

SUSTAINABILITY REPORT 2018

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European Investment Bank Group Sustainability Report 2018

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This report has been written with the active assistance of many individuals in operative and internal divisions of the EIB and EIF. Our cordial thanks go to all of them for their support.

We would also like to acknowledge the following people from outside the EIB Group and thank them for their contributions to this report:

- Nikos Kontos, CEO, Raymetrics (Greece)
- Fabrice Autric, co-founder and CEO, La Fabrique (France)
- Armine Hayrapetyan, kindergarten director, Yerevan (Armenia)
- Joan Perelló, CEO, Sanifit (Spain)

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

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print: QH-AT-19-001-EN-C ISBN 978-92-861-4258-1 ISSN 2362-9738 doi:10.2867/745069
pdf: QH-AT-19-001-EN-N ISBN 978-92-861-4256-7 ISSN 2362-9746 doi:10.2867/262745
eBook: QH-AT-19-001-EN-E ISBN 978-92-861-4259-8 ISSN 2362-9746 doi:10.2867/576427
html: QH-AT-19-001-EN-Q ISBN 978-92-861-4257-4 ISSN 2362-9746 doi:10.2867/21673

The EIB Group Sustainability Report 2018 provides an overview of the European Investment Group's operations and impact as they relate to our objective of supporting smart, sustainable and inclusive growth in a challenging European and global context.

The report was prepared in accordance with the Global Reporting Initiative (GRI) Standards 'comprehensive' option and should be read in conjunction with the 'Sustainability Reporting Disclosures 2018', a separate document available on the **EIB website**. The disclosures address relevant topics in a standardised form easily comparable for professional users of sustainability reports such as financial and ESG (Environmental, Social and Governance) analysts, civil society organisations, and members of the academic community.

The relevance of the topics comes from a materiality assessment conducted in 2018 in cooperation with external and internal stakeholders, who identified the EIB Group's material sustainability topics.

The EIB Group commissioned its external auditors, KPMG, to provide a limited assurance report on selected statements and figures in the Sustainability Report. These are marked with and highlighted in italics.

We trust you will find the information in this report interesting and informative. We welcome any comments or questions you may have and invite you to address them to csr@eib.org.



CONTENTS

6	FOREWORD
7	THE EIB GROUP
8	2018 IN FIGURES
10	MATERIALITY ASSESSMENT
12	SUSTAINABLE FINANCE
13	STANDARDS AND DUE DILIGENCE FOR SUSTAINABLE FINANCE
16	SUSTAINABLE BORROWING: RAISING CAPITAL WITH A PURPOSE
18	SUSTAINABLE LENDING
26	CARBON FOOTPRINT OF EIB FINANCING
28	ADVISORY AND TECHNICAL ASSISTANCE
30	2018 HIGHLIGHTS
30	EFSI: TARGET MET
32	SUSTAINABLE OCEANS: HELP FOR A SENSITIVE ECOSYSTEM
33	ROAD TO SAFETY: HOW GOOD INFRASTRUCTURE CAN HELP SAVE LIVES
34	WORKING TOGETHER FOR SUSTAINABLE FINANCE
36	A RESPONSIBLE INSTITUTION
36	COMMUNITY ENGAGEMENT
38	EMPLOYER OF CHOICE
40	TRANSPARENCY AND ACCOUNTABILITY
42	COMPLIANCE AND INTEGRITY
43	STAKEHOLDER ENGAGEMENT
44	COMPLAINTS MECHANISM
45	PRACTICING WHAT WE PREACH
46	INDEPENDENT ASSURANCE REPORT

FOREWORD



Werner Hoyer
EIB President



Pier Luigi Gilibert
EIF Chief Executive

Sustainable finance is in the DNA of the European Investment Bank Group and underpins our activities. Quoting the Treaty on European Union: “The Union's aim is to promote peace, its values and the well-being of its peoples (...) It shall work for the sustainable development of Europe based on balanced economic growth.” Our task is to translate the Treaty into practice by contributing to the balanced and steady development of the EU.

In 2018, the Bank celebrated 60 years dedicated to supporting this objective in Europe and beyond. Together with the European Investment Fund, we have financed thousands of companies and projects to promote innovation and social cohesion, to protect the environment and support vital infrastructure. In 2018 alone, we provided €64.2 billion in financing, triggering around €230 billion of total investment.

We also want to use the power of bond issuance to focus on sustainable finance. In 2018, the Bank launched its first Sustainability Awareness Bond, whose proceeds will initially focus on investments in water supply, sanitation and flood protection and later on expand into social sectors, such as healthcare or education.

Another of the achievements in 2018 is the success of the European Fund for Strategic Investments (EFSI).

Having surpassed its initial objective of mobilising €315 billion of investments by mid-2018 based on an initial guarantee of €21 billion by the European Commission and the Bank, EFSI's new target was set at €500 billion by 2020. ‘EFSI 2.0’ will continue to have a major focus on sustainable projects, with at least 40% of its financing for infrastructure and innovation supporting investments dedicated to climate action. EFSI demonstrates both the appeal of sustainable finance and the importance of crowding in resources from the private sector.

While we have reasons to be proud of past achievements, it is equally important to remain aware of and prepare ourselves for the challenges and opportunities ahead. Climate action remains one of our biggest commitments both inside and outside the EU. Scientific evidence shows the urgent need to reduce greenhouse gas emissions across the globe. We have the resources, the mandate and the will to continue on our journey to finance a low-carbon, resilient economy.

This report will shed light on our strategic approach to sustainable finance, demonstrating our commitment to help Europe transition towards a socially and environmentally sound economy. Our ambition is to have a long-lasting impact and to be recognised as a market leader in sustainable finance.

THE EIB GROUP

The EIB Group is the European Union's long-term financing institution. It provides finance and technical assistance to achieve sustainable, inclusive growth through two complementary entities, the European Investment Bank (EIB or 'Bank') and the European Investment Fund (EIF).

The **European Investment Bank** the 'EU Bank' is owned by the EU Member States. We are the world's largest multilateral borrower and lender. The finance and assistance we provide contributes to the achievement of EU policy goals. We also operate globally as a multilateral development bank.

The **European Investment Fund** specialises in risk finance to benefit micro, small and medium-sized enterprises (SMEs) and stimulates growth and innovation across Europe. It provides financing and expertise for sound, sustainable investment and guarantee operations. EIF shareholders include the EIB, the European Commission, and a wide range of public and private banks and financial institutions. *By developing and offering targeted products to its financial intermediaries, such as banks, guarantee and leasing institutions, micro-credit providers and private equity funds, the EIF enhances access to finance for SMEs.* ✓



EIB/EKI building. Author: Paolo Gambino, EIB employee



Longsheng Rice Terraces, Guangxi province, China. Author: Marcus Schluochter, EIB employee

2018 IN FIGURES

TOTAL FINANCING

EIB
€55.6 billion

EIF
€10.1 billion



TOGETHER €64.2 billion¹

Supporting **€230 billion** of total investment

¹ The EIB Group total financing figure excludes a small overlap due to joint engagements of the EIB and the EIF.

SUSTAINABLE INVESTMENT HIGHLIGHTS



€13.8 BILLION FOR INNOVATION AND SKILLS

29 million very high-speed digital connections, new and upgraded



€12.3 BILLION FOR INFRASTRUCTURE

26,000 km of power lines constructed/upgraded



€23.3 BILLION FOR MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES

374,000 SMEs/mid-caps supported



€15.2 BILLION FOR ENVIRONMENT

1.45 million hectares of agricultural or forestry land with improved management



MATERIALITY ASSESSMENT

In 2018, the EIB Group conducted a comprehensive update of its materiality assessment in accordance with the principles developed by the Global Reporting Initiative (GRI). The objective was to determine the topics that are material to the EIB Group from the perspective of corporate responsibility and sustainability reporting, matching the expectations of our stakeholders and assessing the EIB Group's impact exerts in the economic, environmental and social dimensions of sustainability.

A PARTICIPATIVE APPROACH TO MATERIALITY

Last performed in 2013/2014, the 2018 materiality assessment puts a stronger emphasis on stakeholder inclusiveness, involving both internal and external stakeholders, and our impact on society at large. The assessment is guided by the Sustainability Reporting Standards of the GRI, according to which materiality “reflects the organisation’s significant economic, environmental and social impacts or substantively influences the assessments and decisions of stakeholders”.

When identifying the topics, we also took relevant sustainability frameworks into account, such as the GRI and Sustainability Accounting Standards Board (SASB) standards, ISO 26000, selected rating agency criteria and topic-specific frameworks such as the Carbon Disclosure Project (CDP) and the Task Force on Climate-related Financial Disclosures (TCFD).

To identify the material topics, the impact of the EIB Group on society at large was matched with the responses gathered from our stakeholders.

The participatory process involved both internal and external stakeholders. External stakeholders were queried through an online survey and selected interviews. In the process, we reached out to more than 750 contacts across a variety of stakeholder groups: investors, civil society organisations, project promoters, multilateral development banks, European institutions, clients, rating agencies, financial analysts, etc.

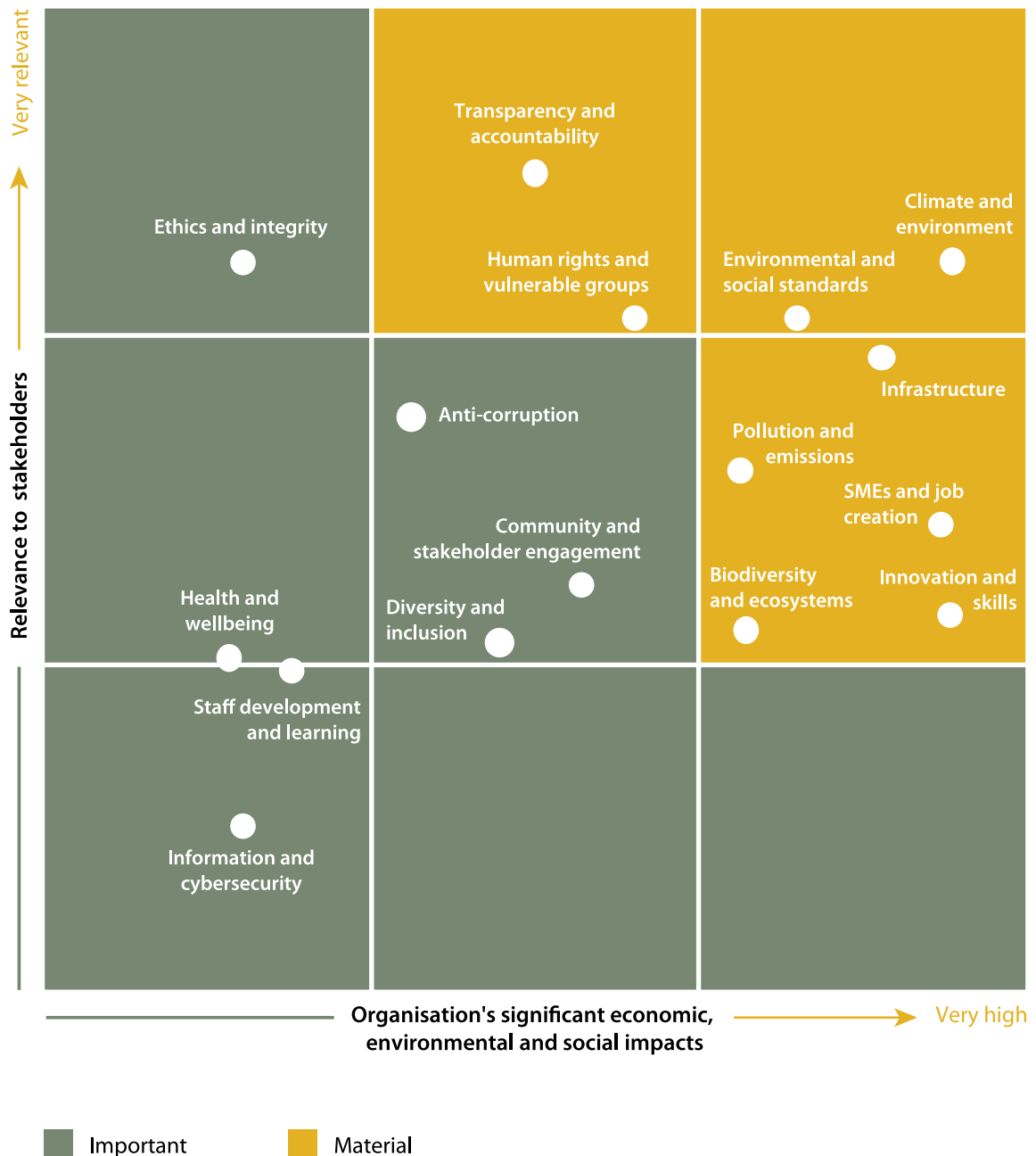
The impact of the EIB Group was calculated on the EU Member States (where the majority of the Group’s activities take place).



Lavender garden in Provence, France. Author: Alexandrina Boyanova, EIB employee

PRIORITISATION IN MATERIALITY MATRIX

Sixteen topics were examined, of which nine are deemed material. The resulting materiality matrix below depicts both the perspective of stakeholders and the EIB Group's impact. Material topics are shaded in yellow.



SUSTAINABLE FINANCE

Sustainability in everything we do – this is our aim when we finance projects in innovation and skills, infrastructure, small and medium-sized enterprises, the environment, climate action and regional cohesion. We carry out due diligence to ensure that projects meet environmental and social criteria, and that they deliver the desired long-term economic benefits. The funds raised in the capital markets through green and sustainable bonds are used for specific projects that make a substantial contribution to sustainable development.

Route through Pfälzerwald, Germany. Author: Akos Weiszhaar, EIB employee



STANDARDS AND DUE DILIGENCE FOR SUSTAINABLE FINANCE

The ultimate goal of projects and investments financed by the EIB Group is to improve people's lives by promoting sustainable and inclusive growth within the European Union and around the world. Ensuring that sustainability is embedded in all our work means three things:

- certain activities are completely excluded from EIB Group financing;
- projects and investments are subject to our environmental and social principles and our standards; and
- we measure external costs and financial impact as far as possible to determine whether society at large gains from the investment.

“Sustainable finance is the provision of finance to investments taking into account environmental, social and governance considerations.”

(see [EU sustainable finance website](#))

Activities excluded from EIB Group financing

Projects and investments within the European Union must follow EU policy objectives for supporting smart, sustainable and inclusive growth, as well as relevant EU initiatives and guidelines such as the 2030 climate and energy targets. We support sectors that make a significant contribution to growth, employment, regional cohesion and environmental sustainability in Europe and beyond (see overview of [eligible sectors](#)).

A number of activities are excluded from EIB lending because they are incompatible with our sustainability objectives.

These include the following:

- Ammunition and weapons, military/police equipment or infrastructure
- Projects that result in limiting people's individual rights and freedom, or violating human rights
- Projects that harm the environment or society at large
- Ethically or morally controversial projects
- Activities prohibited by national legislation
- Projects with a political or religious content

Like the Bank, the EIF applies restrictions to its operations for certain activities ([“EIF Restricted Sectors”](#)). Those restrictions generally apply to activities that are considered not to be compatible with the ethical or social standards of the EIF's public mission and/or do not comply with European Union and/or EIB Group policies.



Environmental and social standards

In addition to the eligibility criteria, projects financed by the EIB also have to comply with the EIB's Environmental and Social Principles and Standards to incorporate environmental and social sustainability considerations into our investments. The EIB can only support projects that (a) are eligible, (b) fulfil financial criteria, and (c) meet the [EIB Statement of Environmental and Social Principles and Standards](#).

In accordance with the EIB Statement of Environmental and Social Principles and Standards, every beneficiary of EIB financing must meet the requirements for environmental and social aspects within their projects.

These are implemented based on the Bank's [Environmental and Social Standards](#). They are grouped across ten themes which comprise the standards that investments financed by the EIB must meet:

1. *Assessment and management of environmental and social impact and risks*
2. *Pollution prevention and abatement*
3. *Biodiversity and ecosystems*
4. *Climate-related standards*
5. *Cultural heritage*
6. *Involuntary resettlement*
7. *Rights and interests of vulnerable groups*
8. *Labour standards*
9. *Occupational and public health, safety and security*
10. *Stakeholder engagement*

Click [here](#) for a brief overview of our **Environmental and Social Standards** (pdf, 4 pages)

In the case of intermediated finance, the aim of the principles and standards is to enable promoters to identify and manage the risks and potential impact associated with the projects and to weigh those risks and impact when making decisions about projects.

For our intermediaries to familiarise themselves with the EIB's ten Environmental and Social Standards, we developed an [e-learning course](#). The tool also matches the



needs of anyone interested in integrating environmental and social dimensions into projects to ensure their sustainability. It is available free of charge.

Together with the Environmental and Social Standards, project promoters must also take into account the [EIB Group Gender Strategy](#), which aims to embed gender equality and women's economic empowerment in the Group's activities inside and outside the European Union.

The EIF uses monitoring and an independent risk management function to ensure sustainable and compliant business operations. Its [Environmental, Social and Governance Principles](#) underline the EIF's commitment to responsible and sustainable practices.



Goliath Heron in Okavango Delta, Botswana. Author: Pamela Grondin, EIB employee

Internalisation of externalities: the economic appraisal

In the economic appraisal of investment projects, the EIB assesses the costs and benefits to society as a whole. This takes into account resources used by the project (human, technological or natural), in some cases using shadow prices, including for Greenhouse Gas (GHG) emissions, and gauges the value generated by the project to determine whether there are overall gains for society.

An economic appraisal, which is different from a financial appraisal, is often needed because markets are not always sufficiently competitive, prices are often distorted, and property rights are at times not well defined, leaving externalities such as CO₂ emissions without an (appropriate) price assigned to them. A project's financial return may therefore not be an adequate indicator to demonstrate the impact on society.

The Bank uses established techniques to appraise a project's economic value, such as cost-benefit analysis, cost-effectiveness analysis and multi-criteria analysis. Cost-benefit analysis is the preferred method wherever sufficient data is available. This is generally the case in sectors such as agro-industry, energy, manufacturing, telecommunications, tourism, transport and water/wastewater. In other areas, the benefit of a project may not be easily measured monetarily, for instance in education, health, or urban and regional development.

By including environmental costs and benefits, we take into account the impact on society as a whole. The aim of an economic appraisal is to ensure that any financial support is money well invested.

SUSTAINABLE BORROWING: RAISING CAPITAL WITH A PURPOSE

The EIB's lending activities are mainly funded through bond issuance in the international capital markets. The debt issued by the EIB is purchased by international institutional and retail investors. As a long-term financing institution, sustainability plays a major role in our fundraising activities.

The proceeds of bonds issued by the EIB contribute to a number of objectives both in the EU and outside, including cohesion and growth. The growth has to be smart (based on knowledge and innovation), sustainable (resource-efficient, environmentally benign and climate friendly, globally competitive) and inclusive (fostering employment and social cohesion). The funds raised by the EIB from public and private sources are deployed for sustainable development within and outside Europe.

The EIB is a global pioneer in issuing bonds with the specific purpose of promoting sustainable development. In 2007, the EIB was first to issue green bonds, labelled Climate Awareness Bonds ('CAB') by the Bank. CAB issues are 'use of proceeds' bonds. This means that the documentation of the bonds specifies that the money raised can only be invested in certain projects deemed eligible. For CABs, proceeds are only eligible for allocation to energy efficiency and renewable energy projects. Since 2007, the EIB has executed more than 90 green bond transactions, supplying more than €23.5 billion across 11 currencies, with maturities of two to 30 years. In 2018, the Bank sold €4 billion in CAB bonds through 13 transactions in five currencies.

Standard setter in green bonds

As a pioneer and market leader in green bonds, the EIB contributes to the development of governance and establishment of market standards. Notably, the EIB is a leading contributor to the [Green Bond Principles](#) (GBP). We are part of the Executive Committee and chaired the group until 2018. The four core components of the GBP are use of proceeds, project evaluation and selection, management of proceeds and reporting. The principles have resulted in a standardised issuer information form and an external review form.

The EIB also coordinated the development, alongside ten other international financial institutions, of a harmonised

framework for impact reporting for renewable energy and energy efficiency projects.

Comparability and transparency are key to driving the transition to a low-emission and climate-resilient economy. We have worked with the Green Finance Committee of the China Society for Finance and Banking to foster harmonisation on a global scale. The phase II report of the white paper 'The Need for a Common Language in Green Finance' was presented at COP24 in Katowice in December 2018. The paper summarises the progress on green finance standardisation and suggests tangible steps to continue the work. The European and Chinese green bond markets are among the biggest globally, and increased consistency could facilitate European issuers selling green bonds in China and vice versa. The goal is to promote global harmonisation.



Climate Awareness Bond allocations

CAB proceeds are allocated to projects worldwide. At project evaluation, our engineers assign the percentage of a project that meets our eligibility criteria for CAB proceeds. Only that percentage of the project can receive CAB allocations. We report on the allocation of proceeds in our [CAB Newsletters](#) and in our annual CAB statement, transparently listing amounts disbursed to individual projects.

Development of CAB issuance and disbursements, 2014-2018

in € billion

	2014	2015	2016	2017	2018
EIB Climate Awareness Bonds issuance	4.27	3.96	3.86	4.29	4.02
Disbursements to CAB-eligible projects	3.28	3.62	4.16	4.40	3.23

In 2018, CAB funds were allocated to 76 projects in 29 countries across the world. In that year, 68% of CAB proceeds were assigned to renewable energy projects and 88% of the funds supported projects within the European Union.



First Sustainability Awareness Bond

Harnessing financial support from global investors and capital markets is essential to achieving the United Nations Sustainable Development Goals (SDGs) and improving people’s daily lives. The UN estimates that \$6 trillion of additional investment is needed annually to successfully attain the SDGs. We are committed to the UN Agenda 2030, which was adopted by the European Commission with the idea of making the financial system more sustainable (see more on p. 34).

In September 2018, the EIB issued its first Sustainability Awareness Bond (SAB), extending its reach to new areas of environmental and social sustainability beyond climate action. SABs focus on high-impact investments selected on the basis of the EIB’s sector and impact definitions. The first SAB was a €500 million issue, maturing in May 2026.

SAB funds will be allocated to projects that support objectives as defined by future EU legislation on sustainable finance. It is the first bond that links allocations to both activities and objectives. The proceeds of the first SAB are being disbursed to investments in water projects – a mature sector with well-defined impact indicators – in areas such as water supply, sanitation and flood protection. The scope of eligible sectors is envisaged to be enlarged gradually, as detailed reporting frameworks are established.

When reporting on SABs, the EIB will provide information at project level for each bond issue. Project impact reporting is published annually until bond proceeds have been fully allocated. We intend to have our SAB activities verified by an independent external auditor, as is already the case for our CAB activities.

Market ratings confirm commitment

Apart from excellent [credit ratings](#) from financial markets, we are proud of the environmental, social and governance (ESG) ratings that help responsible investors to make informed investment decisions. At the end of 2018, we enjoyed best-in-class ratings with major sustainability rating agencies.

Achieving the Sustainable Development Goals requires an extra \$6 trillion annually

Sustainability Awareness Bonds

MEASURED	UNDERPINNED	POTENTIAL
<ul style="list-style-type: none"> 6 CLEAN WATER AND SANITATION 11 SUSTAINABLE CITIES AND COMMUNITIES 	<ul style="list-style-type: none"> 1 NO POVERTY 2 ZERO HUNGER 5 GENDER EQUALITY 10 REDUCED INEQUALITIES 	<ul style="list-style-type: none"> 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION

Accelerating sustainable investment, based on the success of green bonds, to make a real difference

SUSTAINABLE LENDING

Lending is the EIB's core activity. We lend money and provide investments for clients of all sizes to support sustainable growth and jobs. We are often instrumental in attracting other investors. We offer a variety of tools to help clients blend our financing with additional funding sources.

We focus on four public policy goals: innovation and skills, small and medium-sized enterprises, infrastructure, and environment, combined with our two cross-cutting objectives: climate action and cohesion/regional integration.

In addition to our activities in the European Union, the EIB supports EU policy objectives through investment in some 130 external partner countries. Following the mid-term review of the External Lending Mandate (which governs the majority of EIB activity outside the EU), the €27 billion mandate for 2014-2020 has been increased to €32 billion. It covers pre-accession countries and beneficiaries, Neighbourhood and Partnership countries, Asia and Latin America and South Africa, focusing on private sector development, social and economic infrastructure, climate action and economic resilience.



Raymetrics LIDAR technology

INNOVATION AND SKILLS

Innovation and skills drive growth and safeguard Europe's long-term competitiveness. This is a key priority for the EIB Group. Our mission is to support operations that focus on innovation, skills and increased competitiveness, enabling us to promote sustainable growth and jobs in Europe. Our catalytic effect enables us to attract investments and maximise resources.

In 2018, we supported innovation and skills with €13.8 billion of EIB Group financing. Among other things, that would enable 29 million very high-speed digital connections (optical fiber connections).² ✓

We support innovative projects from large-scale research to small, specialised spin-outs or digital networks.

READING THE SKY FROM GREECE

What if volcanic ash, desert dust, fog and air pollution could be detected, monitored and measured to prevent potential health hazards and air traffic disturbance? Greek company Raymetrics has created a technology capable of doing exactly that.

Raymetrics was founded by scientists and engineers that have developed a new and innovative remote sensing technique. The Light Detection and Ranging (LIDAR) technology uses light from a laser to remotely sense distant objects, and in particular aerosols. "We designed instruments primarily for atmospheric research using LIDAR technology," explained Nikos Kontos, CEO of the company, "but the technology has expanded to multiple uses, and is now deployed for a variety of applications ranging from monitoring pollution to measuring fog visibility, humidity, and detecting smoke or gas in the atmosphere."

"This technology is a great resource for airports, environmental agencies, academics and civil authorities," Kontos continued. Clients include the European Space Agency, the German Meteorological Office, and the Met Office in the UK. Raymetrics would not have attained its current status without an investment from Elikonos GP, a Greek private equity firm backed by the EIF. "The investment allowed us to triple our numbers. We invested heavily in R&D and product design," he said, acknowledging the important role that Elikonos played in helping with strategy and business development.

² The increase in the value of this indicator compared to 2017 is mainly due to the signature in 2018 of several large projects, such as: ILIAD France Very High Speed Expansion, Orange Spain FTTH, Open Fiber Ultra-Broadband Development Plan. All of these projects anticipate the expansion of ultra-broadband networks in France, Italy and Spain.

SMES AND MID-CAPS

Small and medium-sized enterprises (SMEs) are an essential element of the European economy and they make a significant contribution to employment and innovation. Whether privately owned or publicly listed, small businesses represent 99% of firms in the EU and employ two-thirds of the working population. Supporting access to finance for small businesses and mid-caps (companies with 250 to 3,000 employees) is therefore a priority for the EIB Group.

In 2018 alone, the EIB Group provided financing for SMEs and mid-caps with total investment amounting to €23.3 billion. We supported 374,000 companies, which employ some 5 million people.³ ✓

We design and develop innovative products and partnerships to support small businesses, micro-enterprises and mid-caps in all phases of their development. The EIB and the EIF work together to mobilise financial and technical expertise and act as a catalyst for investment.

The EIB Group offers a wide range of mainly intermediated debt finance, risk-sharing products and private equity instruments, providing broad access to funding. We work closely with financial intermediaries such as banks and leasing companies, guarantee and microfinance institutions, private equity fund managers and, increasingly, national promotional institutions (NPIs).

³The increase in the number of supported SMEs and the number of sustained jobs compared to 2017 is due to the change in the approach used by the EIF to estimate the final SME recipients. As from 2018, the use of a new software allows the EIF to estimate the number of recipients for a designated year by considering both the SMEs that have never been financed by the EIF before, as well as those having already been financed by the EIF in the past.



French furniture maker La Fabrique

FRENCH FURNITURE MAKER DRIVEN BY SUSTAINABILITY

La Fabrique, a small French furniture maker based just outside Lyon, is the ideal example of a sustainability-driven company. It is not only a profitable furniture manufacturer, but the enterprise also has an environmental and social ambition that goes far beyond that of most companies.

Co-founders Fabrice and Nicolas Autric set up a business model that is based on sharing the control and the profits of the company: 20% of all profits are redistributed to the employees while the rest is re-invested in the company. La Fabrique has a strong environmental focus, as Fabrice Autric explains: “We source as much of the material as possible locally, especially the wood, to minimise our carbon footprint. We use varnish and glue that don’t contain pollutants, and we filter our wastewater to avoid any chemical residues.” The company also places great emphasis on social inclusion. “Some of our employees are from socially marginalised groups,” Autric says, “and they might have difficulty finding full-time employment, like persons with disabilities or mental health issues, or people who have just been unlucky in accidents.”

Established in 2008, the business is now on a solid footing, having grown quickly from 10 to 23 employees. The company’s success required larger facilities where furniture could be produced in series. To finance this new workshop, La Fabrique turned to La Nef, an EIF intermediary, and received an EU-guaranteed loan backed by the EIF. “This support enabled us to move into new facilities and also create what we call ‘La Fabrique d’en face’, which is a separate workshop situated across the street. Here we can welcome amateurs wanting to try their hand at crafting, and we organise things like corporate team-building events.”

INFRASTRUCTURE

Infrastructure is an essential pillar of any economy, connecting goods and people and providing energy. Investments in energy infrastructure, transport and urban development play an important role in economic growth, sustainability and job creation, as well as ensuring competitiveness.

Infrastructure projects require substantial financing at a reasonable cost. As the 'EU bank', the EIB continues to prioritise these initiatives. Our projects are an ambitious and crucial element in maintaining the momentum of economic growth in Europe and beyond.

In 2018, the EIB Group provided financing worth €12.3 billion to support its infrastructure policy goal. Among other things, we would power 34.3 million households⁴ and help to construct or upgrade more than 26,000 km of power lines. ☑

Urban lending is an important part of our infrastructure priority. We support a range of initiatives related to the EU Urban Agenda, which was launched under the [Pact of Amsterdam](#) in May 2016. These include partnerships on housing, the circular economy, nature-based solutions and urban mobility. The Bank also launched a new advisory service called [URBIS \(Urban Investment Support\)](#) together with the European Commission.

The EIB provided almost €21 billion⁵ in urban lending in 2018 targeting multiple priority objectives of the Bank such as urban regeneration, sustainable mobility, environment, social inclusion and climate action. ☑

⁴The increase in the value of this indicator compared to 2017 is the result of the signature in 2018 of two large equity funds: Denham International Power Fund and Arch Africa Renewable Power Fund. Both of these funds target energy and renewable energy generation projects in Africa, Southeast Asia and Latin America.
⁵The urban lending figure in 2018 comprises both EIB direct and intermediated urban lending; direct lending is calculated based on signatures and estimation of project links to urban areas and activities consistent with the EU Urban Agenda, whilst intermediated lending figures are based on allocations in urban-related areas/activities.



Modernisation of Warsaw's transport system

CLEAN BUSES FOR WARSAW

Against the background of the Paris Agreement on climate action, new infrastructure investments are expected to contribute to a low-carbon economy. Public transport in Europe's cities is increasingly switching to alternative fuels to lower emissions. The electrification of transport is a promising means of reaching this goal, diversifying energy sources and improving air quality at the same time.

The Polish capital of Warsaw is aiming to acquire the cleanest bus fleet in Europe, helped by an investment loan from the EIB of €95 million as part of an overall investment of €247 million. Buses in Warsaw are already comparatively clean. The city operates some electric and hybrid buses, others run on liquefied natural gas (LNG) or are equipped with solar panels. Since 2015, the Warsaw Municipal Bus Company MZA has been operating the first ten electric buses mainly along the Royal Route, one of the most prestigious areas in the city.

The project involves buying approximately 130 low-floor, electric, zero-emission, articulated buses, as well as a further 270 low-emission buses. With this investment, all the public transport buses serving the Royal Route will be electric. A bus depot is also being constructed with 280 bus parking spaces, ancillary infrastructure, and 19 rapid charging stations along 12 bus lines. The project aims to considerably improve the quality of public transport, along with reliability, safety and efficiency. The renewal will help maintain and potentially enhance the proportion of people using public transport. The system will also reduce the use of private vehicles, along with the associated emissions and noise.

ENVIRONMENT

Creating a healthy and safe environment is a key policy area of the European Union and one of our main priorities. In line with our responsible approach to investment, our projects take into account environmental concerns. The sectors benefiting from EIB financing include environmental protection, renewable energy, energy efficiency, water and waste management, and sustainable transport.

In 2018, the EIB Group signed €15.2 billion for projects supporting our environment policy goal.

We contribute to creating a circular economy through our support for waste management and recycling projects. This keeps materials in the value chain and helps to preserve finite resources. Renewable energy and energy-efficiency projects make Europe less dependent on energy imports and fossil fuels that contribute to climate change. Water security is also key. Worldwide, the EIB is the leader in project finance for the water sector, providing over €66 billion for 1,400 water ventures around the world. Our financing in this sector brings improved sanitation and access to drinking water for millions of people.

COPENHAGEN CIRCULAR ECONOMY CONFERENCE

Promoting a circular economy is a key EU policy priority with the aim of maintaining the value of products, materials and resources for as long as possible and minimising the generation of waste through higher rates of recycling. In October 2018, the EIB Institute organised a Circular Economy Conference in Copenhagen to discuss key themes including plastics in the circular economy, circular bio-economy, and circular economy in cities. The well-attended event was a forum for the exchange of ideas and best practice across Europe.

WATER WORKS ON CROATIAN ISLAND

As a well-known tourist hotspot, the Croatian island of Krk capitalises on its scenic beauty and crystal-clear water along the beaches of the Mediterranean Sea. Keeping the water clean, given the growing numbers of tourists, is a technical challenge for the authorities involved. They are now being helped by a €6 million loan from the EIB – part of a much larger parent project of co-financing projects in Croatia using European Structural and Investment Funds (ESIF) during the 2014-2020 cycle. These efforts are helping the country to comply with EU legislation. The project aims to bring the six localities on the island of Krk into compliance with the EU Urban Wastewater Directive and the Water Framework Directive. Several of these towns lie in close proximity to Natura 2000 habitats, which requires a particularly sensitive approach.

The project consists of the construction of sewers and marine outlets, reconstruction of coastal collectors (collectors of seaward groundwater flow) and construction of secondary biological wastewater treatment plants in the six localities on the island, as well as the rehabilitation of the water supply network in routing parallel to the new sewers. The works will negatively impact the environment in the short term, as construction involves demolition, excavation, erection and rehabilitation works. Once completed, however, the environmental impact of the project is expected to be very positive as it will stop the discharge of pretreated sewage into the Adriatic Sea. Besides the job opportunities created during implementation, the social impact of the project is also expected to be positive, since the new technologies will improve public health – in addition to keeping the sea and beaches clean for tourists.



Krk Island, Croatia



Wind power station on a blue sky day

CLIMATE ACTION

Climate change is one of the greatest global challenges of our time. Immediate and coordinated action is crucial to limit global warming and to adapt to its effects. The impact of rising temperatures is already undermining growth and welfare across the globe.

At the EIB, we have made climate action one of our top priorities, and today we are the largest multilateral provider of climate finance world-wide.

In 2018, EIB signatures for climate action stood at €16.2 billion, representing 30% of our total financing across all areas of activity, thus successfully meeting our target of devoting more than 25% of our financing each year to climate change mitigation and adaptation activities. ✓

The [EIB Climate Strategy](#) adopted in September 2015 is structured around three strategic action areas for the Bank's climate action:

- reinforcing the impact of EIB climate financing,
- increasing resilience to climate change, and
- further integrating climate change issues across all the Bank's standards, methods and processes.

Various operational initiatives are being developed in each of these areas, such as the creation of innovative

financial instruments, outreach and cooperation with stakeholders, the development of standards and methodologies, and the provision of advisory services. These efforts will drive implementation of the Climate Strategy over the coming years, boosted in 2019 by our stocktake, or mid-term review, of the Climate Strategy implementation to end-2018.

The 2015 [Paris Agreement](#) has strengthened efforts to unlock more sustainable finance and catalyse greater investment where market innovation, national leadership and international finance all play a crucial role. As we stated in Paris in 2015, in the five years from 2016 to 2020, we are aiming to provide \$100 billion of climate action finance, helping transform the Paris Agreement into reality.

Climate mainstreaming

We carefully consider the effect of our projects on climate change. For instance, when appraising the economic case for a project resulting in a significant change in greenhouse gas emissions, we incorporate an economic cost of carbon. We require a higher economic rate of return for high-emitting sectors (e.g. energy, industry, transportation). A specific Emissions Performance Standard (EPS) is applied for all fossil fuel generation projects to screen out investments where carbon emissions exceed a threshold level.

For projects, sectors and areas particularly vulnerable to climate change effects, we require the promoter to consider climate risks and to incorporate adaptation measures into the project design and operation. In February 2019, we launched an internal climate risk management system for our projects, as part of our climate strategy implementation.

We also provide a Project Carbon Footprint for investment projects with significant estimated emissions (see page 26).

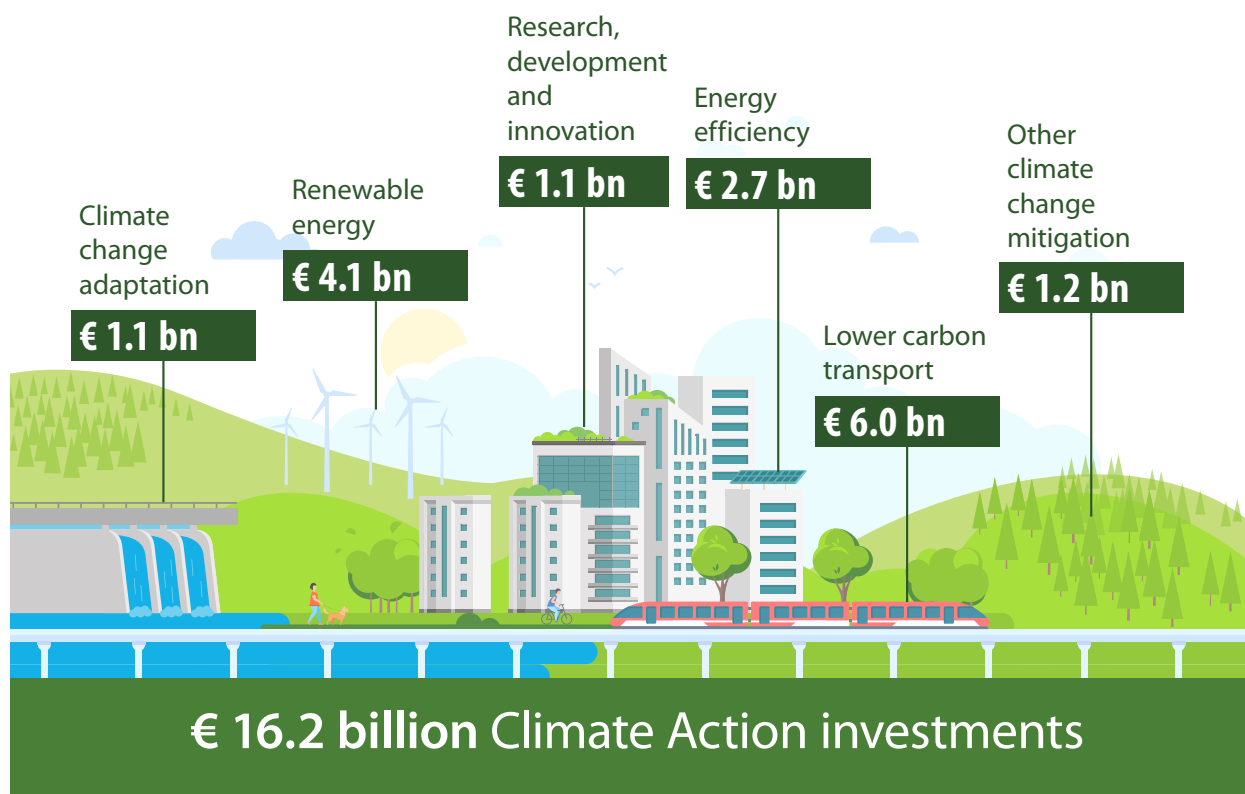
Urgent action needed

In October 2018, the Intergovernmental Panel on Climate Change (IPCC) warned that global warming was increasing at an alarming rate and could only be stopped with drastic steps: reducing the global level of CO₂ in 2030 by 45% compared with 2010 levels and reducing coal use to almost zero. During the UN COP24 conference on climate change in Katowice, Poland, the EIB and other multilateral development banks (MDBs) responded to

this challenge by joining forces to advocate development based on low emissions and climate action. In practical terms, the MDBs agreed to align their activities and standards with the Paris Climate Agreement.

Involving citizens

Ahead of COP24, the EIB launched a first-of-its-kind climate survey in partnership with YouGov, a global market research and data analytics company. The aim was to assess citizens’ perception of climate change and their expectations in terms of political action to mitigate or adapt to it. We asked the same 24 questions to more than 25,000 citizens in the European Union, the United States and China. The results are being released periodically in six phases starting on 8 November 2018 and continuing until the EU elections in May 2019. (see [here](#) for results).



Working with the international donor community

Dialogue with donors including the European Commission and Member States – many of whom have vast experience of international development – is a valuable source of information for EIB activities outside the EU. Blending EIB financing with donor grant resources has logically become an integral part of the Bank's efforts to increase financial flows for international development, thereby increasing the total impact of EIB finance.

EIB financing activities outside the EU are leveraged by blending facilities such as the EU Regional Blending Facilities of the European Commission, the EIB's biggest donor. Separately, a large number of bilateral donors contribute grants to EIB-managed Trust Funds. In all cases, donors participate in the governance and decision-making structures of these instruments.

In 2018, the Bank made significant efforts to reinforce communication and cooperation with the international donor community, including via the launch of a new website and publications. The EIB's Trust Funds are established to address challenges in different geographical areas and/or sectors by using donor resources, along with our own resources, to provide a wide range of instruments, such as technical assistance, investment grants and financial instruments.

Donor cooperation and visibility were high on our agenda and donor-oriented activities included the organisation of the Inaugural Donors Conference, held in Luxembourg on 14 November 2018. The event attracted over 150 donors, partners, local beneficiaries and EIB staff. This inaugural annual forum provided participants with a platform to share their experiences and explore financing solutions to tackle global challenges around the world. Discussions addressed key themes like economic resilience, climate action and innovation, and provided participants with insight into how EIB donor partnerships are having an impact on the ground. In addition, new publications, videos and a partnerships website were launched, providing access to information about new and existing funds and activities, as well as giving visibility to donors.



Damage from Hurricane Matthew, Dominican Republic

MAKING THE DOMINICAN REPUBLIC MORE CLIMATE-RESILIENT

In recent years, several natural disasters hit the Dominican Republic, causing hundreds of deaths and widespread economic loss. Hurricane Matthew, which blew through in 2016, was followed by hurricanes Irma and Maria in 2017. Public infrastructure and private housing were destroyed, leaving thousands of people displaced and roads and bridges torn up. Livelihoods were profoundly affected. Many companies had to close or temporarily lay off workers. Years later, some isolated communities still don't have sufficient access to markets or health and education facilities at certain times of the year.

The EIB is helping finance reconstruction efforts through a \$50 million loan and a \$20 million grant. The project aims to restore livelihoods, reduce vulnerability, increase resilience to disaster risks, and foster community cohesion in the provinces of Monte Cristi, Puerto Plata, Espaillat and Duarte. The objective of the multisector framework loan is threefold: (1) financing of the reconstruction of infrastructure and housing that were destroyed during the natural disasters, (2) helping communities rebuild in a more resilient way ("build back better") and (3) improving the ability of provinces to adapt to climate change. The project will focus on roads and bridges, flood prevention, and disaster-resistant housing and urban infrastructure.



REGIONAL DEVELOPMENT

One of the main priorities of the European Union is to foster cohesion and convergence across Europe and with our partner countries. The aim is to help economically disadvantaged regions compete better and achieve sustainable growth. A mixture of loans and advisory services enables the EIB to play a critical role in addressing regional economic imbalances and raising living standards across the EU. Getting finance to the local level where it directly meets the needs of citizens is a priority.

Supporting Europe's eastern neighbours

Regional cohesion extends beyond the boundaries of the European Union. It is in the EU's interest that neighbouring regions also grow and benefit from their close proximity to EU economies. The aim of the EIB's activities in non-EU Eastern Europe is to support the goals established by the EU's European Neighbourhood Policy. This is done by financing projects that promote prosperity and increased regional integration, which in turn contributes to the stability of these regions and helps to forge stronger intra-regional partnerships.

The Bank's activities in the region promote growth and employment, intraregional trade, environmental protection and the mitigation of climate change by supporting low-carbon and climate-resilient growth. Following the mid-term review of the External Lending Mandate (which governs EIB activity outside the EU), the €4.8 billion mandate for 2014-2020 has been increased to €6.65 billion. It covers Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russia and Ukraine.

ENERGY EFFICIENCY INVESTMENTS TO BENEFIT CHILDREN OF YEREVAN

Falling plaster, peeling paint, cracked walls, chipped façades, draughty windows, leaky roofs, faulty heating systems – many buildings in the Armenian capital of Yerevan are dilapidated. The first step in a major renovation, made possible by a €7 million loan from the EIB, part of €15 million in overall investment, will upgrade some 147 buildings, mostly kindergartens.

While the investment is primarily aimed at making the buildings more energy efficient by refurbishing doors and windows, improving ventilation systems, installing renewable energy solutions and equipping the buildings with external thermal insulation and new lighting and heating systems, the measures will also strengthen the seismic resilience of the buildings and their accessibility, ultimately making them safer for the children.

"Children's health and safety are directly related to the seismic safety and stable heating in a building," says Armine Hayrapetyan, the director of one of the kindergartens in Yerevan. But improvement is on the horizon: the project will be completed in 2021.

On top of the €7 million loan comes a €5 million grant from the Eastern Europe Energy Efficiency and Environment Partnership, signed in June 2018. The Yerevan kindergarten project will reduce carbon dioxide emissions by 5,502 tonnes annually. The city will lower its energy bill by more than €1 million per year. Most importantly, the project will make life safer for 30,000 children and 4,500 teachers and other staff members.

Building on the success of this pioneer project, the EIB with the support of the EU, is already planning two new similar operations to further improve energy efficiency in Armenia.



Children in kindergarten, Yerevan, Armenia

For this project, see also our [video](#) (duration 2:31 minutes)

CARBON FOOTPRINT OF EIB FINANCING

The EIB uses a climate due diligence process to determine the actual expected greenhouse gas emissions from a project and the impact it will have on increasing or reducing such emissions. We apply our carbon footprint methodology to all sectors and not simply to climate mitigation projects. For projects signed in 2018⁶, we estimate and report the greenhouse gas emissions of projects where emissions are expected to be significant, i.e. emissions above one or both of the following two thresholds:

- absolute emissions (actual emissions from the project) > 100,000 tonnes of CO₂e per year for a standard year of the project's operations
- relative emissions (estimated increases or reductions in emissions compared to the expected alternative) > 20,000 tonnes of CO₂e per year.

Analysis of our carbon footprint suggests that these two thresholds cover approximately 95% of emissions from the EIB's investment projects. The absolute emissions from each project are at the heart of our footprint approach. Assessing and reporting changes in the level of emissions gives us a point of comparison with other technologies or projects. However, we consider a project's absolute emissions to be a fundamental element, since those emissions will ultimately affect our climate.

When reviewing the total impact of EIB lending, we believe it is important to assess significant emissions from all the sectors we fund – and not simply from green sectors. In measuring our annual carbon footprint, we include projects from conventional and renewable energy generation and networks, energy efficiency, transport, industry, water and solid waste, agriculture and forestry. This allows us to assess the contribution from each type of lending.



⁶ We have reviewed and amended our carbon footprint exercise (CFE) thresholds to capture more projects, as part of our Climate Strategy implementation. See Version 11 of our GHG Methodologies published in December 2018 and valid for signatures from 2019 onwards.

2018 carbon footprint

In 2018, 68 of the projects in the EIB portfolio⁷ had estimated emissions above the absolute or relative emissions thresholds and were included in the 2018 carbon footprint exercise. They represent total EIB signatures or allocation approvals of €9.5 billion.

The related total absolute greenhouse gas emissions are estimated at 2.2 million tonnes of CO₂e per year, with carbon sequestration by forestry estimated at 2.8 million tonnes of CO₂e per year. The overall reduced or avoided emissions from the same financing are estimated at 3.5 million tonnes of CO₂e per year in accordance with the carbon footprint methodology.

Project level data for projects included in the carbon footprint are reported in our Environmental and Social Data Sheets and published in our public register of environmental information, in application of the Aarhus Convention.

The table below shows the results of these aggregate figures for the last three years of the EIB carbon footprint project. The relative emissions figures show large savings of between 2.7 and 3.5 million tonnes of CO₂e per year. Overall, the EIB's investment projects continue to support a path of reduced emissions.

Carbon footprint of EIB financing, 2016–2018

	2016	2017	2018
Number of projects	70	55	68
Total EIB amount signed (in € billion)	17.7	9.4	9.5
Absolute emissions (in Mt CO ₂ e/year)*	2.4	5.2	2.2
Carbon sequestration from forestry (in Mt CO ₂ e/year)*	3.5	0.3	2.8
Relative emissions (in Mt CO ₂ e/year)*	-2.7	-2.9	-3.5

* Emissions and carbon sequestration are prorated to the EIB lending volume prior to aggregation. Total project emissions (absolute) and savings (relative) would be significantly larger.

⁷ Projects with a finance contract signed or large allocations approved in the year. Large allocations under already signed framework loans are those where the individual investment projects have undergone a full individual project appraisal.

ADVISORY AND TECHNICAL ASSISTANCE

Advisory services complement the EIB's lending activity and form an integral part of our 'lending, blending and advising' strategy. We make technical and financial expertise available to our clients to develop and implement investment projects and programmes, and to improve institutional and regulatory frameworks. When complementing EIB loans, advisory services strengthen the economic and technical foundations of an investment, and catalyse funding from other sources.

In delivering advisory services, we rely on the unique expertise developed by our staff, both inside and outside the EU, in key areas such as infrastructure financing, climate change mitigation and adaptation, urban development and small business support. The focus is on less-developed regions and on projects involving complex structures such as public-private partnerships.

Project-related advisory support contributes to improving the quality of lending operations throughout the project cycle and to enhancing their development impact. They mainly focus on:

- infrastructure projects, notably in the water and wastewater, information and communications technology (ICT), transport and energy sectors;
- financial sector operations, notably EU financial instruments and platforms, microfinance support and small business lending.

Specific advisory services

EIB advisory services are delivered under a variety of programmes, most of which are supported by the European Commission. Potential beneficiaries can get access to EIB advisory services within the EU through the [European Investment Advisory Hub](#). The Advisory Hub is a partnership between the EIB and the European Commission and constitutes part of the second pillar of the Investment Plan for Europe. The Hub offers a single point of entry to a comprehensive offering of advisory and technical assistance services for the identification, preparation and development of sustainable investment projects across the EU. The largest advisory programme is [JASPERS](#) (Joint Assistance to Support Projects in European Regions). This is a joint technical assistance initiative of the EIB and the EC. JASPERS provides advice and capacity-building support to public authorities seeking grant assistance for their investments, as well as an independent quality review of the projects before their submission to the EU.

Under the [InnovFin Advisory](#) (IFA) programme, the Bank guides its clients on how to structure research and innovation projects with a view to improving their access to finance by adjusting elements such as their business model, governance, funding sources and financing structure. The programme also undertakes studies on access to finance in key innovation sectors and recommends measures to close gaps.

The EIB also manages [ELENA](#), the instrument for 'European Local Energy Assistance', funded by the European Commission's [Horizon 2020](#) programme. ELENA can cover up to 90% of the cost of technical support to prepare renewable energy, energy efficiency and urban mobility programmes.

Rijeka Clinical Hospital: an example of the Advisory Hub's activity in Croatia



ADVISORY SUPPORT TO SMART CITIES IN CENTRAL AND EASTERN EUROPE

To unlock the potential for rapid yet sustainable development of Croatian municipalities and islands, the EIB and the Croatian Ministry of Regional Development and EU Funds (MRDEUF) have signed an Advisory Services agreement to support the design of an investment platform for smart cities and islands. Advisory support for an investment platform will be funded by the Advisory Hub, a joint initiative of the EIB and the European Commission and part of the Investment Plan for Europe.

Investment platforms are very efficient tools for addressing the financing needs of smart urban investments. The EIB, through the Advisory Hub, is currently working to design investment platforms for smart cities investments in [Slovakia](#), Hungary and Croatia. As of end-2018, 41 investment platforms had received EIB support, including three pan-European platforms. These are expected to mobilise over €35 billion in investments.



The Bank also provides expertise and support to public stakeholders for the identification, establishment and implementation of financial instruments and investment platforms using EU funding. *fi-compass* is a platform for knowledge sharing available to public officials in the Member States, while bilateral support addresses clients' specific needs to help them navigate the regulatory and lifecycle stages of financing through specific instruments.

The Bank also provides policy and transaction advice on Public Private Partnerships. The Bank's [European PPP Expertise Centre's](#) (EPEC) supports the public sector in delivering better public-private partnerships, leveraging the knowledge and experience of 41 member organisations.

The Bank delivers advisory services outside the EU as well, supporting project promoters and financial intermediaries through capacity building and project development and implementation assistance, to deliver better quality sustainable projects. For example, under the [FELICITY](#) programme, the Bank provides advisory services and capacity building tailored to the needs of local authorities and financial intermediaries in Brazil, China and Mexico.



Pointe-Au-Père lighthouse, Quebec, Canada. Author: Francesco Battazzi, EIF employee

2018 HIGHLIGHTS

EFSI: TARGET MET

The first phase of the European Fund for Strategic Investments (EFSI) was concluded in 2018 – and extended to 2020 because of its success. How has EFSI contributed to sustainable development in the European Union?

The impact of the 2008 financial crisis was still being felt in many European countries when, in November 2014, the European Commission proposed the Investment Plan for Europe (IPE) – also known as the ‘Juncker Plan’. One of the three pillars of this initiative is the [European Fund for Strategic Investments \(EFSI\)](#), which is implemented by the EIB Group.

The key aim of the plan is to overcome the investment gap in the European Union that followed the crisis and threatened long-term competitiveness in European markets. Additional investment was needed to boost growth, competitiveness and job creation in the European Union. Under its initial setup in 2015, EFSI was designed to support investments of €315 billion by July 2018.

Given EFSI’s success, in December 2017, the fund’s scope and timeframe were extended. The extension of EFSI provided for an increase of the EU guarantee from €16 billion to €26 billion and of the EIB Group’s nominal contribution from €5 billion to at least €7.5 billion. EFSI’s lifetime was extended until the end of 2020, covering the period of the current Multiannual Financial Framework. EFSI’s investment target was also raised to €500 billion by the end of 2020.

The EU guarantee increased the risk-bearing capacity of the EIB Group considerably, allowing it to finance more projects that addressed market failures or sub-optimal investments that otherwise could not have been financed.

All EFSI operations respect the additionality criteria, a multiplier of investment, set in the EFSI Regulation and wherever possible maximise the mobilisation of private sector capital. The additionality of each operation under EFSI II is assessed by an independent body, the EFSI Investment Committee. Following the extension of EFSI, the rationale for decisions granting the use of the EU guarantee for EFSI projects and their related scoreboard is made public and available for consultation on the EIB website.

FOUR YEARS OF EFSI: OUR EVALUATION

In June 2018, the EIB's independent Evaluation Division completed an evaluation of EFSI in line with the requirement of the EFSI Regulation. As outlined in the [Evaluation Report](#), EFSI has largely met its objectives. The evaluation found that EFSI is adequately designed to address structural investment gaps, including access to finance for SMEs and mid-caps where the EIB and the EIF experience could quickly address the financing needs. The report states that the majority of EFSI operations address market failures, but recognises that it is too early to measure EFSI's total impact. Disbursements are spread over time for projects with typically long implementation periods.

Looking ahead and with a view to ensuring a wider reach for EFSI, the revised EFSI Regulation expands eligible sectors to include areas such as sustainable agriculture, forestry, fishery, aquaculture, and the wider bio-economy.

Sustainability is key

Sustainability has always been at the heart of EFSI. This is reflected in its philosophy of long-term durability of the intended economic impact and contribution to environmental protection. EFSI focuses on sectors of strategic importance for the European economy where structural investment gaps have been identified, including:

- Smaller companies
- RDI
- Energy
- Digital
- Transport
- Social infrastructure
- Environment and resource efficiency
- Regional development

Although widely regarded as an 'intangible' (non-monetary) asset, social infrastructure (education, health, human capital) is crucial for the competitiveness of the EU. Investments in this area have traditionally been undertaken by the public sector, but budget constraints are often a limitation. Furthermore, the long-term and public-good nature of the returns on education and health could, at times, make them unattractive investments for the private sector.

Since EFSI's launch, more than 500 EIB projects and 430 EIF agreements have been signed or approved. All of them contribute to making our continent more social, green, innovative and competitive.



Joan Perelló, founder and CEO of Sanifit

SANIFIT: SCALING UP SPANISH BIOPHARMA COMPANY

Sanifit is a clinical-stage biopharmaceutical company focused on the development of an experimental drug for the treatment of cardiovascular diseases linked to calcification, specifically in patients with kidney problems undergoing haemodialysis.

"We manage the distribution of calcium in the body," explains Joan Perelló, founder and CEO of Sanifit. "People suffering from renal insufficiency run the risk of accumulation of calcium in their vessels, significantly increasing their cardiovascular risk and mortality rate. Our efforts are aimed at developing a drug to treat these cardiovascular conditions by managing the origin of the problem, ensuring that calcium build-up is effectively avoided."

The company was founded in 2007 as a spin-off from the University of the Balearic Islands and received an EU grant in 2010. Research was progressing well and the therapy looked promising, but further investment was needed to scale up the existing activities. Sanifit then received an important investment from Ysios Biofund II, a Spanish venture capital fund backed by the EIF under the EFSI programme.

"Before the investment, there were just four of us," Perelló says, "Now the team is made up of around 22 people, propelling us from a small local company to an international player."

SUSTAINABLE OCEANS: HELP FOR A SENSITIVE ECOSYSTEM

More than two-thirds of our planet are covered by oceans – an ecosystem that is increasingly threatened by plastic waste, overfishing and chemical residues. The EIB finances a number of projects and initiatives that contribute to cleaning up a resource that is essential for nature and mankind.

Aside from climate change, most environment-related news that made headlines in 2018 was related to the proliferation of plastic waste in oceans. Whales were washed ashore with their digestive organs stuffed with plastic, and microscopic plastic particles were found in fish samples about to enter the human food chain. These are only the visible signs of the damage caused by decades of plastic waste disposal in our environment.

Partners for clean oceans

In October 2018 the EIB, together with KfW Development Bank and the Agence française de développement (AFD), launched the Clean Oceans Initiative to address ocean

pollution. While the initiative is global, it will focus on rivers and coastal areas in the developing countries of Asia, Africa and the Middle East. 90% of the Earth's plastic waste enters the oceans through ten major river systems located in Africa and Asia. Access to regular waste collection and controlled waste disposal is often lacking in these areas and recycling facilities are few and far between.

The three partner institutions will combine their expertise and experience to support the development and implementation of viable projects in this sector. They will provide €2 billion of long-term financing for projects for reducing marine litter, especially plastics, and preventing untreated wastewater discharge with a view to crowding in private sector investment. The Clean Oceans Initiative will also cater for the needs of private enterprises of varying size, including micro-enterprises, and for research and innovation projects.

Supporting biodiversity and ecosystems

The EIB is involved in a wide range of ocean and coastal projects – supporting adaptation, biodiversity and ecosystems – that are trying to increase the resilience of the oceans and coastal environments to the effects of climate change. Over the past five years, the EIB has supported 'blue economy' activities such as offshore wind farms, sea-port installations and water transport with funding amounting to around €8 billion.

For example, the Sustainable Ocean Fund launched in June 2018, aims to help fisheries, aquaculture, the seafood supply chain, and coastal development mainly in Latin America, Africa and Asia. The EIB is committed to investing up to \$20 million in the fund, which is currently assessing its first projects in Mexico and the Caribbean.

Another high-profile project is the €30 million loan agreement with the French mid-cap Amadéite Group, a pioneer in the field of marine biotechnology, which develops solutions to limit the proliferation of algae and reduce the use of synthetic pesticides, fertilisers and antibiotics.



Plastic waste on a beach, Black Sea

Read our blog story

[The clam-fishing town that ran out of clams](#)

ROAD TO SAFETY: HOW GOOD INFRASTRUCTURE CAN HELP SAVE LIVES

Modern transport systems support economic growth. Financing of well-planned infrastructure can contribute significantly to road safety. One of the largest projects we financed in Ukraine will improve road safety and reduce accidents.

A smooth-running infrastructure for traffic and communication technologies is essential to the sustainable development of any country. All good and safe infrastructure projects should protect citizens from accidents, especially in areas of dense traffic. Countries like Armenia, Azerbaijan, Belarus, Georgia, and Moldova have road fatality rates three times the EU average. In the past ten years, the EIB has invested €2.5 billion in the region to improve transport infrastructure – but we also want to take more proactive action on road safety, which is why our specialists have been focusing efforts in this area.

The biggest single project so far was signed in July 2018: the Ukraine Road Safety Project. The EIB is lending €75 million to finance major investments in urban road safety in five cities: Dnipro, Kharkiv, Kyiv, Lviv and Odessa, which have a combined population of around seven million. On Lviv's roads alone there were 5,958 accidents, 47 fatalities, and about a thousand injuries in 2016, higher rates than in the rest of the Ukraine.

The EIB lending should considerably reduce the number of road deaths and injuries in Lviv. Works started in 2018 and will finish in 2022.

Other cities in Ukraine plan similar improvements. The road safety works will cost €177 million, which will be funded by a low-interest rate framework loan supported by the EIB. The investment will pay for new urban traffic infrastructure to improve road safety for drivers as well as for the most vulnerable road users, pedestrians and cyclists.



Cycle routes, Lviv, Ukraine

INFRASTRUCTURE PROJECTS IN LVIV INCLUDE:

- building 120 km of bicycle paths and three bicycle bridges over railway lines;
- rearranging circular crossings and 42 accident-prone sites;
- installing 20 new traffic lights that will work in the 'green wave' mode (a string of traffic lights turning green in sequence);
- installing electronic displays and timetables at public transport stops;
- reducing transit traffic through residential areas;
- introducing a small transport ring around the city centre;
- setting up new pedestrian zones;
- reorganising parking.

The improvement of road safety has become a priority for the Ukrainian government in its efforts to reduce the number of accidents and casualties and to create a modern transport system that supports economic growth. In addition to improving road safety and reducing accidents, the investment has the potential to decrease the indirect financial cost arising from poor road safety, and therefore positively impact local economic development.

WORKING TOGETHER FOR SUSTAINABLE FINANCE

The EU is working on reforming the financial sector to reorient capital towards more sustainable investments. This requires a comprehensive shift in how the financial system works. The EIB is playing a crucial part in the process.

€270 billion each year is an enormous amount of money. Yet, EIB experts have calculated that this is the amount needed to fulfil the European Union's climate targets – on top of the €258 billion that is currently being spent by the Member States.

THE EU HAS COMMITTED TO THREE CLIMATE AND ENERGY TARGETS BY 2030:

- a minimum reduction of **40%** in greenhouse gas emissions compared to 1990 levels;
- at least **32%** of total energy consumption coming from renewables;
- at least **32.5%** of energy savings compared to the status quo.

Part of the mission of the High-Level Expert Group on Sustainable Finance (HLEG) established in 2016 by the European Commission was to develop a strategic response to these targets. The HLEG's work – to which the EIB contributed as an observer and technical adviser – culminated in January 2018 in a report containing a number of recommendations. These formed the basis of the '[EU action plan on financing sustainable growth](#)', issued in March 2018 (for its key components, see graphic on the following page).

In May 2018, the European Commission proposed a package of legislative measures implementing several key actions, including an EU taxonomy for green financial activities, disclosure requirements relating to sustainable investments and the creation of a new category of low-carbon benchmarks. To assist the implementation of the action plan, the Commission has set up a [Technical Expert Group](#) (TEG) on sustainable finance. This will develop a taxonomy for green financial activities, present a proposal for an EU green bond standard, and propose metrics for climate-related disclosure and methodologies for low-carbon stock indices. The TEG consists of members and observers from business, the finance sector, civil society, academia as well as international and EU public bodies. The EIB is a member of the group, and contributes technical advice on the EU taxonomy and the EU green bond standard.

KEY POINTS OF THE EU ACTION PLAN ON FINANCING SUSTAINABLE GROWTH





A RESPONSIBLE INSTITUTION

The responsibility we promote in our business operations also applies to how we act. We look after our employees, and we engage with stakeholders and the broader community. We are committed to transparency and accountability. Last but not least, we are reducing our own environmental footprint.

COMMUNITY ENGAGEMENT

The EIB Institute, a department of the Bank, was created to promote and support social, cultural and academic initiatives with European Union Member States and the public at large. It is a key pillar of the EIB Group's community and citizenship engagement.

The Institute partners with universities and supports higher education and research activities in Europe through grants and sponsorship. We support social innovation and entrepreneurs who seek to create social value. The EIB Institute also recognises the value of arts and culture as an integral part of effective community engagement and corporate social responsibility via various initiatives.

Creating awareness of our cultural heritage

Cultural heritage, both tangible and intangible, plays a crucial role in the social and economic fabric of European countries. It is both a shared resource and a common good. As our inheritance from previous generations and our legacy for those to come, cultural heritage plays a great role in defining a shared European identity. This is why the European Commission declared 2018 the European Year of Cultural Heritage.

Since 2013, the EIB Institute has been cooperating with Europa Nostra under the 'Seven Most Endangered' programme to identify neglected monuments and sites under acute threat of destruction. Europa Nostra is the main European non-governmental organisation dedicated to protecting Europe's endangered cultural sites



EIB EKV building. Author: Aron Majnar, 2018 EIB intern

and monuments with a large network of members and associated organisations in nearly 50 countries. This innovative cooperation mixes the cultural expertise and lobbying work of Europa Nostra with the technical appraisal and rescue planning skills of the EIB. Based on applications submitted by local NGOs, both organisations regularly select seven priority sites. The EIB experts carry out on-site missions and produce technical reports on the viability and phasing of the project as well as on the funding options. The initiative covers all regions in Europe and not only the EU.

Since 2013, 29 projects from 19 countries have been selected. Some of them, like the Bourla theatre in Antwerp, the Colbert bridge in Dieppe (France) or the Subotica synagogue in Serbia, are already considered out of danger. For 2018, the 'Seven Most Endangered' heritage sites are the post-Byzantine churches in Voskopoja and Vithkuqi in Albania, the historic centre of Vienna in Austria, the Buzludzha monument in Bulgaria, the David Gareji monastery complex and hermitage in Georgia, the Constanta casino in Romania, the Prinkipo Greek orphanage on one of the Princes' Islands in Turkey, and the Grimsby ice factory in the United Kingdom.

Promoting social innovation

Dozens of social entrepreneurs from all over Europe compete every year in the Social Innovation Tournament (SIT). Since it first took place in 2012, the tournament has already rewarded and encouraged over 100 innovative social entrepreneurs from 21 countries who promote the creation of social value in the fight against social exclusion. They also benefit from mentoring programmes and improved access to financing opportunities.

In 2018, 15 finalists from seven countries were selected from 212 proposals submitted by applicants from 31 countries.

THE WINNERS OF THE FINAL SOCIAL INNOVATION TOURNAMENT (SIT), HELD IN COPENHAGEN, WERE:

- **Glowee (France)**, a company offering a sustainable light source powered by waste and producing reusable biomass;
- **Speak Social (Portugal)**, a social tech start-up connecting migrants and refugees with locals through a language and cultural exchange programme;
- **iNex Circular (France)**, a platform that enables one company's waste to become the raw material of others;
- **Chrysalix Technologies – BioFlex (UK)**, a solvent process that uses unwanted waste wood as a very cheap raw material to produce clean and low-cost chemicals, fuels and materials;
- **Sensovida (Spain)**, an advanced telecare solution that enables elderly people to live independently and enjoy life in their own homes; and
- **QTrobot Autism Therapy Store (Luxembourg)**, an expressive humanoid robot with an intuitive user interface and therapeutic application to address the economic and social challenges of autism.

Working for humanitarian and philanthropic causes

The Institute makes grants available for disaster relief. In 2018, children in Greece, Venezuelan migrants in Colombia and victims of the earthquake and tsunami in Indonesia benefited from EIB donations following humanitarian catastrophes. Eight NGOs received €771,260.

The EIB Institute also organises donations of IT equipment no longer used by the EIB Group to non-profit organisations, local community centres or schools registered in an EU country. In 2018, 93 schools and non-profit organisations in 18 countries benefited from the donation of 1,396 desktops, laptops, printers and other IT equipment. In addition, the EIB donated more than 1,000 pieces of used IT equipment to African schools under a partnership with Close the Gap. Since the first contract with Close the Gap was signed in August 2014, the EIB has donated more than 3,000 pieces of IT equipment to the organisation.

EMPLOYER OF CHOICE

The EIB Group is an organisation with a difference. Employees share a passion for helping shape a better future for the European Union and beyond. Our commitment to EU objectives and values is also evident in our recruitment policies and the benefits provided to our employees. We are an equal opportunity employer that believes diversity and inclusion are good for our people and for our business. We promote the inclusion of staff irrespective of their gender, age, racial or ethnic origin, religion or beliefs, sexual orientation/identity or disability.

We achieve our goals thanks to more than 3,800 highly qualified and diverse employees from all 28 EU Member States. Those employees work in a dynamic, multicultural environment that fosters collaboration, innovation and personal development through exposure to a variety of different projects.

Employees benefit from professional career opportunities through training, internal mobility and merit-based career growth. We provide a competitive compensation package commensurate with staff responsibilities and experiences.

The rapid growth of the EIB Group over recent years and its resulting organisational changes have prompted us to rethink and challenge the way we work. In the context of its 'Growing Talent Project', EIB Personnel ensures that we develop our in-house talent in an integrated way. Growing Talent is a programme to improve people management culture, and the way people perform, develop and learn, in line with the needs of the Bank.





Elevators in the EIB EKI building. Author: Didier Vanspranghe, EIB employee

Focus on diversity and inclusion

'United in diversity' is one of the core principles of the European Union, and it is reflected in our work. In 2018, a particular focus was on implementing the 2018-2021 Strategy for Diversity and Inclusion. The strategy aims to ensure that all policies, procedures, guidelines and practices are inclusive on age, gender, sexual orientation, religion or belief, disability, or racial and ethnic origin. A second pillar of the strategy is to support an inclusive work environment, making the most of complementary competencies in a team to enrich team dynamics and unlock individual drive to benefit decision-making, business results and organisational health with a view to greater inclusiveness. Thirdly, we invest in talent ensuring that all colleagues reach their full potential: we develop current employees and recruit those who best complement our teams by offering different skill sets, competencies, and ways of thinking.

Diversity and inclusion are also supported by our Joint Committee for Equal Opportunities (COPEC), which serves as the formal voice for staff on diversity matters, and our staff-led networks ConnectedWomen, LGBT+ and enAble, which act as fora for discussion and collaboration.

TRANSPARENCY AND ACCOUNTABILITY

We strive to be exemplary in the transparency and accountability of our work. We proactively publish information and engage with our stakeholders. Mutual benefits are provided by the involvement of stakeholders such as civil society organisations in our activities. Transparency improves the effectiveness and sustainability of policies and strategies along with the operations we finance, and it makes us accountable to all of our stakeholders. Transparency therefore helps us to deliver better results and build trust. External stakeholders are invited to consult the [EIB Group Transparency Policy](#), which sets out the principles that apply to information access and to engagement with stakeholders.



We pursue a zero-tolerance policy on fraud and corruption based on the [EIB's Anti-Fraud Policy](#) and the [EIF's Anti-Fraud Policy](#). Fraud and corruption may relate to projects, loans or equity financed by the EIB Group, or the conduct of its own staff. The Fraud Investigations Division is an independent office within the Inspectorate General of the EIB Group and it is the sole office mandated to investigate prohibited conduct within the EIB Group. Prohibited conduct includes fraud, corruption, collusion, coercion, obstruction, money laundering and financing of terrorism affecting the EIB Group's operations and activities.



Waterview at dusk, United Kingdom

Safeguarding the integrity of the EIB

A new [EIB Exclusion Policy](#) was approved by the Bank's Board of Directors on 11 December 2017 and became effective from its publication on 19 February 2018. It sets out the rules and procedures for the exclusion of entities and individuals found to have engaged in prohibited conduct related to EIB-financed projects and other EIB activities for a certain period of time. This policy enforces the prohibitions contained in the EIB's Anti-Fraud Policy and contributes to safeguarding the financial interests, integrity and reputation of the Bank. Proceedings instigated under the Exclusion Policy

follow a three-stage review process to determine whether the evidence presented convincingly supports the conclusion that an entity or individual has been engaging in prohibited conduct.

The EIB maintains a webpage dedicated to its Exclusion Policy on its [website](#) including information on entities and individuals excluded from EIB-financed projects. The Exclusion Policy allows the EIB to enter into negotiated settlements with individuals or entities that have engaged in prohibited conduct.

In early 2018, the Bank announced having entered into a settlement agreement with the Spanish company Iberdrola Ingeniería y Construcción S.A.U. (Iberinco). This case addresses historical misconduct in connection with the Riga Thermal Power Plant 2 Unit 1 Project in Latvia contracted in 2005, a project which had been financed by the EIB. As part of this settlement, Iberinco was excluded from EIB-financed projects for a 12-month period until 20 December 2018. Iberinco and its group are developing and implementing a specific sponsorship programme to support activities in favour of the fight against corruption and fraud.

On 20 December 2018, the EIB announced, following a European Anti-Fraud Office (OLAF) investigation, that it had come to an agreement with Volkswagen AG regarding a sub-project part of a loan of €400 million that was granted in 2009 and fully repaid on schedule in February 2014. According to this agreement, the EIB will conclude its investigation and Volkswagen AG will in turn voluntarily not participate in any EIB project during an exclusion period of 18 months. Since October 2015, the consideration of loans by the EIB to Volkswagen AG had been under suspension. Volkswagen AG is committed to its sustainability initiatives including environmental protection activities and, in this context, will contribute €10 million to environmental and/or sustainability projects in Europe. Volkswagen AG will continue to inform the EIB regarding its Compliance Programme and cooperate with the EIB in the exchange of best practices in relation to compliance standards and the fight against fraud.

COMPLIANCE AND INTEGRITY

Compliance and integrity are key elements of the EIB Group's corporate culture. They are the shared responsibility of all EIB Group staff and members of the governing bodies. Ethical and compliant behaviour is embedded in the relevant policies, procedures and practices. The independent EIB Compliance function promotes the highest standards of integrity and ensures that they are applied to all of the Bank's activities, as outlined in our [integrity policy and compliance charter](#). Compliance includes integrity checks on operations and counterparties, the integrity of staff and governing bodies, and ensuring that procurement procedures comply with internal rules.

Similarly, the role of the [Compliance & Operational Risk \(COR\)](#) division at the EIF includes assessment of compliance risk for the EIF as an institution, the production of an independent compliance opinion covering, for example, anti-money laundering, 'know your customer' and tax transparency issues for each transaction submitted to the EIF Board of Directors. This allows for the monitoring of the investment policies and restrictions for each mandate, and the assessment of professional conduct issues.

Joined-up international network

In July 2018, the EIB Group, represented by its Group Chief Compliance Officer, took part in the 10th conference of the Ethics Network of Multilateral Organisations (ENMO) in New York. The EIB recently joined the ENMO, a network that also includes the UN, the European Bank for Reconstruction and Development (EBRD) and the World Bank. All network members are committed to upholding the highest standards of professionalism, ethics, transparency and integrity.

The conference discussed a variety of ethics topics and exchanged information on best practices and the development of ethics programmes by the participating organisations. The topics covered are a top priority for the EIB, particularly since the Bank is currently revising its Staff Code of Conduct, Whistleblowing Policy and Dignity at Work Policy at the EIB Group level.

Taxation on the agenda

In view of recent EU and international developments in the area of taxation, the EIB Group has taken additional measures to enhance its procedures and practices to avoid EIB Group operations being misused for tax fraud, tax evasion, tax avoidance, money laundering or financing of terrorism.

In this process, and more particularly for tax-related issues, the EIB Group relies on and conforms to the lists of non-compliant jurisdictions and country assessments produced from time to time by the EU, the UN and the international organisations that set standards. International regulations and standards need to be aligned for the Bank since the EIB Group expects its counterparties to comply with all applicable legislation and given that the Bank is active inside and outside the EU.

To identify potential tax avoidance concerns targeted by the OECD Base Erosion and Profit Shifting action plan (BEPS) and the EU Anti Tax Avoidance Package (ATAP), in 2017 and 2018 the Bank reviewed its due diligence processes and further enhanced them. The Bank revised its existing policies on tax good governance taking account of concerns raised by EIB stakeholders, including the EIB Board of Directors, the European Commission, the European Parliament and civil society organisations, and in February 2019 approved an EIB Group policy towards weakly regulated, non-transparent and non-cooperative jurisdictions ('EIB Group NCJ Policy'). This policy closely follows the EU legal framework, EU and international policies and standards in the area of tax and Anti-Money Laundering (AML) as well as the EU listing process. The policy also goes further by introducing additional requirements and measures, including a toolbox setting out general expectations vis-à-vis contracting counterparties.

STAKEHOLDER ENGAGEMENT

The EIB attaches great importance to engaging with civil society and to building cooperative relations with citizen organisations. The active dissemination of information and a constructive dialogue with civil society organisations (CSOs) are essential to informing the public and to building trust in the EIB and help the Bank meet public expectations.

Civil society organisations can provide valuable input into the development of the EIB's policies and activities. The Bank engages regularly with those groups to address their questions and concerns through three levels of stakeholder engagement.

Firstly, the EIB Group engages with civil society and builds cooperative relations with its representatives at the corporate level. Our annual meeting between CSOs and members of the EIB's Board of Directors and Management Committee is the main opportunity for civil society to discuss policy orientation directly with the EIB's governing bodies. The seventh annual civil society seminar with the EIB's Board of Directors in Luxembourg was held on 5 February 2018. The seminar was preceded by an additional event dedicated to the Trans-Adriatic Pipeline project, which is part of the Southern Gas Corridor. Other topics under discussion included the transition to low-carbon cities and tackling gender inequalities in our business. More information can be found in our [report on the event](#).

Secondly, public consultations give stakeholders an opportunity to shape the EIB's key institutional and thematic policies. Public consultations are complemented by thematic stakeholder engagement workshops covering a broad range of issues. Technical meetings between civil society representatives and EIB experts on more specific topics of mutual interest such as agriculture or fossil fuels are often held on request to exchange information on best practice and areas for improvement, or simply to share information.

The third tier is at the level of financed operations. Standard 10 of the EIB Environmental and Social Standards and Principles requires our promoters to maintain an open, transparent and accountable dialogue with all relevant stakeholders in an effective and appropriate manner. This standard stresses the value of public participation in the decision-making process throughout the preparation, implementation and monitoring phases of a project. Under the EIB's Standard 10, stakeholder engagement is defined as embracing a broad scope of compliance requirements for our promoters relating to (a) disclosure and dissemination of information linked to the EIB-financed operation, (b) the undertaking of public consultations and meaningful stakeholder participation, and (c) a mechanism ensuring access to grievance redress and remedy. All such activity should be guided by the principles of free, prior and informed engagement, with the aim of achieving broad support from the affected communities and longer-term sustainability for operational activities.



2018 EIB Civil Society Board seminar

COMPLAINTS MECHANISM

As part of our commitment to accountability and in line with international best practice, the EIB Group has a Complaints Mechanism in place that enables stakeholders to raise their concerns about the decisions and activities of the EIB Group. One of the main objectives is to ensure maintenance of the rights of individuals, organisations and corporations affected by EIB Group activities to be heard, and to uphold the right to complain, giving a voice to stakeholder concerns. The mechanism helps to facilitate and deal with any complaints made against the EIB Group.

2018 saw a decrease in registered complaints. 108 complaints were received, of which 94 were registered as admissible, which compares to 114 and 103 cases in the previous year. 19 of these complaints were filed with the European Ombudsman



Unique two-tier system

Addressing complaints of any kind helps the EIB Group to enhance its performance and activities. The EIB Group has a two-tier Complaints Mechanism directed towards this end based on a Memorandum of Understanding (MoU) signed with the European Ombudsman. The mechanism is composed of an internal tier – the Complaints Mechanism Division – and an external one – the European Ombudsman. This two-tier system, with an external and independent body, makes the Complaints Mechanism unique among multilateral development institutions.

Following a public consultation started in May 2017, the EIB Group approved a new [Group Complaints Mechanism Policy](#) in 2018. The review process concluded with the adoption of the revised policy by the EIF's Board of Directors on 12 November and the EIB's Board of Directors on 13 November 2018.

An improved policy document

The aim of the review of the Complaints Mechanism Policy was to further improve the functioning of the EIB Group's Complaints Mechanism by incorporating lessons learned, and to address areas for improvement. The existing documents that regulated the EIB CM (Principles, Terms of Reference and Rules of Procedure) were consolidated into one single policy document.

Moreover, the revised Complaints Mechanism includes a number of improved definitions and clarifications for procedures. For example, project procurement complaints are now handled by the separate EIB Project Procurement Complaints System, as this type of complaint is fundamentally different from other project-related complaints. Furthermore, the publication regime for complaints has been changed from a presumption of confidentiality to a presumption of disclosure in line with the Bank's Transparency Policy. Confidentiality of complaints will be maintained in specific situations (e.g. to avoid potential retaliation) or when requested by the complainant. A full overview of the changes in comparison with the previous Complaints Mechanism Policy of 2010 may be found on the [public consultation](#) site.



PRACTICING WHAT WE PREACH

New EMAS Environmental Policy

The new [EIB Group EMAS Environmental Policy](#), published in July 2018, sets out our commitment concerning our internal operations. It stipulates that we will comply with all legal and regulatory requirements, prevent pollution that may arise through our internal operations, purchase sustainable products wherever feasible, reduce potential risks from environmental, health and safety hazards for employees, communicate our environmental policies to employees and train them, and continually improve our environmental performance.

A robust framework for the future

In 2018, the EIB Group embarked on the implementation of an environmental management system in accordance with the internationally acknowledged ISO 14001 Standard⁸ and the EU Eco-Management and Audit Scheme (EMAS).⁹ We set ourselves an ambitious timeline of ten

months, and through the dedication of a cross-directorate team and cooperation of our service providers, we managed to achieve ISO 14001 certification and EMAS verification within eight months. Following our successful EMAS verification audit in December 2018, the EIB Group is now an ISO 14001-certified and EMAS-registered organisation and will publically declare our environmental performance through an Environmental Statement due for publication in early 2019.

EMAS will enable the EIB Group to measure the environmental impact of its internal operations and continually improve its environmental performance within a robust and consistent framework, while encouraging staff, service providers and members of the wider community to join its effort.

Our internal carbon footprint¹⁰

The EIB Group has now been measuring and managing carbon emissions from its own operations at the Group level since 2007, by applying the internationally acknowledged Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (2004). ✓

In addition to energy (natural gas for heating and power generation, purchased electricity, and steam for power) and waste emissions, we also measure and manage our mobility emissions (business travel, employees commuting in their own vehicles, etc.).

We aim to reduce our CO₂ emissions as much as possible and compensate for any residual emissions through the purchase and immediate retirement of verified carbon credits that deliver additional benefits. For further details please refer to the 2018 [EIB Group Carbon Footprint Report](#).

The carbon footprint for each employee (resulting from our own operations) in 2018 was 5.76 tCO₂e. This represents a decrease of 3.7% compared to 2017 and a decrease of 51.8% compared with the 2007 baseline. The EIB Group's total net carbon footprint was 22,428 tCO₂e. This represents an increase of 1.8% from 2017 and an increase of 25.1% compared with 2007. It compares with a 159.6% rise in staff numbers since 2007. ✓

⁸ An introduction to ISO 14001:2015: https://www.iso.org/files/live/sites/isoorg/files/archive/pdf/en/introduction_to_iso_14001.pdf

⁹ Commission Regulation (EU) 2017/1505 of 28 August 2017 amending Annexes I, II and III to Regulation (EC) No 1221/2009 of the European Parliament and of the Council on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS): <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1505&from=EN>

¹⁰ The internal carbon footprint covers the EIB Group's offices in Luxembourg and includes business travel and employee commuting.



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INDEPENDENT LIMITED ASSURANCE REPORT TO EIB GROUP

We have been engaged by the Management of EIB Group (the European Investment Bank (“EIB”) and its subsidiary, the European Investment Fund (“EIF”) together referred to as “the Group”) to provide limited assurance on the following information included in the Sustainability Report 2018

for the year ended 31 December 2018 of the EIB Group (“the Report”): indicators and statements in the Report marked in italics and with a tick , prepared in accordance with the Global Reporting Initiative (GRI) Standards, developed by the Global Sustainability Standards Board (GSSB), GRI’s independent standard-setting body, applicable at the Group in 2018, as detailed on page 3 of the Report.

Group Management’s responsibility for the Report

Group’s Management is responsible for the preparation and presentation of the Report, and the information and assertions contained within it, in accordance with the Global Reporting Initiative (GRI) Standards, developed by the Global Sustainability Standards Board (GSSB), GRI’s independent standard-setting body, applicable in 2018 at the Group as detailed on page 3 of the Report; for determining the EIB Group’s objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Responsibility of the Réviseur d’Entreprises agréé

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

We have complied with the independence and other ethical requirements of the Code of Ethics as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier.

We implement quality control procedures that are applicable to the individual engagement in accordance with the requirements of International Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements (ISQC 1).

Summary of work performed

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included, to the extent that they apply to the indicators and statements in the Report marked in italics and with a tick .

- Inquiries of management to gain an understanding of the Group's processes for determining the material issues for the Group's stakeholder groups;
- Interviews with relevant staff at corporate and business unit level responsible for providing the information in the Report;
- A media analysis and an internet search for references to the Group during the reporting period;
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the Report;
- Comparing the indicators and statements in the Report marked in italics and with a tick to corresponding information in the relevant underlying sources, when applicable;
- Verifying that the indicators and statements in the Report marked in italics and with a tick were correctly derived from the Group's 2018 audited financial statements, when applicable.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with International Standards on Auditing and Assurance Engagements, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or a reasonable assurance engagement. Our limited assurance engagement is not designed to detect all internal control weaknesses or errors in the Report in meeting the requirements of the internal reporting criteria applicable at the Group in 2018 as the evidence has been obtained on a sample basis. Accordingly, we do not express an audit or a reasonable assurance conclusion on the Report as a whole or on the indicators and statements in the Report marked in italics and with a tick .

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

Conclusion

Based on the limited assurance procedures performed, as described above, nothing has come to our attention that causes us to believe that the indicators and statements in the Report marked in italics and with a tick are not prepared, in all material respects, in accordance with the internal reporting criteria applicable in 2018 at the Group, as detailed on page 3 of the Report.

Luxembourg, April 30, 2019

KPMG Luxembourg,
Société coopérative
Cabinet de révision agréé



S. Chambourdon



SUSTAINABILITY REPORT 2018



The **EIB Group** consists of
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