen the quality of projects, in particular to enhance the understanding of the projects' potential and the quality of the project implementation. Some 30 technical assistance contracts, totalling EUR 34 million, were awarded in 2010 in the above-mentioned countries.

Environmental and social lending

The EIB increasingly supports projects with a significantly positive environmental and social impact in partner countries.

In 2010, among the relevant large individual projects financed were:

- a 121-turbine wind farm in the south-west of Mexico;
- the Metolong Dam and Water Supply Programme, a key element in the Government of Lesotho's poverty reduction strategy, using a long-term loan in local currency;

- the new suburban railway network increasing urban transport within the city of Tunis by up to 40%, thereby reducing CO₂e emissions and noise; and
- the construction of a combined-cycle turbine in Sousse, Tunisia, to reduce greenhouse gas emissions and airborne pollutants per unit of electricity produced.

Smaller scale investment projects are frequently of great value for development because they address local needs. Moreover, micro, small and medium-sized firms may significantly contribute to job creation, the dissemination of technology and know-how, and add value to local resources. Experience shows that small firms play a crucial role in reducing poverty and reinforcing economic democracy.

To finance these projects promoted by public or private entities, the EIB uses loans intermediated by banks and other financial intermediaries. The intermediaries are selected on the basis of their capacity to provide the finance in keeping with best practice. Some intermediaries may also benefit from technical assistance aimed at strengthening their resource base, as well as their management or governance. The latter are particularly important in some developing countries.

Special and new initiatives

The EIB has been active in a number of special initiatives that are tailored to the specific needs of the regions where it operates:

- The African Financing Partnership aims to enable greater cooperation and co-financing as well as improving the joint assessment and evaluation of private sector projects across the continent, notably to identify those with strong development outcomes.
- The European Financing Partners (EFP) facility dedicated to financing private sector investments in Africa, the Caribbean and the Pacific.
- The Caribbean Joint Action Plan aims to increase coordination and support of sustainable solutions for the reconstruction efforts in Haiti and for the region's financial, tourism and infrastructure sectors.
- The InfraMed Infrastructure is the first financing facility under the Union for the Mediterranean and is dedicated to investment in infrastructure in the Southern and Eastern Mediterranean region.
- The Eastern Partnership Technical Assistance Trust Fund (EPTATF) focuses on increasing the qual-

Major 2010 operations through intermediated financing

Country	Operations
Nigeria	Three loans were granted to banks in order to fund private and public-private partnership infrastructure in the country. They are supported by specialist training provided by the Bank in the areas of eligibility, project cost, procurement, and environmental and social standards.
Moldova	A first credit line was provided to Mobiasbanca, Groupe Société Générale SA, to support small and medium-sized projects, notably energy and environment projects promoted by mid-sized corporates and public entities.
China	A second EUR 500 million framework loan for projects supporting climate change mitigation was provided, to build on an estimated 3 million tonnes of CO ₂ e saved each year with the first similar loan, one of the EIB's most efficient loans in terms of GHG emissions reduction.



ity and development impact of EIB Eastern Partnership operations by offering a multi-purpose, multi-sectoral funding facility for technical assistance.

- The Interact Climate Change Fund, an investment matching facility to invest in private sector climate action projects in Africa, the Caribbean and the Pacific, Asia and Latin America.

- UNESCO's World Heritage Programme and the Arab Towns joined the EIB's "Medinas 2030" Initiative to strengthen the public policies of the Mediterranean partner countries for the regeneration of historic districts and city centres.

EU-Africa Infrastructure Trust Fund

In 2010, a total of 17 grant operations were approved to build large-scale energy, transport and information and communication technology infrastructure of regional importance across Africa. The Trust Fund, managed by the EIB, provides grants to leverage loans from European or international development financial institutions and the private sector. The European Commission (EC) is the main contributor to the Fund.

Gaba offshore pipeline, Kampala, Uganda



2 - Governance and Accountability



Stakeholder engagement and relations

The Bank's engagement with civil society, including NGOs and other interest groups, mainly through its Civil Society Unit leads to valuable input into its policy developments and contributes to the Bank's increasing awareness of local project-related issues.



EIB seminar on human rights, London, UK

Stakeholder engagement and relations with civil society

As part of its ongoing dialogue with civil society, the EIB organised a civil society organisations (CSOs) briefing in Brussels in 2010 .

Additional meetings with local CSOs were organised in 2010 on the occasion of the Bank's Regional Conferences in Istanbul and Warsaw in October and November respectively.

The Bank engages in dialogue and cooperative partnerships with specialist organisations who share particular objectives or interests with the EIB, such as sustainable development, environmental protection, biodiversity or poverty alleviation. In 2010, the Bank pursued its relationship with Trans-

Business and human rights

The Bank organised a series of seminars on this issue in order to facilitate the exchange of best practice and dialogue between a range of players, notably businesses, civil society and intergovernmental organisations (such as the United Nations, the European Union and the Organisation for Economic Co-operation and Development (OECD)). The London seminar in June 2010 was attended by over 80 representatives responsible for human rights, mostly from business, civil society, trade unions, international organisations and academia. This was followed up by a second seminar in Johannesburg in July 2010 with a further 40 stakeholders, mainly from African countries. Finally, a round table meeting between representatives of the EIB and the European Commission was held in Brussels in October 2010.

parency International, the International Union for Conservation of Nature (IUCN) and the Extractive Industry Transparency Initiative (EITI). Last year, the EIB also joined the Global Water and Adaptation Action Alliance, a network of financial institutions, utilities, associations, research institutes and NGOs.

At project level, the Bank continued to involve and work together with local CSOs and citizens' groups, for instance on a number of transport and energy projects in the Western Balkans and Latin America.

Public consultations

The EIB launched a new public consultation in March 2010 in view of the revision of its Transport

Lending Policy. The consultation process has been extended to 2011 in order to take into account the Commission's White Paper expected in the first half of 2011. ✓

At project level, public consultation and participation is a requirement not only of the EIA (Environmental Impact Assessment) Directive but also of a number of other EU environmental laws. The EIB is strongly committed to the principles of stakeholder engagement and promotes similar good practice amongst its clients. The Bank considers that interested and well-informed members of the public, especially those affected by a project in the host country, can add value to the project's environmental and social assessment processes.



EIB mining seminar

The EIB held a seminar in October on the developmental, environmental and social impacts of three EIB-financed mining projects, bringing together industry experts from Lumwana (Zambia), Kenmare (Mozambique) and Ambatovy (Madagascar), as well as specialised NGOs (EITI, IUCN and the International Council on Mining and Metals (ICMM)), EU Member States and European Commission representatives. The speakers were encouraged to describe what is happening on the ground and show where the continuing challenges are. The mining projects led to a strong focus on employment, have put in place health programmes to benefit workers and their families, as well as impacted communities, and have used strong environmental protection standards.

Dialogue with European and peer institutions

The EIB seeks to further the Union's policy objectives by implementing guidelines defined and formulated by its shareholders, the Member States of the European Union, notably through the Bank's Board of Governors and in the framework of the Council of the European Union. In order to achieve these common objectives, a constant, open dialogue and intensive cooperation with the European Institutions that prepare, propose and decide on the Union's policies are of paramount importance. The Bank has been working as a strategic and active partner together with the European Institutions pursuing the Union's policy objectives, whilst also closely cooperating with other international and bilateral financial institutions.

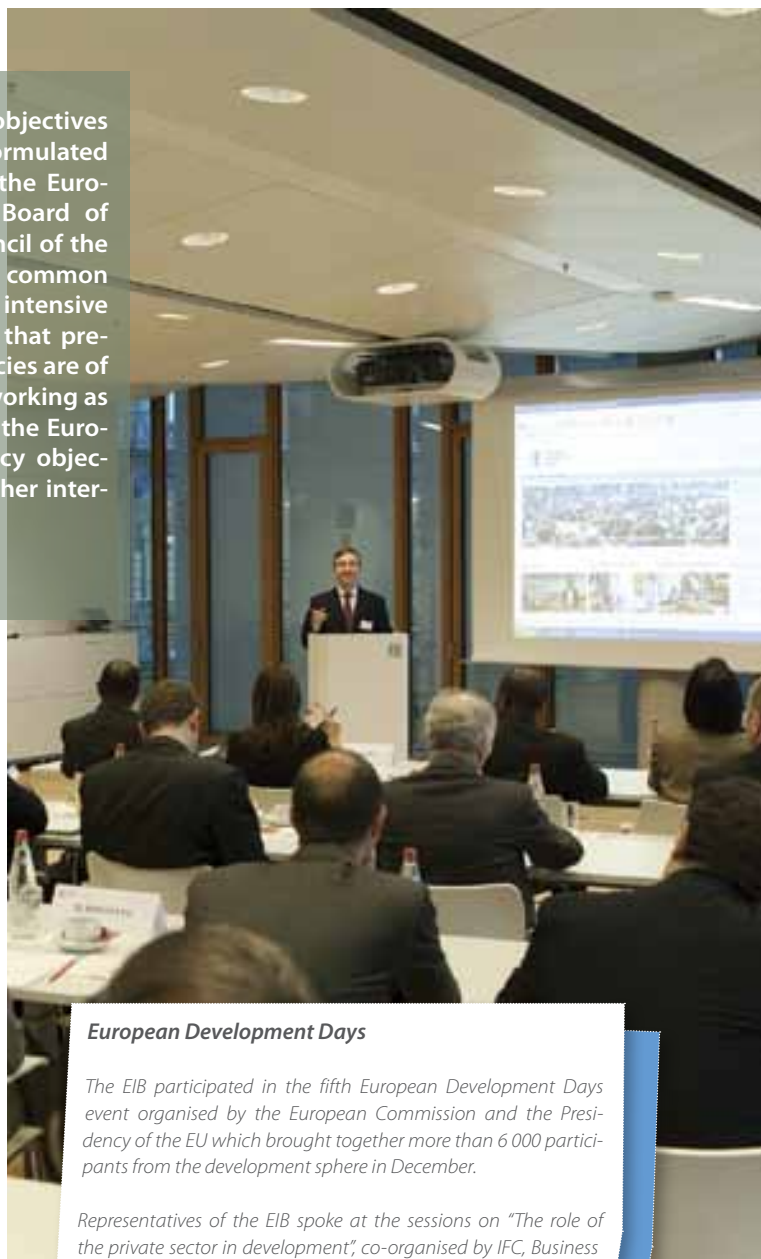
European Institutions

The dialogue with the European Commission has notably focused on the development of financial instruments and mechanisms to support the strategy's goal of smart, sustainable and inclusive growth.

EIB contacts with the European Parliament were stepped up in 2010 due, in particular, to the extension of powers of the Parliament following the implementation of the Lisbon Treaty.

President Maystadt participated actively in discussions with economy and finance ministers at the monthly meetings of the Economic and Financial Affairs (ECOFIN) Council and offered the EIB Group's perspective and contribution to important EU policy issues.

The EIB participated in the 2010 'Open Days', organised by the Committee of the Regions in coopera-



European Development Days

The EIB participated in the fifth European Development Days event organised by the European Commission and the Presidency of the EU which brought together more than 6 000 participants from the development sphere in December.

Representatives of the EIB spoke at the sessions on "The role of the private sector in development", co-organised by IFC, Business Europe, Swisscontact and the EIB, and on "EU development policy in the next financial framework" organised by the European Commission.

Green Week 2010

The EIB participated in the European Commission's Green Week 2010 conference which took place in June. Under the slogan "Biodiversity – Our Lifeline", the biggest annual conference dedicated to European Environmental Policy examined the state of biodiversity and nature in Europe and the world.

EIB speakers participated in the sessions "Pricing the earth: How business can protect and profit from biodiversity" and "Green Infrastructure" and focused in particular on the economic dimension of biodiversity as well as ecosystem services and Natura 2000.

tion with the European Commission's Directorate-General for Regional Policy.

A wide range of topics were discussed with the European Economic and Social Committee such as the role of the EIB during the financial crisis and in the framework of the Europe 2020 Strategy.

International and bilateral financial institutions

The Bank continued to pursue its close cooperation with other international financial institutions and European bilateral institutions, thus enhancing its catalytic role in support of EU policy objectives and standards, including within the Long-Term Investors Club and the Club of Institutions of the EU specialising in Long-Term Credit.

Meeting of Heads of Multilateral Development Banks (MDBs)

In April, the Bank hosted the Heads of MDBs meeting in Luxembourg, which discussed the coordination of these institutions' response to climate change, as well as ways to improve efficiency and mutual reliance when co-financing projects. The EIB continues to promote closer cooperation between financial institutions and has launched the pilot phase of a mutual reliance initiative with Agence Française de Développement and Kreditanstalt für Wiederaufbau whereby the three institutions seek to enhance their collective effectiveness. The pilot phase is ongoing until July 2011, with a view to implementing mutual reliance arrangements with a wider range of institutions.

In its mandates outside the EU and in the context of the African, Caribbean and Pacific (ACP) Cotonou agreement, the Bank's cooperation with other financial institutions supports the aid effectiveness principles which aim to deliver better service to beneficiaries with appropriate division of labour relying on the core competencies of each institution.

The Bank further cooperated with other IFIs on horizontal initiatives related to climate action and the creation of a common database on credit risk.

Checks and balances



The EIB publishes an annual statement on corporate governance which is available on its website.

Compliance and ethics

The Office of the Chief Compliance Officer (OCCO), has the remit "to identify, assess, advise on, monitor and report on the compliance risk of the EIB Group, i.e. the risk of legal or regulatory sanctions, financial loss, or loss to reputation that a member of the EIB Group may suffer as a result of its failure to comply with all applicable laws, regulations, staff codes of conduct and standards of good practice."

In 2010 no evidence was found of the EIB Group contravening any laws or regulations leading to fines for non-compliance with laws and regulations concerning the provision and use of products and services.

The EIB is at the forefront amongst IFIs in the fight against tax fraud, tax evasion, harmful tax practic-

es, money laundering and financing of terrorism. *In 2010, it updated its policy on offshore financial centres entitled 'Policy Towards Weakly Regulated, Non-transparent and Uncooperative Jurisdictions (NCJ)'* ✓ i.e. countries not aligned to international standards in connection with the activities targeted by the policy.

The NCJ Policy notably includes enhanced tax disclosure obligations for cross-border operations which pose tax concerns, even if none of the jurisdictions involved is classified as an NCJ.

The Office of the Chief Compliance Officer is also responsible for integrity checks and anti-money laundering and combating the financing of terrorism controls in respect of the Bank's counterparties and operations.

In 2010, OCCO conducted a review of similar processes in other IFIs and national development agencies.

EIF Compliance

EIF Compliance and Operational Risk is responsible for the assessment of compliance and operational risk and the respective coordination with competent EIB departments at the level of the EIB Group, in particular with the Inspector General as regards issues relating to investigations into fraud and illicit practices.

Independent evaluation

The Operations Evaluation (EV) division of the EIB assesses how the institution conducts its operations, given the framework of relevant EU policies and the decisions of the EIB Governors, and identifies aspects that could improve performance, accountability and transparency. EV carries out thematic, sectoral and regional/country evaluations of the Bank's activities as well as its related policies and strategies. Through its work, it encourages the organisation to improve future performance and

reinforces accountability by assessing past activities. Its mandate covers the EIB Group as a whole, i.e. the Bank and the EIF.

Recent evaluations

After a year in which EV worked exclusively on operations outside the EU, the focus in 2010 returned to activities within the EU.

Three evaluations carried out concerned:

- (a) dedicated global loans, which concentrated on the financing of smaller projects and enterprises through lines of credit within the EU where the majority of the final beneficiary projects are dedicated to specific EIB objectives other than, or in addition to, SME support;
- (b) EIB financing in the field of Information and Communication Technology (ICT); and
- (c) the Risk-Sharing Finance Facility (RSSF), which covered the period until 31.12.2009 and contributed to the work of the independent expert group in charge of the mid-term review of the RSSF.



Working with others

Since 1996, EV has been an active member of the Evaluation Cooperation Group which brings together the evaluation units of the main IFIs. The Evaluation Cooperation Group has elaborated good practice standards for different areas of evaluation work.

Furthermore, EV actively participated in the bi-annual European Evaluation Society conference held in Prague in October, maintained its participation in European Commission evaluations of the Bank's activities outside the EU and coordinated with the evaluation units of bilateral and multilateral partners.

Complaints Mechanism

The EIB Complaints Mechanism provides the public with a tool enabling the alternative and pre-emptive resolution of disputes between stakeholders and the EIB Group with a view to fostering the latter's accountability and transparency.

When exercising the right to lodge a complaint of maladministration against the EIB Group, any member of the public has access to a two-tier procedure: an internal one handled by the Complaints Mechanism Division and – if not satisfied with the outcome – an external one provided by the European Ombudsman. The possibility of resorting to a truly independent entity is unique amongst IFIs.

In 2010 the EIB Complaints Office received 61 complaints, of which 43 were declared admissible and 18 were declared inadmissible by the end of the year.

✓ The Complaints Mechanism Division monitors the implementation of the recommendations issued within the framework of the Complaints Mechanism principles, terms of reference and rules of procedure, so as to contribute to the internal learning process and the strengthening of the EIB's culture of service.

Anti-fraud and anti-corruption

The EIB Fraud Investigations Division (IG/IN) is responsible for receiving and reviewing all allegations from any source (both from within and outside the EIB Group) of suspected fraud, corruption, coercion, collusion, money laundering or the financing of terrorism relating to EIB Group activities and operations. It works closely with the other EIB departments concerned with fraud and corruption (in particular the Office of the Chief Compliance Officer and the Legal Department) and discusses internally the recommendations and "lessons learned" for improving the Bank's policies, rules and procedures. *The total number of "allegations" (including suspicions reported by EIB staff, reports from bidders or contractors on EIB-financed projects or reports in the media) concerning fraud and corruption recorded in 2010 was 80.* ✓

IG/IN provides EIB staff with a one-day fraud awareness training session, discussing the work of the Fraud Investigations Division and reminding staff of their duty to report suspicions. Furthermore, to raise awareness of fraud and corruption issues, the 2009 IG/IN Annual Report was published in the summer of 2010.

The Fraud Investigations Division also cooperates closely in the fight against fraud and corruption with the European Anti-Fraud Office (OLAF), the EU administrative investigative body (whose remit is the fight against fraud, corruption and other illegal activities detrimental to the European Union's financial interests). It also works in partnership with investigation, compliance and integrity units from other IFIs such as the World Bank, EBRD and Asian Development Bank, as well as law enforcement agencies, prosecutors and judges in various countries.

The Fraud Investigations Division will be reviewing and updating the EIB's Anti-Fraud Policy in 2011.

3 - Corporate Footprint





Organisation and staff

People 2013: the EIB's new Human Resources (HR) strategy

A new HR strategy entitled "People 2013" was developed in 2010. It focuses on the initiatives to be taken forward as a priority over the next three years by HR and is built on three main goals:

- High-performing motivated staff continuously developing their skills;
- Inspirational leadership and empowered management in the most apposite organisational set-up;
- An enabling, inclusive work environment allowing our people to perform at their best.

Open and transparent internal communication is the underlying enabler to achieve these three goals. HR also intends to develop and review the HR policies through a corporate responsibility lens (for example: diversity/non-discrimination, more equity for reward of performance, etc).

Diversity Strategy

The diversity strategy is critical to the Bank's success and builds on well-established principles of long-term talent management. Initially, a high priority is attached to attaining a gender and nation-

ality balance, and the inclusion of disabled people, whilst acknowledging that the concept of diversity embraces a wide range of individual and cultural characteristics.

As part of its strategy for an inclusive working environment, HR has reviewed flexible working arrangements over the past year, increasing the availability of flexible working hours, tele-working and part-time working.

At end-2010, the EIB Group had a total staff complement of 2 079. *Amongst management staff, 17.9% were women at the end of December 2010, a slight improvement from 17.2% in December 2009. ✓* The end-2012 target is 20%. *As far as executive staff are concerned, the share of women increased to 40.9% from 39.2% in December 2009. ✓* The target for the end of 2012 is 44%. *In order to reach these targets, EIB Directorates are being asked to achieve targets specific to their areas. ✓*

The composition of the Bank's staff complies with the objective laid down in the EIB's Statute that "in the selection of staff, account shall be taken not only of personal ability and qualifications but also of an equitable representation of nationals of Member States".

The turnover rate for the EIB Group in 2010 was 4.04%, of which 3.54% female and 4.55% male. ✓



Learning and development

Staff development is one of the main priorities of the “People 2013” strategy: staff need to be supported in the consistent development and upgrading of their skills to ensure the Bank keeps up with external developments and is ready to respond rapidly to new business initiatives. The average number of training days for staff was 4.6 days in 2010.

Internal mobility is a key element in bringing the organisation together and in better using and developing cross-functional skills, knowledge and approaches. The EIB supports increased internal mobility at all staff levels through the creation of on-the-job learning opportunities – “temporary assignments” – which give staff the opportunity to broaden their work experience and skills, in another role, for a defined period of time.

External secondments also provide an opportunity for staff to develop new skills and forge connections with partner organisations that can be beneficial to the EIB in the longer term.

An environmental and social training programme was carried out in 2010 to ensure greater mainstreaming of environmental and social issues in project financing. *482 staff members participated in this knowledge sharing programme* ✓ which included sessions on procedures and standards (the “EIB’s Social Sourcebook on EU Social Law” by Dr C. Wright of the University of Oslo) and awareness seminars (“The Valuation of Ecosystems Services” by Mr P. Sukhdev from the Economics of Ecosystems and Biodiversity, UNEP).



Health and safety

The new state-of-the-art medical premises were inaugurated at the end of 2010 and a new occupational health physician was recruited with a view to reinforcing the medical service and establishing policies to tackle absenteeism and prevent stress. Since the beginning of 2011, EIB staff have benefited from the assistance of counsellors specialised in work-related issues.

Additional crèche places were made available in 2010, which were sufficient to meet demand for this year. At end-2010, the total capacity amounted to 280 places of which 180 in private crèche facilities. A new call for tenders was launched to ensure the provision of additional places ✓ (around 100 places are expected to result from the call for tenders).

The rate of absenteeism in 2010 was 0.32% and the rate of sickness was 3.50%.



Managing the environmental footprint

Environmental Management System

In order to manage the environmental impacts of its internal operations, the Bank will implement an Environmental Management System (EMS), certified to the ISO 14001 international environmental standard.

The EMS will allow the Bank to assess its business strengths and weaknesses, help identify and manage significant environmental impacts, reduce op-



erating costs by increasing efficiency, ensure compliance with environmental legislation and provide benchmarks for continual improvement of its environmental performance.

Measurement of the internal footprint

Environmental indicators 2008-2010

	Tonnes of CO ₂ 2010	Tonnes of CO ₂ per staff member 2010	Tonnes of CO ₂ per staff member 2009	Tonnes of CO ₂ per staff member 2008
Energy emissions	831	0.42	0.50	0.68
Mobility emissions	18 025	8.67	8.13	10.3
Waste disposed of	-4.2	-0.002	0.0001	-0.0007
Copying paper consumption	146	0.1	0.06	0.13
TOTAL	18 997	9.1	8.7	11.11

	m ³ 2010	m ³ per staff member 2010	m ³ per staff member 2009	m ³ per staff member 2008
Total water consumption	61 478	29.57	40.89	37.34

	kWh 2010	kWh per staff member 2010	kWh per staff member 2009	kWh per staff member 2008
Total electricity consumption (with green certificates) ✓	18 174 398	8 742.9	9 878.6	10 679.5

Reducing the internal footprint

Since 2007 the EIB has been implementing measures aiming at reducing the CO₂e emissions resulting from its internal activities:

- improvement of the facilities available for staff cycling to work;
- signature of a partnership agreement with a car-sharing platform;
- signature of a partnership agreement with the Luxembourg bus company, which has provided a free bus pass for every member of staff;
- increasing staff awareness of waste sorting, which led to the EIB obtaining yearly certification from the Luxembourg authorities for its excellence in waste sorting;
- greater emphasis on environmental considerations when negotiating staff travel with airlines;
- programming of printers and photocopiers to print and photocopy on both sides by default and phasing out of personal printers;
- use of 100% recycled paper;
- installation of movement detectors for the lighting system in some parts of the Bank's buildings;
- increased use of videoconferencing to cut down on travel;
- installation of timer taps to reduce water consumption;
- use of at least 90% organic detergents and cleaning products;
- *catering contract: introduction of a number of environmentally friendly measures, e.g. use of Fair Trade coffee in all catering outlets, fish products MSC certified (Marine Stewardship Council) and recycling of organic waste via biomethanation.* ✓

Every year a number of staff awareness campaigns are organised to maintain momentum on the reduction of the internal footprint.

Community interaction

The EIB considers interacting with society at large as forming part of its responsibility. It has therefore been purchasing works of art from young European artists, interacting with European universities through its EIB Universities Research Action and distributing small grants to local charities for specific projects.

Furthermore, in the wake of major catastrophes the EIB can decide on an ad hoc basis to attribute grants for specific projects being carried out to help reconstruction in the countries concerned.

Haiti donations

In the aftermath of the Haiti earthquake in January 2010, the EIB decided to award a grant of EUR 600 000 for a project to help with the reconstruction process. The grant agreement was signed in December and it will contribute towards financing the construction of a modular surgical container hospital by Médecins sans Frontières in Tabarre, Port-au-Prince (Haiti).

The EIB's donation will be complemented by the donation made by EIB staff of EUR 24 542 earmarked for two specific project components: an anaesthesia ventilator and an operating table. Project implementation has already started and the project is expected to be completed in the second half of 2011.





Independent Limited Assurance Report to European Investment Bank



KPMG Audit S.à.r.l.
9, allée Scheffer, L-2520 Luxembourg
R.C.S. Luxembourg B 103.590
Capital 25,000 EUR

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 2010” for the year ended December 31, 2010 of EUROPEAN INVESTMENT BANK (“the Report”): indicators in the Report marked with a blue tick  and statements in the Report in italic and marked with a green tick  prepared in accordance with the internal reporting criteria applicable in 2010 at the Bank, as detailed on page 46 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 2010 at the Bank as detailed on page 46 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 Commission de Surveillance du Secteur Financier. 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 in the Report marked with a blue tick  and statements in the Report in italic and marked with a green 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;
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Bank;
- With regard to the financial data marked with a blue tick  or in italic and marked with a green tick  included in the Report, verifying that they were correctly derived from the Bank's 2010 audited financial statements, when applicable.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the indicators in the Report marked with a blue tick  and statements in the Report in italic and marked with a green tick  are not prepared, in all material respects, in accordance with the internal reporting criteria applicable in 2010 at the Bank, as detailed on page 46 of the Report.

Luxembourg, March 23, 2011

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

E. Dollé

GRI CONTENT INDEX: selection of GRI indicators used by the EIB

Disclosure on management approach

The EIB reports on its economic performance in accordance with internationally recognised accounting practices and standards. It also adheres to good governance practices as the Bank furthers European objectives. This report is also based on the guidelines 3 (G3) of the Global Reporting Initiative (GRI) and follows the related criteria, which the Bank also refers to as its internal reporting criteria: materiality, stakeholder inclusiveness, sustainability context, completeness, balance, comparability, accuracy, timeliness, clarity and reliability. GRI has verified that the requirements for a B+ application level have been met.

The EIB has a Facilities Management team tasked with measuring and reducing the resources consumed by the Bank's staff members. Our report offers details of the Bank's direct footprint and its internal environmental management system. The Bank's Internal Environmental Management Working Group is responsible for seeking solutions in order to curtail the Bank's use of valuable resources.

The EIB's "Environmental and Social Practices Handbook" describes the internal processes and practices applied by the Bank, particularly the work carried out by its Projects Directorate (PJ). It ensures that all financing activities are consistent with its environmental policy. In turn, the Bank's environmental policy is in line with existing EU environmental legislation. Outside the EU-27 and the Candidate and Potential Candidate Countries, the environmental standards of the Bank are also subject to local conditions.

The EIB supports the pursuit of sustainable development through its lending activities, by financing environmental projects, safeguarding the environment and trying to improve the environmental and social outcomes of all projects, where possible.

The Human Resources team ensures that staff members are aware of the conditions of employment and their rights and duties under the Bank's employment policy. In 2010, the HR Department formulated a new HR strategy.

Within the Bank, a Dignity at Work policy is in place aimed at preventing incidents of bullying and harassment in the EIB work environment. A Diversity policy is also in place in order to prevent discrimination in the workplace.

In terms of the projects that the EIB finances, it seeks to ensure that social safeguards are in place to prevent human rights abuses. Projects to be financed within the EU will, in any case, comply with EU law, policy, principles, standards and practices. All projects outside the EU are assessed against the social safeguards of the Bank, which are defined in a number of guidelines covering the following topics: population movement (including involuntary resettlement), core labour standards of the International Labour Organisation (ILO), treatment of potentially disadvantaged minorities, including indigenous peoples and gender issues, occupational and community health and safety and consultation and public participation.

The Office of the Chief Compliance Officer (OCCO) identifies and addresses ex ante risks associated with non-compliance with laws, rules, regulations and policies applicable to the EIB. OCCO is responsible for integrity checks and anti-money laundering and combating the financing of terrorism controls in respect of the Bank's counterparties and operations.



GRI Ref number	GRI Indicator	Source	Pages
1. Strategy and Analysis			
1.1	President's Statement	CRR 2010	4
1.2	Key impacts, risks and opportunities	Operational Strategy 2011-2013	http://www.eib.org/attachments/strategies/cop_2010_en.pdf
Profile			
2. Organisational Profile			
2.1	Name of the organisation	CRR 2010	Cover page, back page
2.2	Primary brands, products and services	Website	http://www.eib.org/products/index.htm
2.3	Operational structure	Website	http://www.eib.org/about/group/index.htm http://www.eib.org/about/structure/index.htm
2.4	Location of organisation's headquarters	CRR 2010	Back page
2.5	Countries of operation	Website Annual Report 2010 – Volume III, Statistical Report	http://www.eib.org/projects/regions/index.htm 3, 5
2.6	Nature of ownership and legal form	Website	http://www.eib.org/about/index.htm http://www.eib.org/about/group/index.htm
2.7	Markets served	Annual Report 2010 – Volume III, Statistical Report	5
2.8	Scale of the reporting organisation	Annual Report 2010 – Volume I, Activity Report	3, 35
2.9	Significant changes during the reporting period	CRR 2010	9
3. Report Parameters			
Report Profile			
3.1	Reporting period for information provided	CRR 2010	Cover page
3.2	Date of most recent previous report	CRR 2010	9
3.3	Reporting cycle (annual, biennial, etc.)	CRR 2010	9
3.4	Contact point for questions regarding the report or its contents	CRR 2010	Back page
Report Scope and Boundary			
3.5	Process for defining report content	CRR 2010	46
3.6	Boundary of the report (countries, divisions, etc.)	CRR 2010	7
3.7	Limitations on the report's scope or boundaries	CRR 2010	9
3.8	Reporting on other entities	Website	http://www.eib.org/about/group/index.htm
3.9	Data measurement techniques	CRR 2010	46
3.10	Explanation of information previously provided in earlier reports	CRR 2010	46
3.11	Significant changes from previous reporting	CRR 2010	46
GRI Content Index			
3.12	Location of the GRI Content Index	CRR 2010	47
Assurance			
3.13	External assurance	CRR 2010	44
4. Governance, Commitments, and Engagements			
Governance			
4.1	Governance structure	Website	http://www.eib.org/about/structure/governance/index.htm
4.2	Independence of Chair	Website EIB Statute	http://www.eib.org/about/structure/governance/board_of_directors/index.htm http://www.eib.org/attachments/general/statute/eib_statute_2009_en.pdf
4.3	Independence of board members	Website	http://www.eib.org/about/structure/governance/board_of_directors/index.htm
4.4	Shareholder and employee representation	CR Report 2005 EIB Statute	95-97 http://www.eib.org/attachments/general/statute/eib_statute_2009_en.pdf
4.5	Executive compensation	Website	http://www.eib.org/about/structure/governance/board_of_directors/index.htm http://www.eib.org/about/structure/governance/management_committee/index.htm http://www.eib.org/about/structure/governance/nominations-and-remunerations.htm http://www.eib.org/about/news/remuneration-and-terms-of-employment-of-eib-staff.htm
4.6	Conflicts of interest	Board of Directors Code of Conduct	http://www.eib.org/attachments/thematic/conductCA_en.pdf http://www.eib.org/about/news/meetings-of-the-board-of-directors-in-2010.htm
4.7	Process for determining the qualifications and expertise	Website EIB Statute	http://www.eib.org/about/structure/governance/board_of_directors/index.htm http://www.eib.org/attachments/general/statute/eib_statute_2009_en.pdf
4.8	Mission statements and Code of Conduct	Website CRR 2010	http://www.eib.org/about/mission/index.htm http://www.eib.org/about/cr/governance/codes-of-conduct.htm?lang=en 7, 25

GRI Ref number	GRI Indicator	Source	Pages
4.9	Governance procedures on Corporate Responsibility	Website CRR 2010	http://www.eib.org/projects/topics/environment/organisation/index.htm 9, 46
Commitment to External Initiatives			
4.11	Precautionary approach principle	The EIB Statement of Environmental and Social Principles and Standards 2009	http://www.eib.org/attachments/strategies/eib_statement_esps_en.pdf
4.12	Externally developed charters and principles	Website CRR 2010	http://www.eib.org/infocentre/epe/index.htm http://www.eib.org/attachments/strategies/sourcebook-on-eu-environmental-law.pdf http://www.eib.org/attachments/strategies/eib_statement_esps_en.pdf 22
4.13	Memberships	CRR 2010	36
Stakeholder Engagement			
4.14	List of stakeholder groups	CRR 2006	37
4.15	Stakeholder identification	CRR 2006	37
4.16	Approaches to stakeholder engagement		http://www.eib.org/about/partners/cso/index.htm
4.17	Topics and concerns raised by stakeholders		http://www.eib.org/about/news/public-consultation-on-eibs-eib-statement-of-environmental-and-social-principles-and-standards.htm?lang=en
Economic Performance Indicators			
	Disclosure on management approach	Operational Strategy 2011-2013	http://www.eib.org/attachments/strategies/cop_2010_en.pdf
Economic Performance			
EC1	Direct economic value generated and distributed	Annual Report 2010 – Volume II, Financial Report	2, 6-7, 16-17
EC2	Implications due to climate change	CRR 2010	11
EC3	Organisation's coverage of defined benefit plan obligations	Website	http://www.eib.org/attachments/general/eib_pension_scheme_regulations_2009_en.pdf
Indirect Economic Impacts			
EC8	Impact of infrastructure investments	Annual Report 2010 – Volume III, Statistical Report	50
EC9	Indirect economic impacts	Annual Report 2010 – Volume III, Statistical Report	66
Environmental Performance Indicators			
	Disclosure on management approach	CRR 2010	46
Materials			
EN1	Materials used by weight or volume	CRR 2010	42
EN2	Recycled materials used	CRR 2010	42
Energy			
EN3	Indirect energy consumption by primary energy source	CRR 2010	42
EN6	Initiatives to use renewable energy	CRR 2010	42
EN7	Initiatives to reduce indirect energy consumption	CRR 2010	42
Water			
EN8	Total water withdrawal by source	CRR 2010	42
Biodiversity			
EN11	Land owned in or near areas of high biodiversity value	CRR 2006	98
EN12	Impacts of the reporting organisation on biodiversity	CRR 2006	98
Emissions, Effluents, and Waste			
EN16	Greenhouse gas emissions by weight	CRR 2010	42
EN17	Other relevant indirect greenhouse gas emissions	CRR 2010	42
EN18	Initiatives to reduce greenhouse gas emissions	CRR 2010	42
EN19	Emissions of ozone-depleting substances by weight	CRR 2010	42
EN22	Total weight of waste by type and disposal method	CRR 2010	42
Products and Services			
EN26	Initiatives to mitigate environmental impacts	CRR 2010	42
Compliance			
EN28	Fines for environmental non-compliance	CRR 2010	42
Transport			
EN29	Environmental impacts of transporting products	CRR 2010	42
Overall			
EN30	Total environmental protection expenditures and investments	CRR 2010	20



GRI Ref number	GRI Indicator	Source	Pages
Environmental performance - indicators specific to the banking sector			
	Disclosure on management approach	The EIB Statement of Environmental and Social Principles and Standards 2009	http://www.eib.org/attachments/strategies/eib_statement_esps_en.pdf
FS1	Environmental and social policies	The EIB Statement of Environmental and Social Principles and Standards 2009	http://www.eib.org/attachments/strategies/eib_statement_esps_en.pdf
FS2	Environmental and social screening procedures	Website Environmental and Social Practices Handbook	http://www.eib.org/attachments/access_to_information.pdf http://www.eib.org/attachments/environmental_and_social_practices_handbook.pdf
FS3	Processes for environmental and social monitoring	Environmental and Social Practices Handbook	http://www.eib.org/attachments/environmental_and_social_practices_handbook.pdf
FS4	Environmental and social training for staff	Environmental and Social Practices Handbook CRR 2010	http://www.eib.org/attachments/environmental_and_social_practices_handbook.pdf 40
FS6	Percentage of the portfolio for business lines	Annual Report 2010 – Volume III, Statistical Report	48, 49
FS8	Products with specific environmental benefit	CRR 2010	19, 20
FS9	Environmental and social audits undertaken	CRR 2010	9
F11	Environmental and social screening in asset management	CRR 2010	17, 18
Labour Practices and Decent Work			
	Disclosure on management approach	CR Developments 2007 CR Developments 2009	66 98
Employment			
LA1	Total workforce by employment type, employment contract, and region	CR Developments 2008	91-95
LA2	Total number and rate of employee turnover by age group, gender, and region	CR Developments 2007	91-95
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	EIB Staff Regulations	http://www.eib.org/attachments/general/eib_staff_regulations_en.pdf
Labour/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements	EIB Staff Regulations	http://www.eib.org/attachments/general/eib_staff_regulations_en.pdf
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	EIB Staff Regulations	http://www.eib.org/attachments/general/eib_staff_regulations_en.pdf
Occupational Health and Safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	CR Report 2006	105
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	CR Developments 2009	92
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	CR Developments 2009	91-95
LA9	Health and safety topics covered in formal agreements with trade unions	CR Report 2005 CR Report 2006	90, 91 104, 105
Training and Education			
LA10	Average hours of training per year per employee by employee category	CR Developments 2009	93-94
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	CR Report 2005 CR Report 2006	94 111
LA12	Percentage of employees receiving regular performance and career development reviews	EIB Staff Regulations	http://www.eib.org/attachments/general/eib_staff_regulations_en.pdf
Diversity and Opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Website CR Developments 2009	http://www.eib.org/about/structure/governance/index.htm 91
LA14	Ratio of basic salary of men to women by employee category	EIB Staff Regulations	http://www.eib.org/about/publications/salary-scale.htm?lang=en
Human Rights			
	Disclosure on management approach	CR Developments 2008 CR Report 2006	82 103

GRI Ref number	GRI Indicator	Source	Pages
Investment and Procurement Practices			
HR2	Percentage of significant supplies and contractors that have undergone screening on human rights and actions taken	CR Report 2006	103
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	CR Developments 2009	93-94
Society			
	Disclosure on management approach	CR Developments 2009	44-45, 98
Community			
SO1	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	The EIB Statement of Environmental and Social Principles and Standards 2009 Environmental and Social Practices Handbook	http://www.eib.org/attachments/strategies/eib_statement_esps_en.pdf http://www.eib.org/attachments/environmental_and_social_practices_handbook.pdf
Corruption			
SO4	Actions taken in response to incidents of corruption	CR Developments 2009	26
Product Responsibility			
	Disclosure on management approach	CR Report 2005	20-21
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	CR Developments 2008	32
Corporate Social Responsibility (CSR) Management – indicators specific to financial services sector			
	Disclosure on management approach	CSR Statement CR Developments 2009	http://www.eib.org/attachments/strategies/statemet_csr_en.pdf 11-12
Management system			
CSR 1	CSR Policy	CSR Statement	http://www.eib.org/attachments/strategies/statemet_csr_en.pdf
CSR 2	CSR Organisation	CR Report 2005 CR Report 2007	28, 29 36, 37
CSR 3	CSR Audits	CR Report 2006 CR Developments 2007 CR Developments 2009	11, 36, 111 62 12-13
Sensitive Issues			
CSR 4	Management of Sensitive Issues	CR Developments 2009	18, 31-32
Participation			
CSR 6	Stakeholder Dialogue	CR Developments 2009	39-40
Internal Social Performance			
	Disclosure on management approach	CSR Statement CR Developments 2009	http://www.eib.org/attachments/strategies/statemet_csr_en.pdf 91, 93
Policy			
INT 1	Internal CSR Policy	CR Developments 2009	11-12
Compensation			
INT 4	Senior Management Remuneration	Website	http://www.eib.org/about/news/remuneration-and-terms-of-employment-of-eib-staff.htm
INT 5	Bonuses Fostering Sustainable Success	Website	http://www.eib.org/about/news/remuneration-and-terms-of-employment-of-eib-staff.htm
Equal Opportunity			
INT 6	Female-Male Salary Ratio	EIB Staff Regulations, salary scale	http://www.eib.org/attachments/general/salary_scale_en.pdf
Performance to society			
	Disclosure on management approach	CR Developments 2009	17-19
Contributions			
SOC 1	Charitable Contributions	CR Report 2006 CR Developments 2007 CR Developments 2009	36 62 81
Economic Value Creation			
SOC 2	Economic Value Added	CR Developments 2009	48-49



Glossary



CAB	Climate Awareness Bond
CCS	Carbon Capture and Storage
CDC	Caisse des Dépôts
CDP	Cassa Depositi e Prestiti
CDTI	Centro para el Desarrollo Tecnológico Industrial
CIP	Competitiveness and Innovation Programme
CO ₂ e	Carbon dioxide equivalent
CSOs	Civil Society Organisations
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECOFIN	Economic and Financial Affairs Council
ECTF	European Clean Transport Facility
EF	Energy Efficiency
EEFF	Energy Efficiency Financing Facility
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIF	European Investment Fund
EITI	Extractive Industry Transparency Initiative
ELENA	European Local Energy Assistance
EMS	Environmental Management System
EPF	European Financing Partners
EPMF	European Progress Microfinance Facility for Employment and Social Inclusion
EPTATF	Eastern Partnership Technical Assistance Trust Fund
ESF	Facility for Energy Sustainability and Security of Supply
ETS	Emissions Trading Scheme
EU	European Union
EUR	Euros
EV	Operations Evaluation Unit
GEEREF	Global Energy Efficiency and Renewable Energy Fund
GHG	Greenhouse gas
GRI	Global Reporting Initiative
HR	Human Resources Department
ICCM	International Council on Mining and Metals
ICT	Information and Communication Technologies
IFC	International Finance Corporation
IFIs	International Financial Institutions
IUCN	International Union for the Conservation of Nature and Natural Resources / The World Conservation Union
JEREMIE	Joint European Resources for Micro to Medium Enterprises
KfW	Kreditanstalt für Wiederaufbau
kWh	Kilowatt/hour
MDBs	Multilateral Development Banks
MSC	Marine Stewardship Council
MW	Megawatt
NCJ	Non-Compliant Jurisdictions
NGOs	Non-Governmental Organisations
OCCO	Office of the Chief Compliance Officer
OECD	Organisation for Economic Co-operation and Development
OLAF	European Anti-Fraud Office
OPEC	Organisation of the Petroleum Exporting Countries
PMF	Progress Microfinance Fund
RAP	Resettlement action plan
RCM	Risk Capital Mandate
RDI	Research, Development and Innovation
RE	Renewable Energy
REGMIFA	Regional Micro and SME Fund for sub-Saharan Africa
RSFF	Risk-Sharing Finance Facility
RSPB	Royal Society for the Protection of Birds
SMEs	Small and medium-sized enterprises
TA	Technical Assistance
TT	Technology Transfer
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
USD	United States Dollar
WB	World Bank



European Investment Bank

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Layout: EIB GraphicTeam.
Printed by Imprimerie Jouve on MagnoSatin paper using vegetable oil-based inks. Certified in accordance with Forest Stewardship Council (FSC) rules, the paper consists of 100% virgin fibre (of which at least 50% from well-managed forests).

Annual Report 2010



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