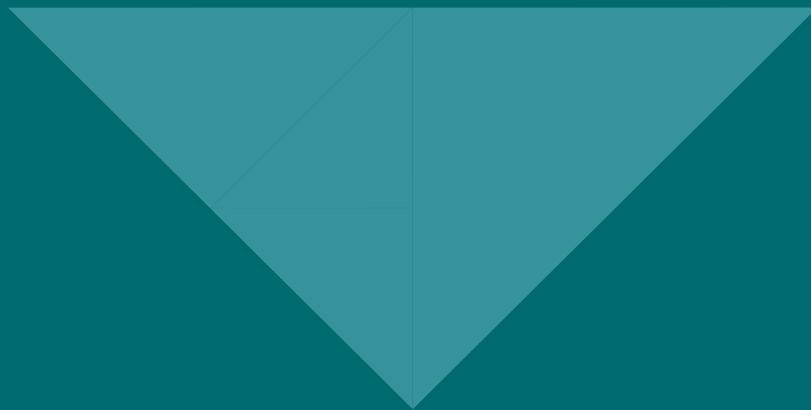




NORDIC  
INVESTMENT  
BANK

FINANCING  
THE  
FUTURE

# ANNUAL REVIEW 2015



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## NIB 2015

### Joneta Danielsson

#### Senior Manager, Head of Financial Accounting

Our comprehensive financial reporting is key to understanding NIB's business operations, and that opens new routes to international financial markets.



### HIGHLIGHTS 2015

- NIB's Board of Directors proposes that EUR 55 million be paid as dividends to the Bank's member countries for the year 2015
- 94% of NIB's lending achieved a "good" or "excellent" mandate rating

### PROSPECTS 2016

- NIB to better serve SMEs and mid-sized corporates
- NIB to increase flexibility in non-member country lending

## Key figures

(IN EUR MILLION UNLESS OTHERWISE SPECIFIED)	2015	2014
Net interest income	247	239
Profit/loss	215	210
Loans disbursed	2,716	2,274
Loans agreed	2,830	2,389
Loans outstanding	15,627	15,156
Guarantee commitments	–	–
New debt issues	4,276	3,361
Debts evidenced by certificates	20,862	19,446
Total assets	27,311	24,870
Equity/total assets (%)	11.5	12.0
Profit/average equity (%)	7.0	7.2
Number of employees (average during year)	188	186

## President's review

2015 was a year of surprises for NIB. In general, bankers do not like surprises, but for NIB, the past year brought a positive surprise as the disbursements of loans substantially exceeded our expectations, resulting in an all-time high of EUR 2.7 billion for projects that improve the competitiveness and environment of the Nordic–Baltic region. This growth was attributable to a good number of new borrowers in the municipal and private sectors and the growing needs in the municipal field, as well as the Bank's efforts to broaden its customer base.

When we consider that 94% of this lending received an internal mandate rating of "good" or "excellent", it becomes apparent that a long-term lender like NIB has a role to fulfil.

In 2015, most of our loans to projects that improve the competitiveness were in the sectors of R&D, infrastructure and energy projects. Examples include a loan to develop natural ingredient solutions for the global food and health industries, and loans to construct the Rail Baltica line.

The majority of our environmental loans related to climate change mitigation and protection of the marine environment in the Nordic–Baltic region, such as constructing a wastewater treatment plant in Helsinki. Several loans support both competitiveness and the environment, such as constructing the energy-efficient research laboratory MAX IV at Lund University and the investment in a new hydropower plant by Lyse Energi AS.

You can find out about our loan projects on our website at [www.nib.int](http://www.nib.int).

We also raised EUR 4.3 billion in new funding and continued to issue NIB Environmental Bonds to investors following socially responsible investment principles.

NIB made a profit of EUR 215 million in 2015.

Forty years ago, the Nordic Investment Bank was established to become a co-financier and coordinator of major projects of joint Nordic interest. The Bank has since developed into a Nordic–Baltic long-term lender with a strong commitment to sustainability and growth. As such, NIB continues to serve as a regional forum for intergovernmental dialogue and decision-making.

In 2015, NIB's Board of Directors concluded a strategy review aimed at further strengthening our ability to fulfil the Bank's mission. We will continue to implement new strategic initiatives to increase our lending to SMEs, mid-sized corporates, projects in the Arctic and also to counterparts outside the Nordic–Baltic region.

Although the year 2016 has started out in turmoil in the financial markets and with investment activity still constrained, we hope that it will turn out to be another year of positive surprises for the Bank. There is a need, in particular, for infrastructure investments in the Nordic–Baltic region, and NIB expects to play a constructive role in enabling these to materialise.

Henrik Normann  
President and CEO

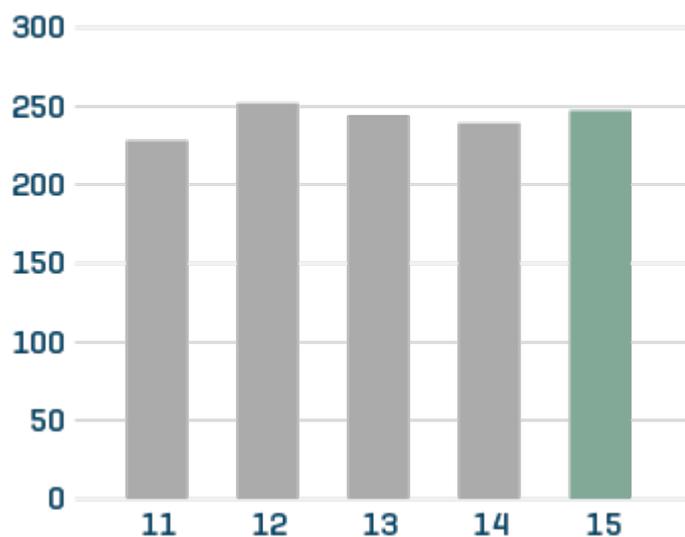
## Five-year comparison

AMOUNTS IN EUR MILLION	2015	2014	2013	2012	2011
<b>STATEMENT OF COMPREHENSIVE INCOME, 1 Jan-31 Dec</b>					
Net interest income	247	239	244	252	228
Commission income and expense etc.	10	7	10	17	19
General administrative expenses, depreciation and write-downs	-50	-41	-39	-38	-37
Realised and unrealised gains/losses of financial assets held at fair value	-9	26	15	36	9
Impairment of loans and bonds held at amortised cost	-3	-21	-15	-56	-24
Adjustment to hedge accounting	21	-1	2	-1	-2
<b>Profit/loss for the year</b>	<b>215</b>	<b>210</b>	<b>217</b>	<b>209</b>	<b>194</b>
<b>STATEMENT OF FINANCIAL POSITION, as of 31 Dec</b>					
<b>Assets</b>					
Cash and cash equivalents, placements and debt securities	8,776	7,158	7,131	8,092	6,788
Loans outstanding	15,627	15,156	14,667	15,131	14,153
Intangible and tangible assets	28	34	35	34	35
Accrued interest and other assets	2,880	2,523	1,657	2,726	2,826
<b>Total assets</b>	<b>27,311</b>	<b>24,870</b>	<b>23,490</b>	<b>25,983</b>	<b>23,802</b>
<b>Liabilities and equity</b>					
Amounts owed to credit institutions and repurchase agreements	1,589	872	372	1,609	1,597
Debts evidenced by certificates	20,862	19,446	18,421	20,332	18,433
Accrued interest and other liabilities	1,713	1,567	1,866	1,377	1,315
Paid-in capital	419	419	419	419	419
Statutory Reserve	686	686	686	686	684
Credit risk funds	1,826	1,671	1,509	1,352	1,158
Payments to the Bank's Statutory Reserve and credit risk funds, receivable	-	-	-	-	3
Other value adjustments	-	-	-	-	-
Profit/loss for the year	215	210	217	209	194
<b>Total liabilities and equity</b>	<b>27,311</b>	<b>24,870</b>	<b>23,490</b>	<b>25,983</b>	<b>23,802</b>
<b>ACTIVITIES</b>					
Disbursements of loans	2,716	2,274	1,922	2,355	1,946
Guarantees issued	-	-	-	-	-
Loans outstanding at year-end	15,627	15,156	14,667	15,131	14,153
Guarantee commitments at year-end	-	-	-	-	4
New debt issues (including capitalisations)	4,276	3,361	4,080	4,355	2,887
Number of employees (average during year)	188	186	183	180	175

## Graphs 2011-2015

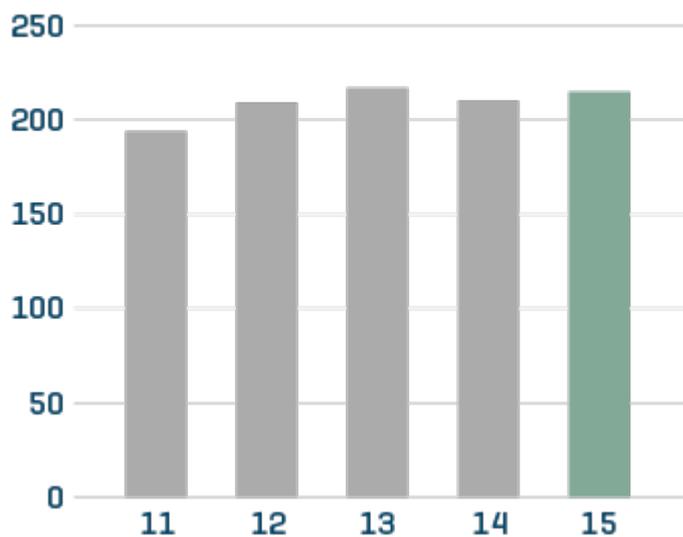
### Net interest income

EUR m



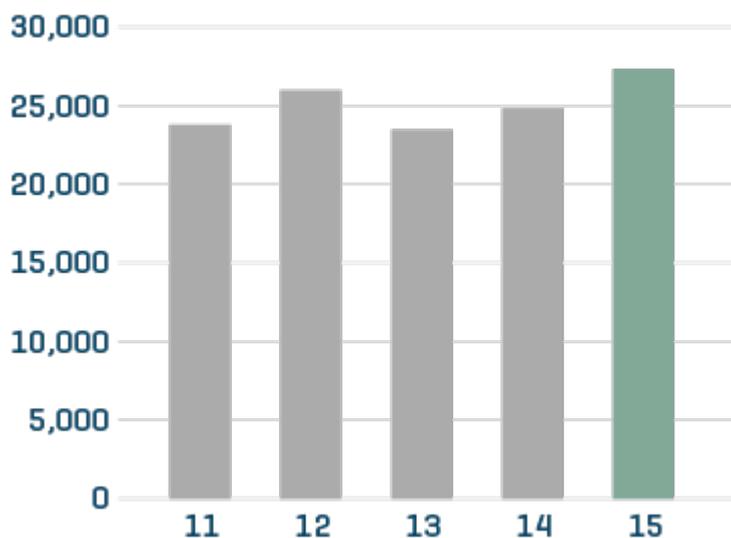
### Profit / loss

EUR m



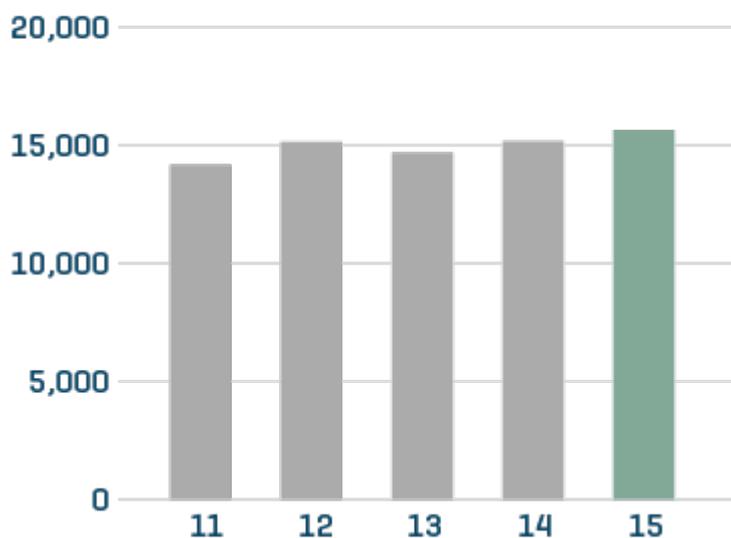
### Total assets

EUR m



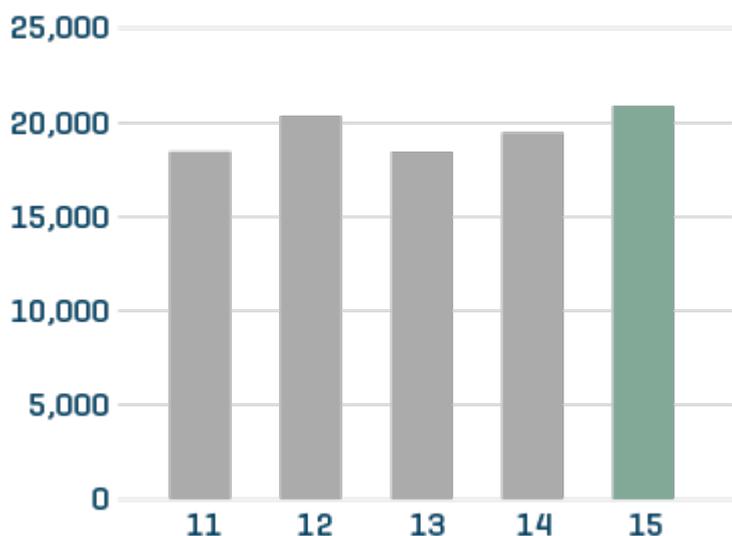
### Loans outstanding

EUR m



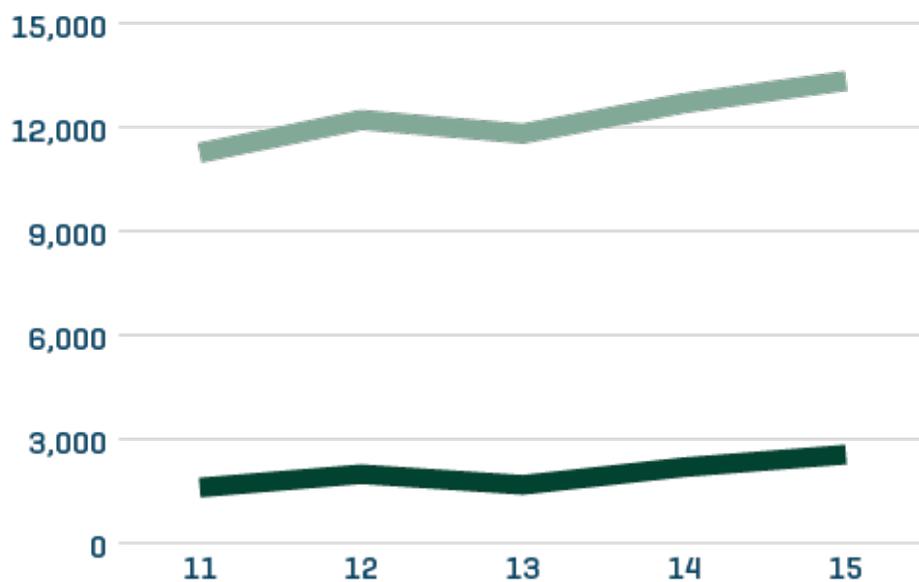
### Borrowings outstanding

EUR m



### Loans in member countries

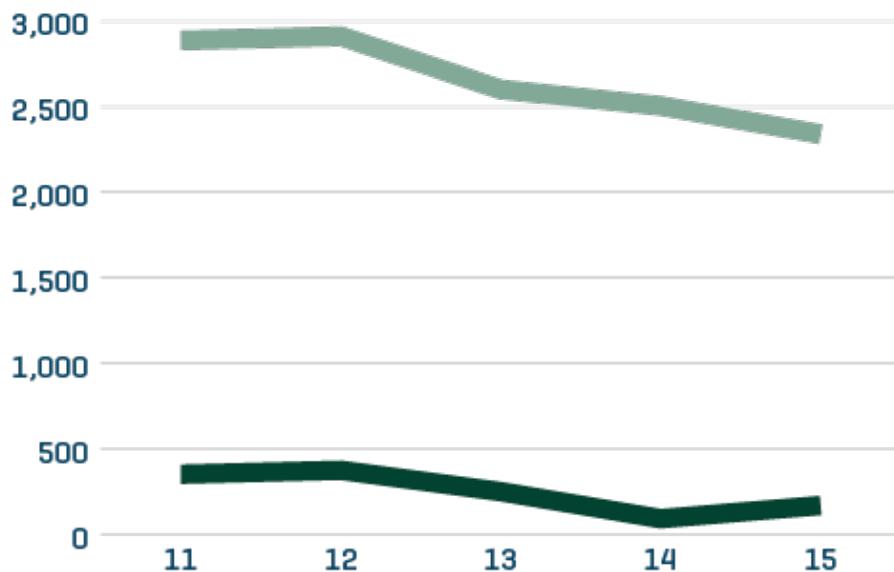
EUR m



◀ Outstanding    ▶ Disbursed

### Loans in non-member countries

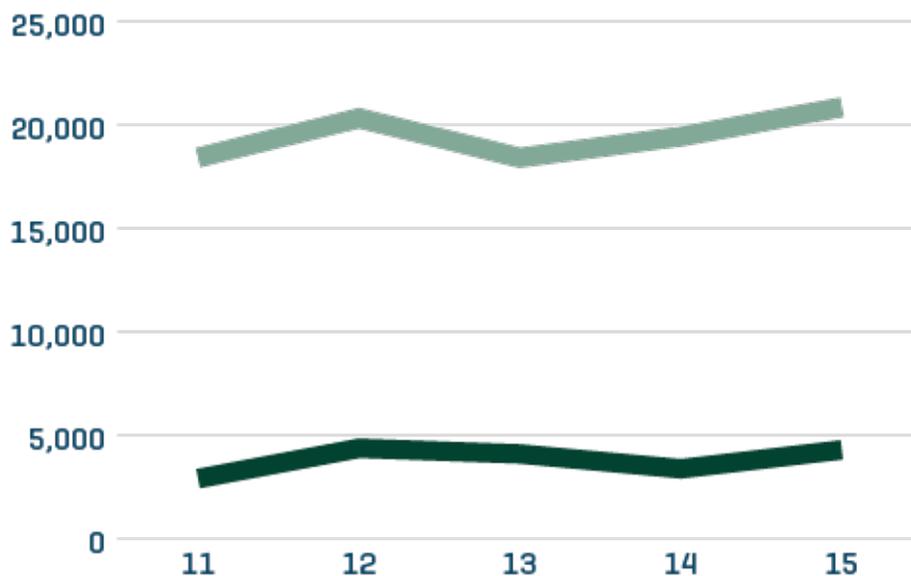
EUR m



◀ Outstanding    ▶ Disbursed

### Borrowings

EUR m



◀ Borrowings outstanding    ▶ New borrowings

## Capital structure

NIB's capital base consists of authorised capital subscribed by the member countries and reserves accumulated through internal profit generation.

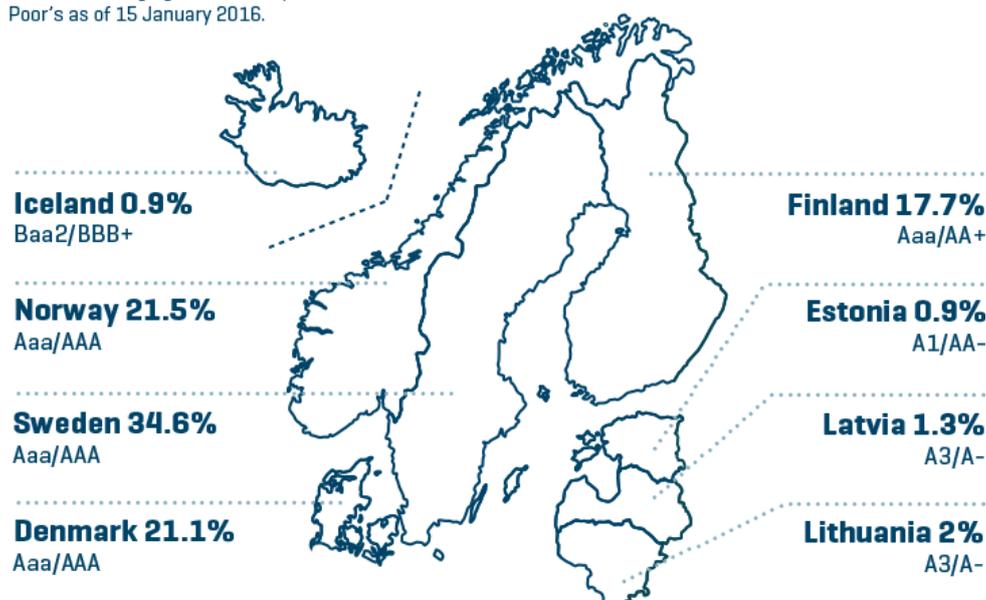
The Bank's authorised capital was EUR 6,141.9 million as of 31 December 2015. The paid-in capital at the end of the year amounted to EUR 418.6 million. The remainder of NIB's authorised capital is subject to call if the Bank's Board of Directors deems it necessary for the fulfilment of the Bank's debt obligations.

The Bank's equity consists of the paid-in portion of the authorised capital and accumulated reserves. As of 31 December 2015 the Bank's equity amounted to EUR 3,146.5 million. Further information on the composition of the Bank's equity is provided in the Statement of financial position and Changes in equity.

NIB's member countries have subscribed to the Bank's authorised capital and guaranteed the special loan facilities mentioned below in proportion to their gross national incomes. The countries' share of the authorised capital is shown on the map of member countries.

### Member countries

Share of authorised capital and ratings from the credit rating agencies Moody's and Standard & Poor's as of 15 January 2016.



The Bank's ordinary lending ceiling corresponds to 250% of the authorised capital and accumulated general reserves. After the appropriation of profits from the financial year 2015, in accordance with the proposal made by the Board of Directors, the ordinary lending ceiling amounts to EUR 20,922 million.

In addition to ordinary lending, NIB has two special lending facilities. The Project Investment Loan facility (PIL) amounts to EUR 4,000 million. The member countries guarantee 90% of each loan under the PIL facility up to a total amount of EUR 1,800 million. The Bank, however, will assume 100% of any losses incurred under an individual PIL loan, up to the amount available at any given time in the Special Credit Risk Fund for PIL. Only thereafter would the Bank be able to call in the member countries' guarantees.

The second special facility, the Environmental Investment Loan facility (MIL) has a maximum ceiling of EUR 300 million. The Bank's member countries guarantee 100% of loans outstanding under the MIL facility. Following a call on the guarantees in 2014 the member countries' total guarantee liabilities as of year-end 2015 amount to EUR 281 million.

See [Note 8](#) in the Financial Report for a more detailed presentation of the loan facilities, the guarantee structure and distribution.

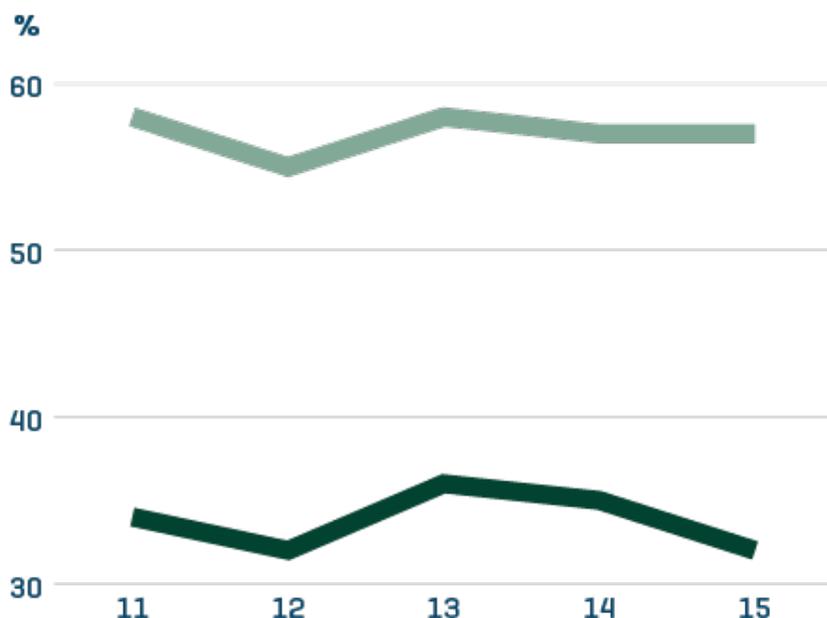
In view of the Bank's strong capital base, the quality of its assets and its status as an international financial institution, the leading international rating agencies, Standard & Poor's and Moody's, have accorded NIB the highest possible issuer credit rating, AAA/Aaa, for long-term obligations and A-1+/P-1, respectively, for short-term obligations. NIB obtained the highest possible credit rating in 1982. Since then, the Bank has maintained this credit rating without interruption.

### Capital base

%, as of 31 Dec 2015



### Capital ratios



◀ Total capital/loans outstanding    ◀ Total capital/total assets

## Economic landscape

The global economy slowed to 3.1% growth in 2015, compared to a growth of 3.4% in 2014. Depressed commodity prices, combined with other domestic factors, prompted severe recessions in Brazil and Russia. Meanwhile China, as it adapts its growth model, is gearing down and therefore unable to pick up the slack. While the expansion of the U.S. economy and the European recovery are not derailed, the latter remains slow and performance is mixed. This is well reflected across the Nordic-Baltic region.

### Nordic–Baltic region

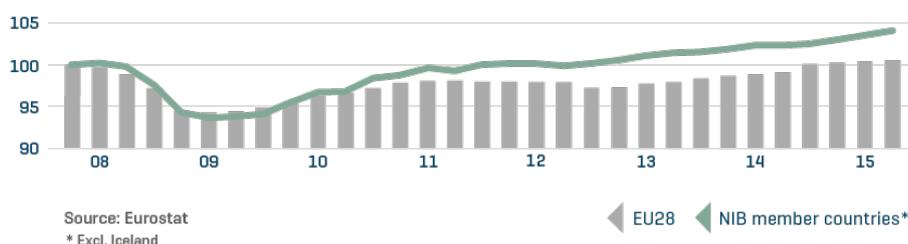
The Baltic and Icelandic economies have so far proved fairly resilient to negative shocks emanating from Russia and commodity markets. On the other hand, the Finnish economy—faced with both cyclical and structural issues—is struggling to avoid contracting further.

The Norwegian economy is contending with lower oil prices, and the resulting slump in business investment, by deploying fiscal stimulus. Secondary knock-on effects are expected to become more evident in 2016.

The Danish economy is on a positive track, but growth remains underwhelming as households continue to deleverage. Sweden has fared substantially better, but growth has largely been tilted towards the household sector and accompanied by rising indebtedness.

### Real GDP

Index, 2008Q1=100



### Looking forward

In 2016, the global economy is forecast to grow by 3.3%, the US by 2.5% and the euro area by 1.5%. Our expectation for economic growth in the Nordic–Baltic area is around 1.7%, with the Baltic, Icelandic and Swedish economies performing best. Real GDP in Denmark and Norway is predicted to advance at the euro area pace of 1.5%, while Finland would lag behind at a slower pace of 0.5%.

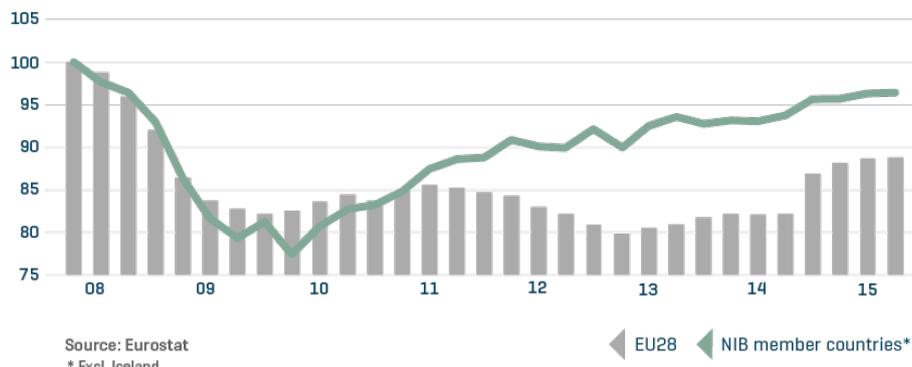
### Expected impact on credit demand

Despite the seemingly benign macroeconomic outlook, financial market volatility spiked entering into 2016, with equity markets correcting and commodity prices continuing to plunge. The geopolitical and event-driven risks appear to be at their highest since 9/11.

## Real investments

Gross fixed capital formation

Index, 2008Q1=100



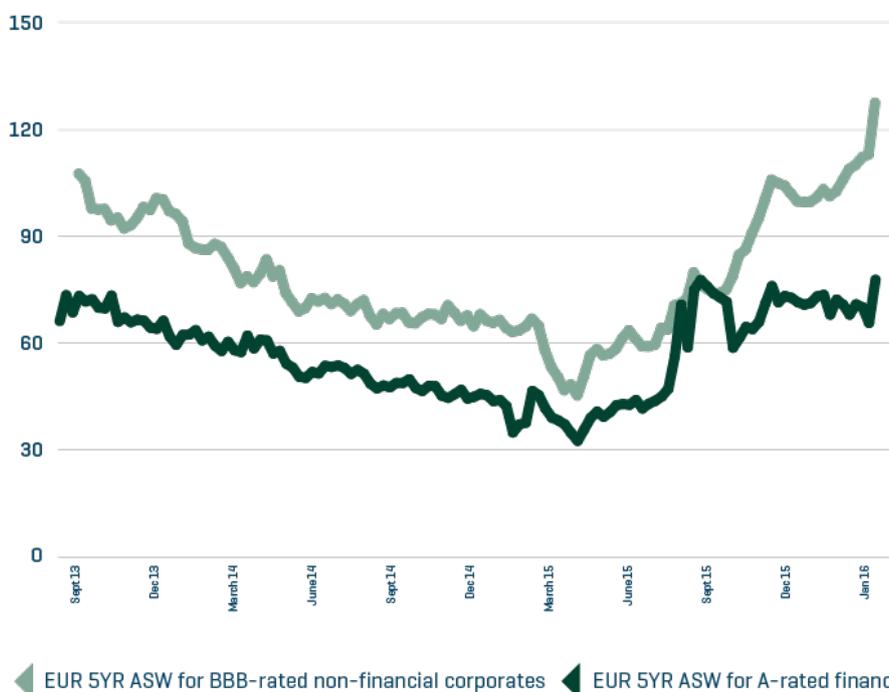
The familiar pair of issues—weak global demand and uncertainty—continues to plague the operating environment, the prospects for business investment and associated credit demand. Partially mitigating such headwinds in developed economies are low interest rates, which could decline further in inflation-adjusted terms. That could, in turn, support credit demand and rotation towards longer maturities.

## Estimated impact on credit prices

Price-wise, the downward pressure exerted on credit spreads by monetary policy has faded. Due to unprecedented structural disruptions accompanying central bank and regulatory activity, the signal-to-noise ratio emanating from credit markets is weaker than usual. Nonetheless, barring material positive surprises (from e.g. economic data, corporate earnings, or monetary authorities), the uptrend in credit spreads seen since spring 2015 appears unlikely to abate.

## Credit (asset swap) spreads

Basis points



Source: Thomson Reuters

## Our Impact

### Harry Peltonen

Senior Director, Head  
of Credit

The robust and very strong credit quality of our loan book was one of the key reasons for Standard & Poor's and Moody's assessments of NIB's credit ratings as AAA/Aaa in 2015.



### HIGHLIGHTS 2015

- NIB-financed energy projects will add 0.53 TWh annually to renewable energy generation
- NIB conducted a stakeholder survey in 2015

### PROSPECTS 2016

- NIB continues to finance projects that reduce emissions of pollutants
- NIB will carry on its stakeholder engagement

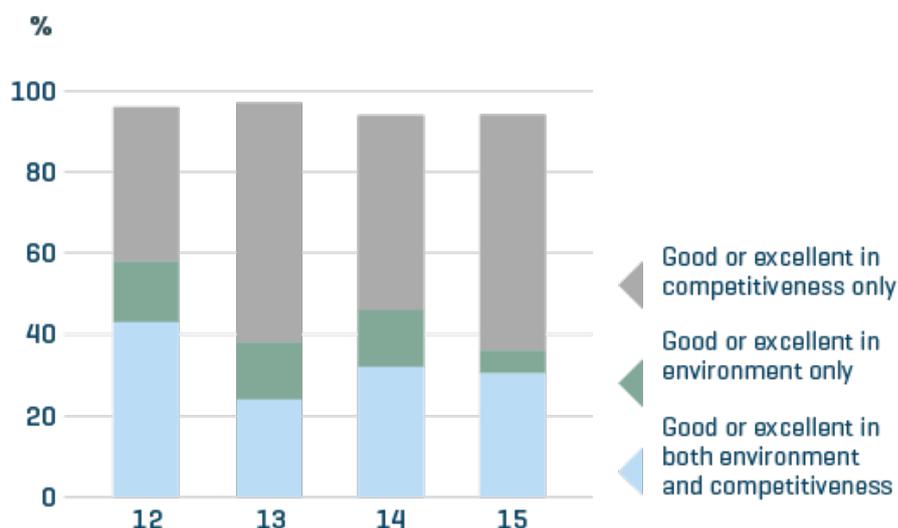
## Mission fulfilment

NIB's mission is to finance projects that improve competitiveness and the environment of the Nordic and Baltic countries. NIB only finances specific projects that fulfil its mission.

In 2015, NIB signed 45 new loan agreements and reviewed all its loan projects. The reviews entail assessment of mission fulfilment, including socioeconomic and environmental aspects. Loans achieving a "good" or "excellent" mandate rating accounted for 94% of the total amount of lending.

The majority of the environmental loans were related to projects aimed at climate change mitigation in the member countries. Competitiveness-based loans mainly supported investments in R&D, infrastructure and energy.

### Mandate rating



## Improving competitiveness

The level of prosperity that the Nordic–Baltic countries can sustain for their citizens depends essentially on the competitiveness of the region. The term “competitiveness” has many definitions, ranging from short-term indicators reflecting unit labour costs to broader sets of indicators describing the long-term development of the economic and social structures that support the creation of economic value in an economy.

To ensure that NIB fulfils its mission to improve competitiveness, each project the Bank finances is evaluated and rated on a five-grade scale measuring the impact the project is expected to have on the competitiveness of the Bank’s member countries. The ratings are based on a conceptual framework that considers both the aforementioned short-term and long-term indicators. The indicators are both qualitative and quantitative, measuring direct effects at company level and those impacting the region on a broader scale through potential wider and indirect effects on e.g. business clusters, sectors and the rest of the economy.

In 2015, NIB financed a number of projects across sectors contributing to improvements in the competitiveness of the member area through positive impacts on labour productivity and the business environment. The largest share of NIB’s lending was allocated to projects that support technical progress among NIB’s clients in business sectors and academia.

An example is the loan signed by NIB and Chr. Hansen Holding A/S to finance research and development activities into identifying and developing natural ingredient solutions for the global food and health industries. The project directly supports the company by adding value to its product offerings in advanced bioprocess engineering and microbial physiology. As Denmark has a strong local bioscience cluster, these investments in R&D are likely to support broader development of skills in the cluster through knowledge migration to other companies.

Investments in infrastructure boost the long-term growth of labour productivity and increase the attractiveness of the Nordic–Baltic countries as places to do business. NIB contributed to improvements in the quality of infrastructure in its member countries by lending to projects that upgrade and build new core infrastructure.

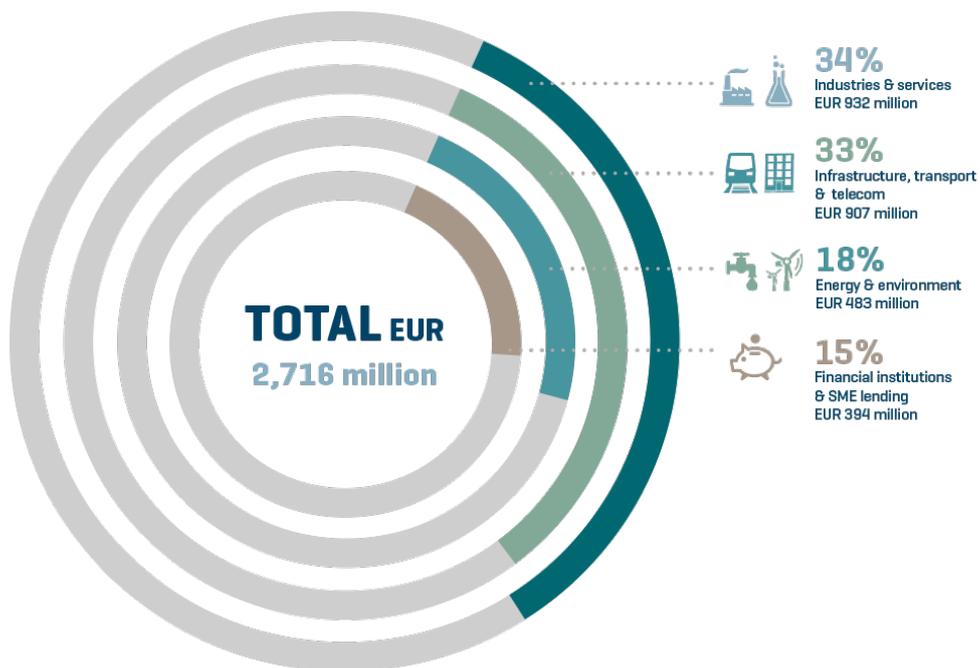
In Finland, NIB provided a loan to the City of Vantaa for the construction of the Ring Rail Line connecting two commuter corridors between central Helsinki and Helsinki Airport. The railway increases the capacity of the Helsinki Metropolitan Area public transport system and is an integral part of ongoing residential housing projects that are expected to add homes for 10,000 residents in Vantaa. The railway will therefore support urbanisation and reduce housing-related friction in the labour market in the Greater Helsinki area.

NIB also extended a loan to AB Lietuvos geležinkeliai, which continues its investment programme in the Rail Baltica railway line from the Lithuanian–Polish border via the city of Kaunas to the Lithuanian–Latvian border. The investments will improve the quality of the country’s main freight corridors by reducing travel times and increasing operational efficiency. These improvements are particularly important in the Baltic countries, where the share of rail transportation of total inland freight traffic is significantly higher than in other European countries.

NIB also reached out to financial intermediaries in order to facilitate lending to smaller businesses. In November, NIB signed a loan with Westra Wermlands Sparbank, which will use the loan facility to offer financing to small and medium-sized enterprises (SME) in the region. The majority of Westra Wermlands Sparbank’s SME clients are active in the forestry, manufacturing, telecommunications and IT sectors.

This and similar loan programmes will continue to be an important way for NIB to support the growth of smaller companies, which account for most of the jobs and value added in NIB’s member countries.

## Loans disbursed in 2015



## Enhancing the environment

The environment of the Nordic and Baltic countries is naturally influenced by the projects carried out in the region and elsewhere through transboundary and global impacts. NIB therefore promotes projects that enhance the environment in its member countries.

A project is seen as enhancing the environment when it has a direct or indirect positive environmental net impact. Also, R&D projects focusing on benefits for the environment and projects promoting the development of a sustainable society are important. When assessing the environmental impacts of loan projects, NIB's analyses focus on:

- improvements in resource and energy efficiency
- development of a low-carbon economy
- protection of the environment and its ecosystem services
- development of clean technology.

Resource and energy efficiency are key in dealing with climate change and in achieving the EU's 2050 target of reducing greenhouse gas emissions by 80% below 1990 levels.

In 2015, NIB financed several projects and a loan programme for financial intermediaries aimed at improving the energy efficiency of public and commercial buildings. One example is a loan signed with Fastighets AB ML4 for the construction of the MAX IV research laboratory as part of Lund University in Sweden. The office building at the MAX IV laboratory was certified according to the BREEAM-SE scheme, a Swedish adaptation of an international certification system for green buildings. MAX-lab is the first building in Sweden to be certified according to BREEAM. The building reached the level "outstanding", something which only 2% of all certified buildings manage.

In the Republic of Lithuania, NIB participated in financing renovation programmes to reduce the use of heat by an average of 33% and 240 GWh per annum for 4,000,000 square meters of apartments. The loan also includes renovating 49 public buildings estimated to result in heat savings of 13 GWh annually.

Many of NIB's environmental loan projects in 2015 supported the transition to a low-carbon economy, including public rail transport infrastructure projects and renewable energy projects. The above-mentioned loan to the City of Vantaa for the construction of the Ring Rail Line offers a more environmentally efficient mode of transport, which is assessed to result in a decrease of approximately 11,000 tonnes of carbon dioxide annually.

In 2015, NIB also financed the modernisation of 36 SJ 2000 trains in Sweden. As a result of the modernisation programme, the capacity of the SJ 2000 carriages will increase by 13.5%, while their electricity consumption will decrease by 5%. This investment will offer high-quality travel on rail between Stockholm and Gothenburg/Malmö and a more attractive alternative for passengers to switch from air to rail, which would significantly decrease the energy usage and emissions of carbon dioxide per voyage.

An example of a renewable energy project financed in 2015 is a loan to Lyse AS for the construction of a new hydroelectric power plant in an already regulated watercourse at the innermost end of Lysefjord in Forsand municipality, southern Norway. Increasing hydropower generation in an already regulated watercourse is an environmentally efficient way of generating electricity. The project is estimated to increase the electricity generation capacity by 14% and 180 GWh annually, resulting in an annual reduction of carbon dioxide emissions of 2,000 tonnes.

NIB also aims to protect the environment and its ecosystem services by financing projects that reduce emissions of pollutants. In 2015, two loans in Finland were provided for the construction of new wastewater treatment plants.

The Helsinki Region Environmental Services Authority (HSY) is constructing a new wastewater treatment plant in the City of Espoo for the wastewater from 400,000 inhabitants in the Helsinki metropolitan area. The new plant will replace the old plant in Suomenoja. The treatment objective for nitrogen removal is over 90% and for phosphorous removal over 96%. The project is assessed to reduce the annual nitrogen load to the Baltic Sea by 300 tonnes.

In the City of Mikkeli in eastern Finland, Mikkeli Waterworks will construct a new wastewater treatment plant to replace an old plant. The treatment process will be based on membrane bioreactors that permit high treatment efficiency. The project is assessed to reduce the annual phosphorous and nitrogen loads into Lake Saimaa by 400 kg and 81 tonnes, respectively. In both cities, the treatment units will be built underground in caverns, which will reduce their odour and noise impacts on the surroundings.

In Norway, a loan was provided to Elkem to upgrade two furnaces at the Salten plant in Straumen, northern Norway, and a furnace at the Bremanger plant in Svelgen, western Norway. The technical improvements are expected to reduce emissions of nitrogen oxides into the air by 40%.

## Greenhouse gases and other environmental parameters

As part of its environmental review, NIB calculates the emissions of greenhouse gases into the atmosphere from all projects considered for financing. These emissions may occur either directly, e.g. due to fuel combustion or production process emissions, or indirectly through purchased electricity or heat. The emissions are prorated to NIB's share of the financing in order to avoid double-accounting with other co-financiers. The carbon footprint of all reviewed projects is reported in the loan documentation to NIB's management and Board of Directors for decision-making.

In 2012, the major international financial institutions agreed on a harmonised approach to project-level greenhouse gas accounting. Since then, technical working groups have developed sector-specific accounting principles for renewable energy (RE) projects, energy efficiency (EE) projects and for the transportation sector. The new harmonized approaches were announced in November 2015 at the COP21 conference in Paris. NIB has participated actively in the work.

In 2015, the majority of NIB's environmental loans were related to projects promoting climate change mitigation in the member countries. These comprised energy efficiency projects, public rail transport projects and renewable energy projects in the hydropower and waste-to-energy sectors.

NIB-financed energy projects will add 0.53 TWh annually to renewable energy generation. NIB estimates that the loans agreed in 2015 are helping to reduce carbon dioxide emissions by 50,100 tonnes annually, prorated to NIB's share of the financing.

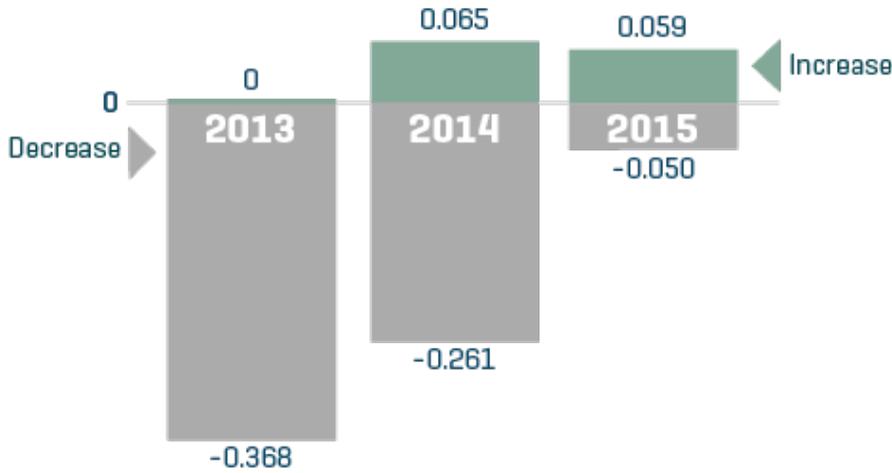
The percentage of NIB's total lending volume allocated to climate change mitigation projects amounted to 27%. The increase in carbon dioxide emissions resulting from the projects financed by NIB in 2015 is assessed to be 59,000 tonnes annually. The largest contributor was the infrastructure investment and terminal expansion at Helsinki Airport that will increase the airport's capacity.

Financing of the two new wastewater treatment projects in Finland is assessed to reduce the annual nitrogen load directly to the Baltic Sea or its catchment area by 380 tonnes. This equals about 6% of the annual nitrogen load to the Baltic Sea from point sources in Finland. The furnace upgrade project in Norway is estimated to reduce nitrogen oxide emissions into the air by 1,060 tonnes, equalling a reduction of 40%.

The charts below summarise the climate impact of the Bank's financing.

**CO<sub>2</sub> \* impact of NIB's financing**

Millions of tonnes of CO<sub>2</sub> per year



\*CO<sub>2</sub> is CO<sub>2</sub> equivalents.



NIB loans in 2015 contributed to an annual reduction of

**50,100**

tonnes of CO<sub>2</sub> emissions and an annual increase of

**59,000** tonnes of CO<sub>2</sub> emissions.

The reduction =

**4,900**

Finnish people.



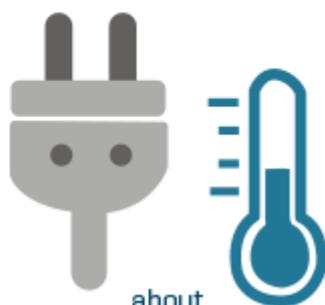
the CO<sub>2</sub> emissions from approximately



NIB loans to renewable energy projects in 2015 contributed to an annual increase of

**221 GWh**

in electricity generated and **308 GWh** in heat generated.



about

**0.003%**

of the annual electricity and heat generated in Finland.

=

## Sustainability management

As the Bank's mission is to finance projects that improve competitiveness and the environment of the Nordic and Baltic countries, sustainability is emphasised strongly in the Bank's operations.

NIB's [Sustainability Policy and Guidelines](#) cover the environmental and social aspects taken into account in every loan decision. The Bank's codes of conduct address the corporate governance issues of our operations. Transparent and ethical business practices are ensured by training staff and developing operations. The Bank also seeks to reduce its own environmental footprint.

Sustainability matters are shared between the Chief Compliance Officer—who reports directly to the CEO and has direct access to the chairpersons of the Board of Directors and the Control Committee—and the Head of the Sustainability and Mandate unit, who can report directly to the CEO on sustainability matters.

The Head of Communication, who also reports directly to the CEO, is responsible for the communication of sustainability matters. The Office of the Chief Compliance Officer handles complaints of allegations of non-compliance with the Bank's policies and procedures, including denials of information. The Sustainability and Mandate unit is responsible for assessing the mandate compliance of projects financed by NIB as well as their sustainability aspects.

### Environmental aspects

NIB aims to achieve improved sustainability in all of its business areas. This is done by financing projects with direct and indirect environmental benefits, and by requiring appropriate environmental safeguards to be applied. NIB may also give advice regarding clients' prospective project to enhance their environmental and social performance.

The Bank's Sustainability and Mandate unit assesses the environmental and social impacts of all projects for consistency with the Sustainability Policy and Guidelines. If adverse environmental and social impacts cannot be avoided in a project; they must be appropriately minimised, mitigated or compensated for.

A proposed project can be rejected due to non-compliance with the policy. The policy also includes an exclusion list with activities not eligible for financing. After disbursement, the Bank follows the performance of borrowers' projects based on agreed reporting as well as regular contact. The need for sustainability monitoring is assessed as part of NIB's environmental and social review.

NIB has adopted a framework for a special monitoring and ex-post mandate assessment process. The process will examine the implementation and results of projects financed by the Bank.

NIB is actively involved in the harmonisation process of sustainability issues with its International Financial Institution peers. Harmonisation issues could typically cover common reporting on impacts of projects, due diligence processes, etc.

NIB aims to continuously improve its environmental management system, and has been a member of the WWF's Green Office programme since 2009. The Bank monitors, and reports on its environmental footprint. Read more about internal environmental management in [Environmental footprint](#).

### Social aspects

NIB emphasises good management of human resources. Respect for workers' rights and freedom of association are seen as basic elements of good business practice. NIB does not accept discrimination based on gender, race, nationality, ethnic origin, religion, disability, age or sexual orientation internally or in any of the projects it finances. When a risk of any type of discrimination is identified in a financed project, a review by a third party expert may be performed.

Furthermore, NIB requires its clients to comply with international standards for the employment of minors. The use of forced labour is not accepted by NIB. Sound management of health and safety issues among workers and communities is essential for the productivity and efficiency of the business, as is respect for their livelihoods.

As an employer, NIB has introduced an Equality and Diversity Plan for specifying the aims and practical actions to be taken in order to promote and enhance equality and diversity at NIB. The Bank shall, with due regard to available resources and other relevant circumstances, actively strive to prevent discrimination, to encourage both women and men to apply for vacant positions and create as equal and equitable opportunities as possible for employees in respect of training and promotion. Read more about the Bank's human resources practices in [Our people](#) .

## Corporate governance

NIB pursues the highest level of integrity, transparency and accountability in all its operations and activities.

The Bank has adopted a zero-tolerance attitude towards corruption. Anti-corruption training is undertaken regularly for the Bank's staff and members of governing bodies to ensure that their respective codes of conduct are well understood and complied with. Read more about [Ethics and Integrity](#) and the [Codes of Conduct](#) .

## Our environmental footprint

NIB works proactively and continuously to improve its environmental management system.

The Bank has implemented several improvements to be continued on a permanent basis in its internal operations and human resources management. Examples of these are health, safety and applying best practices in environmental management.

In 2015, NIB initiated a renovation project in its premises in Helsinki. The first phase included the refurbishing of one floor of one wing of the building in accordance with BREEAM certification requirements for environmentally friendly buildings. The aim is to continue the renovation programme in line with BREEAM.

The Bank is a member of the Green Office programme of the World Wide Fund for Nature (WWF). The programme motivates staff to act in an environmentally friendly way in their everyday tasks and improves not only environmental awareness but also cost efficiency.

The bank purchases the electricity needed for its premises from clean and renewable energy sources. Since 2014, our energy source has been 100% wind energy. The origin is guaranteed by the European Energy Certificate System (EECS).

NIB also buys cleaning and recycling services certified by the official Nordic Ecolabel (the "Swan") introduced by the Nordic Council of Ministers.

In order to encourage the use of public transport among NIB's personnel, the Bank offers commuter benefit coupons. In 2015 the number of staff members using the coupons was 143.

A paperless office is not a target, but staffs are continuously encouraged to save paper. Double-sided copying and printing is today standard within the office, and the idea of "think before you print" has become well established throughout the office. All these small efforts have contributed to a reduction in paper consumption.

### NIB's direct environmental impact:



	2013	2014	2015	Change from previous year %
Electricity (MWh)	1,459	1,352	1,269	-6%
District heating (MWh)	1,499	1,347	1,188	-12%
District cooling (MWh)	429	422	336	-20%
Energy total (MWh)	3,387	3,121	2,793	-11%
Water (m3)	2,754	2,507	2,725	9%
Paper; FSC certified copy and printing (tonnes)	9	7	6	-14%
Business travel, air (million km)	5,1	4,2	5,0	19%
Business travel, CO2 (t)	645	536	632	18%
Commuter benefit coupons (signed for in number of persons)	152	150	143	-5%
Recycled paper; office, newspapers, magazines and brochures (tonnes)	16	12	12	0%
Mixed waste	na	na	4	
Energy waste	na	na	2	
Bio waste	na	na	10	
Other waste total (tonnes)	18	15	16	7%

## Our stakeholders

NIB strives to maintain an open, continuous and constructive dialogue with its owners and key counterparties. Our main stakeholders are our customers, our investors, political decision-makers and public administrations, and own staff. In addition to engaging in a number of activities with stakeholders during 2015, NIB undertook some greater actions that assisted in [defining our material topics](#) .

In March 2015, NIB concluded the strategy review that that was initiated in 2014. While NIB's present business model will remain the foundation, lending will be increased to SMEs, mid-sized corporates and counterparts outside the Nordic-Baltic region. NIB also established an Arctic Financing Facility with a framework of up to EUR 500 million in loans for selected projects in the High North.

In 2015, NIB also carried out a [Work Engagement Survey](#) among its staff. The survey is conducted biannually, with the aim of assessing the wellbeing and functionality of the working community at NIB.

NIB also carried out [a survey among its key external stakeholders](#) . This survey is conducted once every three years and interviews a vast amount of customers, authorities and investors to gain more understanding of their needs and the expectations they have of the Bank. The aim is to receive feedback on NIB's reputation, customer relationship strength and value added to these key target groups. The results are utilised to develop the Bank's processes, and also to compare to previous years' results.

In June 2015, NIB arranged [a panel debate on environmental bonds](#) at Denmark's people meeting, Folkemødet, on Bornholm.

Also in June, NIB took part in the 6th Annual Forum for the EU Strategy for the Baltic Sea Region in Jurmala, Latvia.

In December, NIB hosted [a panel discussion on green financing](#) in the Nordic pavilion at the COP21 Climate Conference in Paris.

As an on-going general practice and as defined in our Public Information Policy, when a new loan is agreed, NIB publishes information about the borrower, the loan sum, maturity and project description. We also publish the degree to which our loan projects comply with the Bank's mission, which is to improve the competitiveness and environment of the Nordic and Baltic countries. During 2015, NIB signed 45 new loan agreements.

NIB classifies all loan projects with potential negative social or environmental impacts as Category A projects. Such projects must undergo a full environmental impact assessment (EIA). The EIAs are made publicly available at [www.nib.int](http://www.nib.int) for a period of 30 days. This allows our stakeholders to give their opinions before the Bank makes a decision on financing the project.

In 2015, the Bank published information about seven Category A projects, and received no responses. NIB eventually signed loan agreements with three of the Category A projects.

The Bank develops its sustainability reporting based on the Global Reporting Initiative (GRI). NIB aims to report on the most essential economic, environmental and social impacts of its operations. Our reporting also includes indicators from the GRI's Financial Sector Supplement.

Stakeholders in 2015

	KEY STAKEHOLDERS	MODES OF INTERACTION	2015 ACTIVITY EXAMPLES
<b>Customers</b>	Private and public companies, institutions, municipalities, sovereign countries, banks and other IFIs	Visits, meetings, seminars, correspondence, newsletters	<ul style="list-style-type: none"> <li>- 45 new loans signed</li> <li>- More than half of the loans to new customers</li> <li>- SMEs reached via 7 new loans to financial institutions</li> <li>- Stakeholder survey</li> </ul>
<b>Investors</b>	Central and commercial banks, pension and insurance funds, asset managers and government entities	Bilateral meetings, newsletters, seminars, conferences, and Web-based communication	<ul style="list-style-type: none"> <li>- Issuance of two USD benchmark bonds</li> <li>- Issuance of two NIB Environmental Bonds (NEB)</li> <li>- Stakeholder survey</li> </ul>
<b>Political decision-makers and public administrations</b>	State representatives in Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden, as well as other selected countries where NIB operates.	Our owners govern NIB via representatives on the Board of Governors (BoG), Board of Directors (BoD) and Control Committee (CC).	<ul style="list-style-type: none"> <li>- The BoG approved dividends of EUR 55m for 2014.</li> <li>- The BoD held 8 ordinary and 1 online meeting.</li> <li>- The CC held 2 meetings.</li> <li>- Participation in Folkemødet, EUSBSR and COP21</li> <li>- Stakeholder survey</li> </ul>
<b>NGOs</b>	Organisations raising awareness of ways to protect the environment.	<p>Publishing information on signed loans</p> <p>Inviting comments to loan projects with potentially extensive environmental impacts, known as Category A projects</p>	<ul style="list-style-type: none"> <li>- Contributions to NGOs working to protect the Baltic Sea in the form of expertise and donations</li> </ul>
<b>Media</b>	Mainly the financial media	Press releases about signed loans, newsletters, emails and bilateral meetings with press representatives	<ul style="list-style-type: none"> <li>- Interviews with NIB's directors and experts</li> <li>- Answering questions from the media</li> <li>- Offering background information to journalists writing about green investments</li> </ul>
<b>General public</b>	Everyone interested in NIB's operations	Meetings, website, newsletters, the printed <i>NIB Magazine</i> , online annual reports, social media and emails	<ul style="list-style-type: none"> <li>- Staff giving presentations about NIB and its mission to various student groups and NGOs</li> <li>- Dialogues via info@nib.int</li> </ul>
<b>Staff</b>	NIB is headquartered in Helsinki and had 189 permanent employees at year-end 2015.	Meetings, intranet, monthly plenum, induction for new employees, in-house training	<ul style="list-style-type: none"> <li>- Work engagement survey</li> <li>- Start of the new "Raising the Bar" training programme</li> <li>- Monthly plenary meetings</li> </ul>

## NIB's stakeholder survey

In line with the Public Information Policy, NIB actively and regularly seeks feedback from its key target groups on their awareness of the Bank and its reputation. In practice, this is done by conducting a thorough stakeholder survey every three years.

The goal is to receive feedback on NIB's

- awareness and communication channels
- reputation
- customer relationship strength
- sustainability matters and
- value added to the key target groups.

In 2015, the key groups in the survey were lending customers, investors and public authorities. Altogether, 123 interviews were conducted during September and October. The survey was conducted by TNS Gallup Oy.

### Newsletters preferred

According to the results, the most preferred information channels among lending customers are the electronic NIB Newsletter, bilateral contacts and the website. Very few expect to be reached via social media.

### High reputation and strong relationships

The results show that NIB's overall reputation is very high and clearly outperforms the level of reputation in the financial industry in general, based on benchmark information. This time, the Bank also examined not only its reputation, but also the strength of its customer relationships. In this analysis, NIB is more in line with other financial institutions providing financial services to business customers.

The most important positive drivers in customer relationships include reliability, a stable supply of long-term financing and the overall reputation of NIB. Less positive experiences were related to the fact that the Bank's loan process takes time due to the careful approval process.

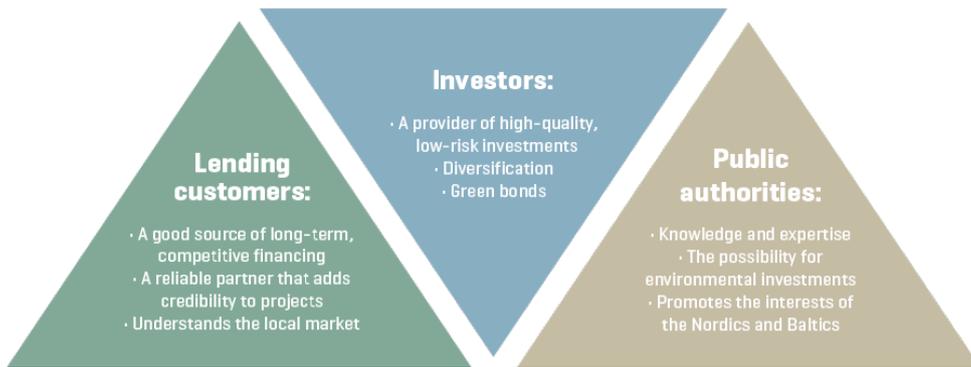
### Valuable opinions

On top of the issues mentioned above, the survey covered some questions related to NIB's strategy. One of the findings was that one fifth of lending customers see a need for NIB to continue financing projects also outside its member countries. The results from a small sample of mid-cap companies indicate that NIB can be seen as a potential source of financing on top of house banks and other financial institutions.

Investors are attracted by NIB having the highest credit rating, as well as its financial strength, strong owners and overall reputation. Investors would like to see NIB being a more frequent issuer of global benchmark bonds. They are also increasingly paying attention to sustainability-related issues: the majority of them were aware of [NIB's Environmental Bond Framework](#).

Open answers given by the target groups echo similar sentiments as regards NIB's value added and proposals for improvements.

**NIB's added value according to stakeholders**



## Ethics and integrity

NIB expects its staff, members of governing bodies and other stakeholders to adhere to the highest level of integrity and ethical standards. To pursue these goals, the Bank has adopted a zero tolerance attitude towards fraud and corruption in all of its operations and activities. The Bank has also established codes of conduct of its staff, Board of Directors and President and members of the Control Committee.

A major review of the Bank's compliance integrity and anti-corruption framework was undertaken in 2015. In its meeting on 4 February 2016 the Board of Directors approved three new policies, namely the Compliance, Integrity and Anti-corruption Policy, the Investigation and Enforcement Policy and the Speaking-up and Whistleblowing Policy. These policies replace the old Compliance Policy, the Resolution on Fighting Corruption and the Rules of Procedures of the Committee on Fighting Corruption. The major changes include the establishment of a Sanctions Panel and an appeals function for external fraud and corruption cases. NIB's anti-corruption efforts are based on the [Uniform Framework for Preventing and Combating Fraud and Corruption](#), which was agreed upon by the major international financial institutions in 2006.

The Office of the Chief Compliance Officer (OCCO) is responsible for the investigations of prohibited practices (including fraud and corruption), misconduct and complaints related to non-compliance with the Bank's policies. Moreover, OCCO oversees and coordinates matters relating to integrity and reputational risks and regularly provides advice and guidance to the Bank's management and Board of Directors on how to address integrity and reputational risks in new and ongoing lending operations. OCCO is headed by the Chief Compliance Officer who reports directly to the President and has unrestricted access to the chairpersons of the Board of Directors and the Control Committee.

In terms of prevention, NIB puts particular emphasis on knowing its customers and training its staff well to avoid the Bank becoming involved with unethical borrowers and projects in which corruption, money laundering, terrorist financing or tax evasion could take place. All new clients are screened thoroughly in the Bank's integrity due diligence processes.

The Bank's Counsel of Fighting Corruption is set up to enhance the awareness of the Bank's ethical values as well as integrity and corruption risks among the Bank's staff and stakeholders. Members of the Counsel may also assist OCCO in certain investigations of allegations of fraud and corruption. The Committee is chaired by the Chief Compliance Officer and shall have between six and ten members from different departments of the Bank.

No allegations of corruption involving the Bank's personnel were reported in 2015. Three new external cases of corruption involving borrowers from NIB member countries were registered. These cases are currently under investigation by OCCO and two members of the Counsel of Fighting Corruption, in consultations with national enforcement agencies and co-financing partners. OCCO has also followed up with national enforcement agencies and prosecutors on fraud and corruption cases for which NIB's own investigations were concluded in 2013 and 2014.

## Codes of conduct

The Bank has codes of conduct for its staff, the members of the Control Committee, the Board of Directors and the President. These codes are intended to serve as guidance in ethical dilemmas and to provide a shared approach to acceptable behaviour for NIB.

The codes of conduct are in place to prevent conflicts of interest, to prohibit the use of insider information, to provide guidelines for handling confidential information, for receiving and offering gifts, and for hospitality and representation. In addition, the codes contain limitations to the staff's and the President's possibility to trade in financial instruments.

Once a year, or when changes occur, the staff, the President and the members of the Board must disclose to the Chief Compliance Officer (CCO) any personal financial and business interests that might cause a conflict of interest.

The Code of Conduct for staff also requires staff to report any allegations or suspicions of fraud and corruption to the CCO of NIB.

To ensure vigilance and awareness among staff, the Office of the Chief Compliance Officer (OCCO) trains new staff and members of the governance bodies, and provides regular information sessions on the codes of conduct, integrity and fighting corruption.

As part of its training activities, OCCO has developed an e-learning tool for increasing awareness of the Code of Conduct for staff. The e-learning includes a test and will be rolled during 2016.

## Defining what matters

When assessing the most material sustainability topics to NIB, we consider the economic, environmental, and social impacts of our operations. Equally important weight is given to an on-going dialogue with our stakeholders. To better define, understand and respond to the aspects that matter most to us and our key counterparties during 2015, we conducted several actions with different stakeholders to better be able to outline our materiality.

This materiality process was undertaken specifically as part of the report preparation process in line with the requirements of the GRI G4 Reporting Guidelines.

### Methodology – Strategy review

It is important to understand that NIB, as an international financial institution, has a purpose to fulfil. This mission— *to finance projects that improve competitiveness and the environment of the Nordic and Baltic countries*— is given to NIB by its five Nordic and three Baltic owner countries, and therefore guides all our operations and is the single most important thing to take into account in our processes.

Starting from 2014 and continuing in 2015, NIB conducted [a strategy review process](#) . For that, NIB's Board of Directors participated in several seminars and workshops. The Board discussed, among other things, the Bank's mission and to what extent potential loan projects contribute to fulfilling it, NIB's capital and stress testing, the financial landscape of the Nordic–Baltic region, and NIB's purpose and relevance. Also, the year-long strategy process included SWOT analyses to evaluate the strengths, weaknesses, opportunities and threats involved in NIB's business.

The conclusions of the strategy review are that the mission is strong and the present business model will remain the foundation of NIB's operations; however, lending activities will be broadened. For instance, NIB will develop and expand its lending to SMEs and mid-sized corporates in the region. The Bank will also be more flexible in its activities outside its member countries and investigate opportunities to increase investments in the Baltics and projects in the Arctic region.

### Methodology – External stakeholder survey

Besides the on-going daily communication with its stakeholders ( [read more about the main activities in 2015](#) ), NIB actively and regularly seeks feedback on awareness and reputation among its key target groups. In practice, this is done by conducting a comprehensive stakeholder survey every three years. The goal is to receive feedback on NIB's reputation, customer relationship strength and value added to the key target groups.

The chosen key counterparties of the 2015 survey were customers, public authorities and investors. As one of the new aspects of the inquiry, all stakeholders were asked about the importance of different sustainability topics. The investors' interest in and awareness of green bonds was also examined.

The survey showed that NIB is strongly perceived to demonstrate ethical business practices, which is also the sustainability topic that was given the most importance and the highest rating by all stakeholders. In addition, success in supporting the competitiveness and environment of the Nordic and Baltic countries was considered important, which underlines the relevance of NIB's mission. When asked about the importance of different sustainability topics related to NIB's operations, such as anti-corruption and transparency, environmental and social reviews of all loan projects, and the competitiveness of the Nordic–Baltic region, customers particularly remarked that they see NIB's professional lending experts as a high-level strength of the Bank. Read more about the survey in the [Stakeholder survey results 2015](#) .

## Importance of sustainability topics according to NIB stakeholders



### Methodology—Job satisfaction survey

Every second year, NIB conducts a work engagement survey. In 2015, the survey focused particularly on assessing factors such as job motivation, cooperation and engagement among NIB’s staff. [The results show](#) that the employees have high levels of identification with the Bank’s purpose and values, and that they are committed with strong personal motivation. NIB’s employees also consider that they have a relatively high propensity to develop new competences, and to make an effort to help the Bank succeed.

## Setting up the reporting boundary for NIB

Based on the results of the processes mentioned above, we identified three key aspects that have high priority for both internal and external stakeholders. These will be the main aspects that we report on for 2015.

Outcome of materiality assessment—the top three material aspects:

- fulfilling our mission to finance projects that improve competitiveness and the environment of the Nordic and Baltic countries
- transparency and good governance
- committed, professional staff

We mapped the relevant GRI G4 aspects as closely as possible to these material aspects, and for each GRI G4 aspect we report on all relevant indicators in line with the requirements of the GRI G4 “in accordance” core option.

### Economic performance

NIB’s vision is a prosperous and sustainable Nordic–Baltic region. The Bank does this by financing projects that increase productivity, which is the most direct way to strengthen economic competitiveness. In order to do this effectively, NIB needs to be financially strong. The Bank therefore aims to earn a sufficient return from its business operations to build up reserves while providing its owners a reasonable return on capital.

## Indirect economic impacts

To improve the well-being of societies, we must continuously seek new ways to improve and strengthen productivity. NIB therefore asks its customers about the extent to which their planned projects can contribute to improving the efficiency and productivity of entire societies and countries.

## Environmental impacts

NIB categorises every loan project according to its potential environmental impacts, considering both risks and opportunities. Environmental issues are also inherent in NIB's daily activities and are therefore integrated into the Bank's overall management systems.

## Labour practices

NIB's employees are the Bank's strongest assets. NIB is committed to the development and well-being of its employees and underlines the importance of dedicated employees for the organisation's performance. Several staff-related GRI indicators are reported.

## Human rights and child labour

The Bank does not accept any discrimination, whether it is based on gender, race, nationality, ethnic origin, religion, disability, age or sexual orientation. Further, NIB requires its clients to comply with international standards for the employment of minors. NIB does not accept the use of forced labour. Sound management of the safety and health of workers and communities is essential for the productivity and efficiency of the business, as is respect for their livelihood.

## Society and local communities

NIB's mission has a positive impact on local communities and societies in its member area, as it lends to projects that improve infrastructure, develop human capital, and help to protect the environment and its ecosystem.

## Anti-corruption

NIB has adopted a zero-tolerance policy towards fraud and corruption. In terms of prevention, the Bank puts particular emphasis on knowing its customers and training its staff well to prevent the Bank from becoming involved with unethical borrowers and projects, or in money laundering, terrorist financing or tax evasion. All new clients are thoroughly screened in the Bank's integrity due diligence processes.

## Grievance mechanisms

In order to address different concerns regarding its operations, NIB has developed a channel for its stakeholders to comment on projects with potential significant adverse social or environmental impacts. These projects are classified as Category A projects and are made publicly available for commenting before the Bank makes a decision on financing.

## Product portfolio and audit aspects (Financial Sector Supplement)

NIB's main activity is lending, and with its special mission to improve the environment, it is important that the Bank assesses the environmental and social impacts of all loan applications; it therefore has corresponding procedures and policies in place.

## Operations

### Ann Damström

Chief Counsel, Head of Legal  
Support for Lending

The support of an experienced, multilingual legal team is essential for the success of NIB.



### HIGHLIGHTS 2015

- NIB's lending operations developed very positively and disbursements reached EUR 2.7 billion, an all-time high
- NIB raised EUR 4.3 billion in new funding

### PROSPECTS 2016

- NIB to gradually implement new lending initiatives in 2016
- NIB will continue to issue NIB Environmental Bonds

# Lending

## Tarja Kylänpää

### Senior Director, Head of Infrastructure, Transportation & Telecom

NIB provides long-term financing for infrastructure projects like roads, ports, airports, railways and urban transport. In 2015, NIB also focused on R&D in the public sector, financing the development of modern facilities for academic research and education. A recent example is the loan provided for the research centre Max IV in Lund, Sweden.



## HIGHLIGHTS 2015

- Largest annual disbursements ever of EUR 2.7 billion
- Loans agreed totalled EUR 2.8 billion
- NIB's strategy review completed

## PROSPECTS 2016

- NIB to increase lending to SMEs and mid-sized corporates
- NIB to put more emphasis on non-member-country lending

In 2015, new loans approved by NIB's Board of Directors totalled EUR 3.1 billion. Of this, NIB agreed 45 loans amounting to EUR 2.8 billion. More than half of the new loans were made to new borrowers, accomplishing NIB's effort to broaden its client base. Loan disbursements increased to EUR 2.7 billion, reaching an all-time high.

The purpose of NIB's lending is to fulfil the Bank's mandate of improving competitiveness and the environment of the Nordic and Baltic countries. NIB rates all potential loans internally according to their mandate contribution. Only projects that contribute sufficiently strong to NIB's mandate fulfilment, qualify for loan approval. The share of lending with a "good" or "excellent" mandate rating continued to be at a very high level, accounting for 94% of loans agreed in 2015.

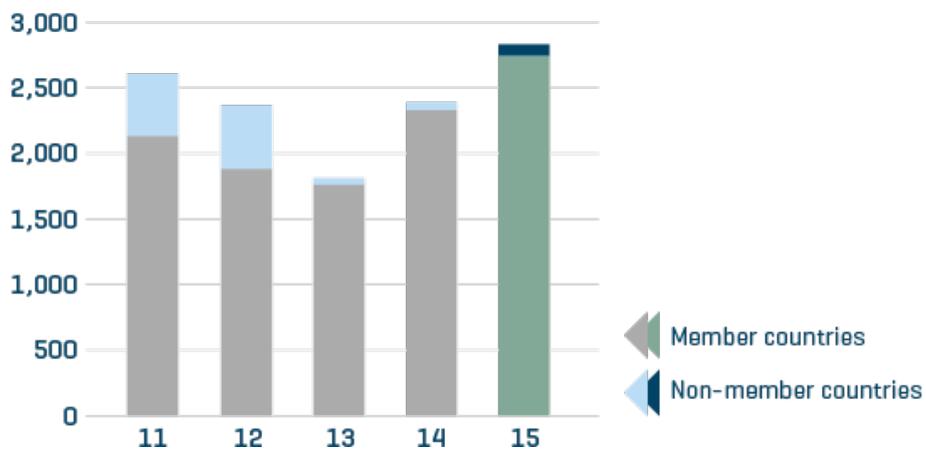
The total amount of loans outstanding increased to EUR 15.6 billion by 31 December 2015, from EUR 15.2 billion the preceding year, despite a high level of early redemptions of loans during the year. This reflects the strong liquidity in the financial markets in NIB's member region. Prepayments also occurred as a consequence of the Bank protecting its creditor's rights and in connection with renewal of engagements.

No guarantees were outstanding at the end of the year 2015.

During 2015, NIB concluded the [strategy review](#) process that was initiated the preceding year. The key conclusion was that the Bank's present business model is to remain the foundation of the Bank's activities, but that in order to have flexibility and stay relevant for the future, complementary new products and associated measures should be introduced.

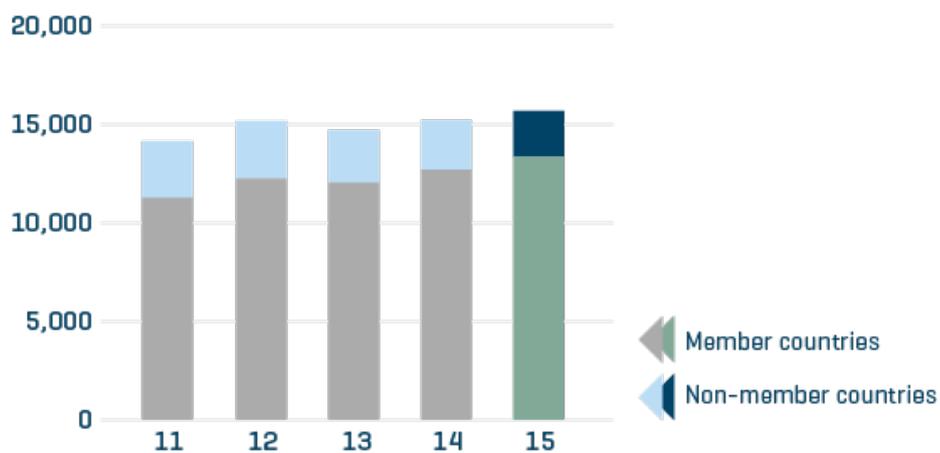
Loans agreed

EUR m



Loans outstanding

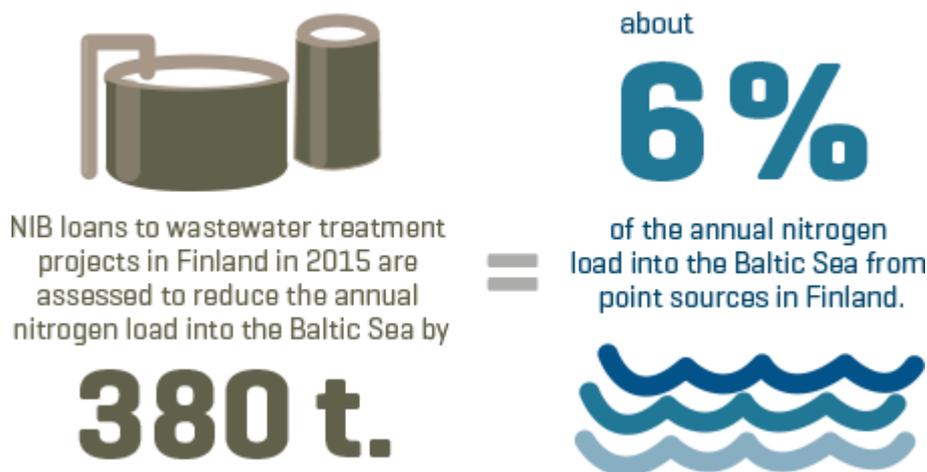
EUR m



## Business areas

**Energy and environment:** New lending in the energy and environmental business area totalled EUR 710 million. Projects relating to energy generation included hydropower, biomass and waste-to-energy plants. The energy distribution area comprised projects related to electricity network improvement, new metering as well as gas pipelines. The Bank also financed energy efficiency measures relating to housing renovation.

In the pollution abatement field, loans were agreed for the financing of two new wastewater treatment facilities.



**Infrastructure, transportation and telecom:** The agreed loans in these business sectors were EUR 823 million in 2015.

The major part of the lending was provided for transport investments. The Bank participated in the financing of projects for road construction, railway infrastructure and rolling stock, and enlargement of airports.

Another important segment was investments in infrastructure for education and research, exemplified by the advanced research facility MAX-lab IV with Lunds University in Sweden.

The Bank also financed improved water supply infrastructure.

**Industries and services:** Total lending within Industries and Services was EUR 996 million.

Most loans in this sector were provided to finance research and development projects with Nordic corporates, a priority field for NIB because of the importance of the innovation process for the competitiveness of the member country economies.

Another major segment was financing corporate acquisitions. In addition, loans were made to finance expansion investments.

**Financial institutions and SMEs:** The total amount for this sector category was EUR 301 million.

Within financial institutions and SMEs, NIB provides financing to banks and other financial institutions for on-lending to their clients. This enables NIB to reach out to smaller counterparts and/or projects that the Bank cannot finance directly. The main target is the SME sector and environmental projects, including renewable energy. In 2015, all except one loan were made for this purpose to member country banks and financial institutions.

## BUSINESS AREAS

In addition, the Bank provided financing through a Brazilian development bank to support a pulp and paper mill investment with substantial participation from NIB's member countries.

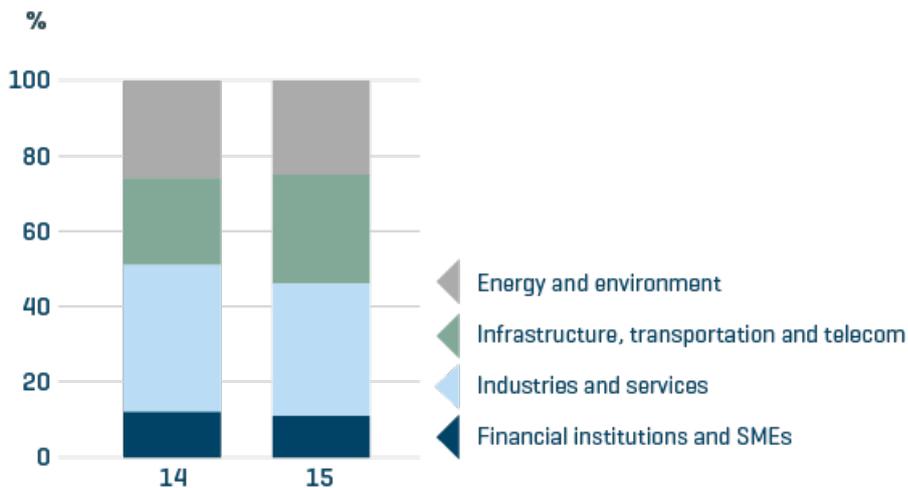
### Loans agreed in 2015

%, by business areas



### Business area distribution

Loans agreed as a share of total loans



## Other activities

As part of the Investment Plan for Europe launched by the European Union, a special financial facility, the European Fund for Strategic Investments, has been set up within the European Investment Bank. NIB is in dialogue with EIB on how to support projects that would qualify for the plan in NIB's membership countries.

In the framework of the Northern Dimension, NIB participates in the Environmental Partnership (NDEP) as lead bank for a number of projects under implementation. The purpose of NDEP is to support the financing of environmental projects with cross-border effects in the Baltic Sea region, the Barents region and Northwest Russia. Projects approved for NDEP can obtain grants from the NDEP support fund, which are blended with loans.

Furthermore, NIB is engaged in the Northern Dimension Partnership on Transport and Logistics (NDPTL), which is hosted by NIB. The purpose of this partnership is to enhance regional cooperation and support the implementation of transport infrastructure and logistics projects. Through the NDPTL Support Fund, grant assistance can be provided for project preparation.

## Strategy review

In 2015, the Bank completed a comprehensive review of its operating strategy. The key conclusion of the review was that the present business model will remain the foundation of the Bank's activities.

Within ongoing business, increased attention will be paid to opportunities related to member country integration, investments in the Baltic countries and Arctic region projects.

Additionally, in order to have flexibility and stay relevant in the future, a number of complementary new products and associated measures will be introduced.

An important effort in this respect is to further develop the lending to mid-sized corporates and SMEs. Special frameworks for this have been decided upon. SME lending will be conducted in cooperation with local banks and financial institutions; lending to midcaps will be direct.

Another initiative is to increase the Bank's lending to non-member countries in support of projects that benefit the economic development of the Nordic-Baltic region.

The Bank will also enhance its efforts to identify bankable projects in the environmental sphere. The development will be based on identified needs and the value added for the member country environment and economies.

## Loans agreed 2015

BORROWER	PROJECT	SECTOR
Valmet Corporation (Finland)	R&D investment programme, 2014–2017.	Industries and services
Nokianvirran Energia Oy (Finland)	Construction of a combined heat and steam plant in Nokia, Finland.	Energy and environment
NKT Holding A/S (Denmark)	R&D investment programme, 2014–2018.	Industries and services
SEB Leasing Oy (Finland)	Lease of equipment for a waste-to-energy plant in Vantaa, Finland.	Energy and environment
Vantaan Energia Oy (Finland)	Construction of a new waste-to-energy plant in Vantaa, Finland.	Energy and environment
DLF-Trifolium A/S (Denmark)	R&D investment programme in plant breeding and biotechnology innovations.	Industries and services
Republic of Lithuania	Improvement of energy efficiency and renovation of public and residential buildings in Lithuania.	Energy and environment
Lyse AS (Norway)	Construction of a hydropower plant in southern Norway.	Energy and environment
Chr. Hansen Holding A/S (Denmark)	R&D investment programme in bioengineering and new product development.	Industries and services
Avinor AS (Norway)	Construction of a terminal at Bergen Airport in Norway.	Infrastructure, transportation and telecom
Tieyhtiö Vaalimaa Oy (Finland)	Extension of the E18 motorway from Hamina to Vaalimaa, Finland.	Infrastructure, transportation and telecom
Rovaseudun Markkinakiinteistöt Oy (Finland)	Construction of a multipurpose education facility in Rovaniemi, northern Finland.	Infrastructure, transportation and telecom
City of Rovaniemi (Finland)	Expansion of municipal infrastructure and upgrading of street lights in Rovaniemi, Finland.	Infrastructure, transportation and telecom
City of Vantaa (Finland)	Construction of the Ring Rail Line connection to Helsinki Airport, Finland.	Infrastructure, transportation and telecom
Schibsted ASA (Norway)	Financing Schibsted's digital development.	Industries and services
Norrvatten (Sweden)	Expansion of water supply network in Norrtälje, Sweden.	Infrastructure, transportation and telecom
Suomen Hypoteekkiyhdistys (Finland)	Loan programme for environmental investments in Finnish residential buildings.	Financial institutions and SMEs
Banco Nacional de Desenvolvimento Econômico e Social (Brazil)	Construction of a greenfield pulp mill in Brazil.	Financial institutions and SMEs
Lidl Suomi Ky (Finland)	Expansion and upgrading of the Lidl store network in Finland, 2015–2017.	Industries and services
Lidl Sverige KB (Sweden)	Expansion and upgrading of the Lidl store network in Sweden, 2015–2017.	Industries and services
Wärtsilä Corporation (Finland)	Acquisition of the electronic maritime supplier L-3 Marine Systems International, Germany.	Industries and services
Finnish Fund for Industrial Cooperation Ltd (Finland)	Loan programme for onlending to projects in Finnfund's target countries complying with NIB's mandate.	Financial institutions and SMEs
Amber Grid AB (Lithuania)	Construction of a gas transmission pipeline from Klaipėda to Kuršėnai, Lithuania.	Energy and environment
SJ AB (Sweden)	Upgrade of 36 sets of X2000 trains.	Infrastructure, transportation and telecom
Fastighets AB ML 4 (Sweden)	Construction of a synchrotron radiation laboratory in Lund, Sweden.	Infrastructure, transportation and telecom
Elkem AS (Norway)	Refurbishing of three silicon smelter furnaces and financing of R&D investments, 2015–2018.	Industries and services
Fiskars Corporation (Finland)	Acquisition of the WWRD group of companies.	Industries and services
Byggðastofnun (Icelandic Regional Development Institute) (Iceland)	Loan programme for SMEs in Iceland.	Financial institutions and SMEs
Oma Säästöpankki Oyj (Finland)	Loan programme for SMEs and environmental projects in Finland.	Financial institutions and SMEs
Vegfinans E134 Buskerud AS (Norway)	Construction of a new E134 motorway connection in Buskerud County, Norway.	Infrastructure, transportation and telecom
Jönköpings Rådhus AB (Sweden)	Construction of a heat energy plant and an optical fibre cable network in Jönköping, Sweden.	Energy and environment
Pohjois-Karjalan Sähkö Oy (Finland)	Replacing overhead electric power cables with underground cables and renewing transformer substations in eastern Finland.	Energy and environment
Westra Wermlands Sparbank (Sweden)	Loan programme for SMEs and environmental projects in western Sweden.	Financial institutions and SMEs
BillerudKorsnäs Aktiebolag (Sweden)	R&D, innovation and product development programme, 2015–2019.	Industries and services
Lantmännen ekonomisk förening (Sweden)	Financing of the acquisition of the Finnish bakery operator Vaasan Group.	Industries and services
Hafslund ASA (Norway)	Financing of investment in smart meters as part of a national programme in Norway.	Energy and environment
Helsingin Seudun Ympäristöpalvelut (Finland)	Construction of a wastewater treatment plant in Espoo, Finland.	Energy and environment

<b>BORROWER</b>	<b>PROJECT</b>	<b>SECTOR</b>
City of Mikkeli (Finland)	Construction of a new underground wastewater treatment plant in Mikkeli, Finland.	Energy and environment
Ringkjøbing Landbobank A/S (Denmark)	Loan programme for SMEs and environmental projects in Denmark.	Financial institutions and SMEs
William Demant Holding A/S (Denmark)	R&D investment programme for hearing technology, 2015–2016	Industries and services
Scania CV AB (Sweden)	Development of next-generation vehicles.	Industries and services
Landsbankinn hf. (Iceland)	Loan programme for onlending to SMEs and environmental projects in Iceland.	Financial institutions and SMEs
AB Lietuvos geležinkeliai (Lithuania)	Modernisation of Trans-European rail corridors in Lithuania.	Infrastructure, transportation and telecom
Finavia Corp. (Finland)	Expansion of Helsinki Airport, Finland.	Infrastructure, transportation and telecom
Ikano Bank AB (Sweden)	Loan programme for SMEs through leasing operation in Sweden, Denmark, Norway and Finland.	Financial institutions and SMEs

## Treasury

### Jón Thorsteinsson

#### Senior Director, Head of Portfolio Management

NIB's Treasury managed to considerably diversify the currencies in its liquidity portfolio, while maintaining the level of creditworthiness of investments and interest income in a challenging market environment. We also initiated investments in liquid Green Bonds in 2015.



### HIGHLIGHTS 2015

- NIB raised EUR 4.3 billion in new funding
- NIB issued two Environmental Bonds, in EUR and SEK, totalling EUR 607 million during the year

### PROSPECTS 2016

- NIB will continue to issue NIB Environmental bonds (NEB)
- NEB issuances are expected to grow as a share of NIB's total issuance

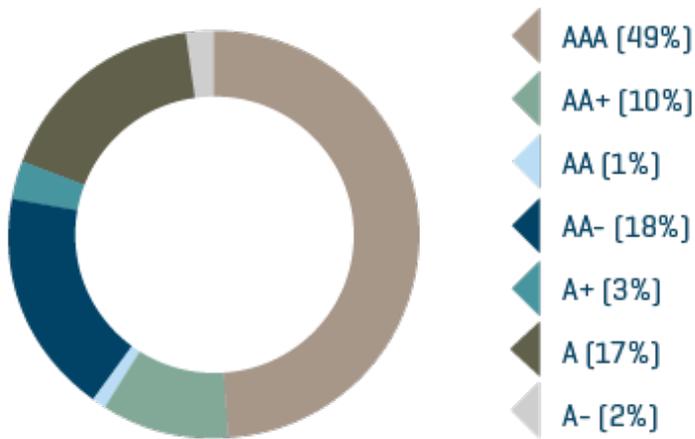
## Liquidity

NIB has a survival horizon measuring the period during which NIB is able to fulfil all its payment obligations stemming from ongoing business operations under a severe stress scenario. The target survival horizon is twelve months and shall always exceed a nine months. At the end of 2015, NIB's survival horizon is calculated at 431 days, equivalent to more than 14 months.

In order to limit the liquidity risk, NIB maintains a liquidity buffer, mainly invested in EUR, USD and the Nordic currencies. At the end of 2015, the liquidity buffer amounted to EUR 9,077 million, of which 29%, or EUR 2,653 million, are held as cash in short-term money market instruments and 71%, or EUR 6,424 million, are held in securities with longer maturities.

The liquidity buffer must fulfil the quality requirements stipulated in NIB's Liquidity Policy, thereby ensuring that the buffer maintains both its market value and sufficient liquidity under severe market conditions, and that the asset quality is high. At year-end, 80% of the liquidity buffer was warehoused in high-quality liquid assets (HQLA), 89% were eligible as repo collateral in one or several central banks, and 85% of the assets belonged to the top four internal rating categories. Furthermore, the Bank easily fulfilled the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) requirements as specified in the Capital Requirements Regulation of the European Union.

**Counterparty risk class in 2015**  
**as of 31 Dec 2015**  
**%, distribution by risk class**



## Capital markets

NIB's funding strategy is built upon the Bank being a leading USD benchmark issuer, attracting global investors. The aim is to diversify the borrowing into different currencies and markets, including being visible in the environmental bond market.

### Borrowing

During 2015, the Bank raised EUR 4.3 billion in new funding through 25 transactions in eleven different currencies. At the end of 2015, outstanding debt totalled EUR 20.9 billion in 18 currencies.

NIB issued two global USD benchmarks during 2015. A three-year, USD 1.25 billion bond was issued in March, and a five-year, USD 1 billion bond in September. Both issues were met with good demand from a diversified group of global investors.

#### New borrowings in 2015

as of 31 Dec 2015  
%, distribution by currency



The USD remained the largest currency, representing 48% of the total funding, followed by EUR with 13%. Equally, both AUD and NZD were well represented, with 10% and 12% as shown in the graph above.

The Bank increased its outstanding volume in AUD during 2015 with a total new issuance of AUD 600 million. At the end of 2015, the total outstanding volume in Australia was AUD 3,500 million in seven different maturities.

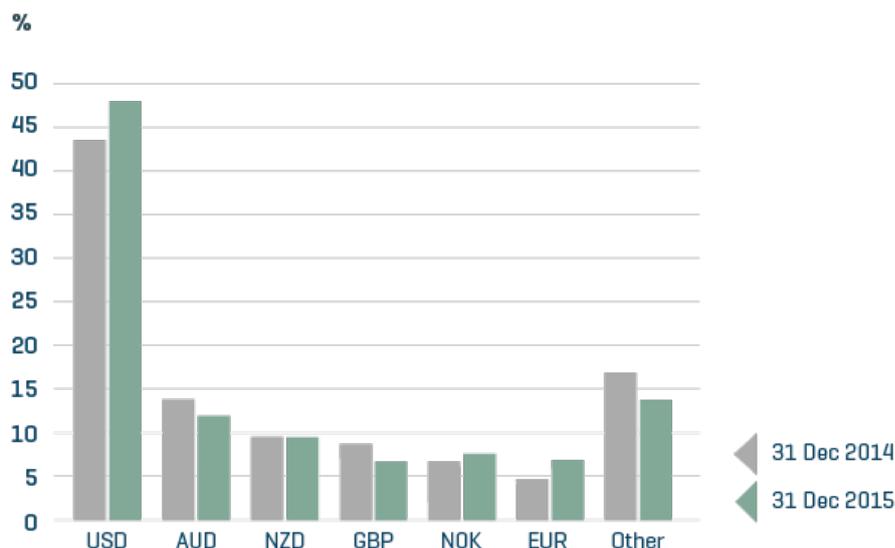
In the New Zealand dollar market, the Bank issued a total of NZD 675 million. NIB's outstanding volume was NZD 2,900 million in six different maturities at the end of 2015.

During 2015, the amount of Nordic currencies issued reached totals of NOK 2,500 million and SEK 1,000 million. In EUR, a total of EUR 574 million was issued, consisting of private placements and a EUR 500 million NIB Environmental Bond (NEB).

The currency distribution of total borrowing outstanding is shown here:

## Total borrowings outstanding

### Currency distribution

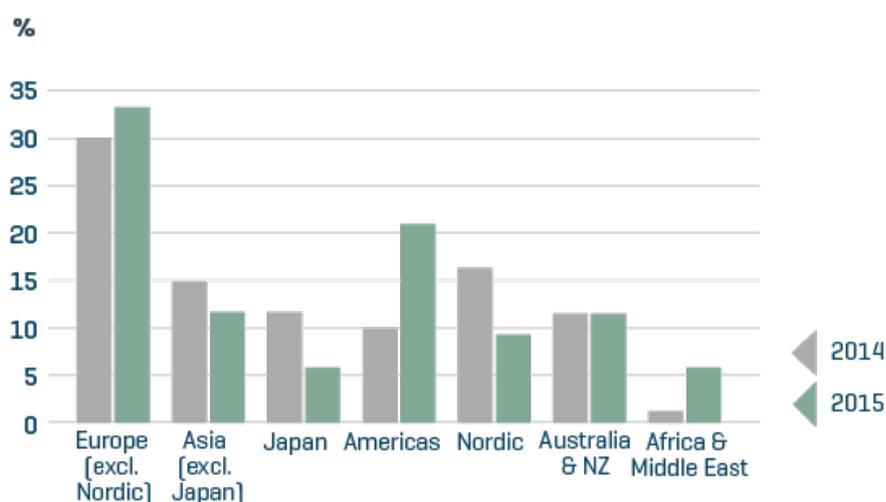


## Investors

NIB's new issuance was supported by a broad global investor base in 2015. As in 2014, European investors, including investors from the Nordic countries, were NIB's biggest investor base with 42%. Investors from Asia, including Japan, accounted for 18%, and investors from Australia and New Zealand bought 12%.

## New borrowings in 2015

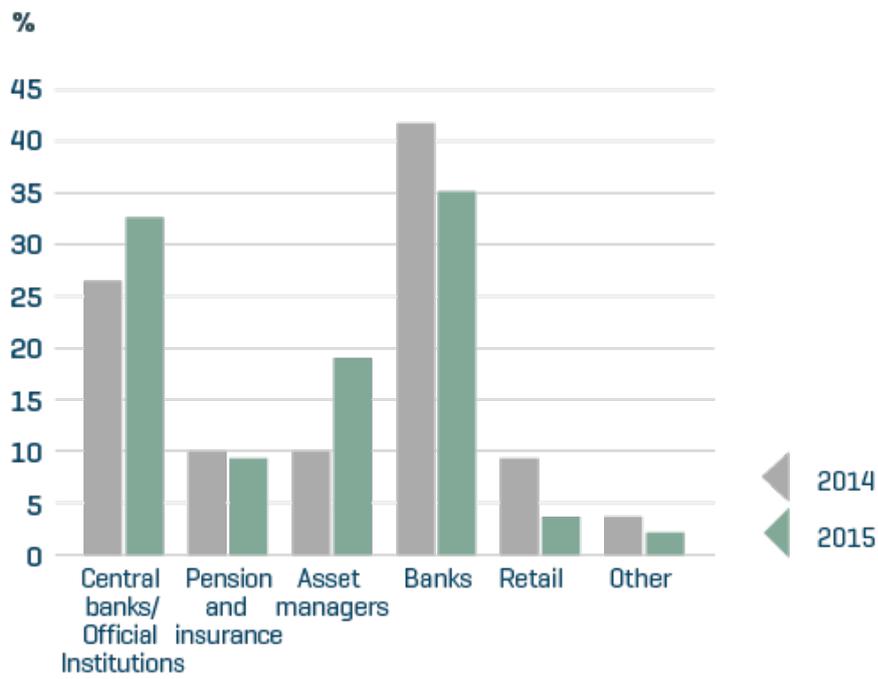
### Geographical distribution



As in 2014, the most important investor types were banks' liquidity portfolios, accounting for 35% and central banks and official institutions representing 33%, followed by asset managers with 19%. The rest of the demand was split between pension and insurance funds, corporates and retail investors.

**New borrowings in 2015**

**Investor distribution**



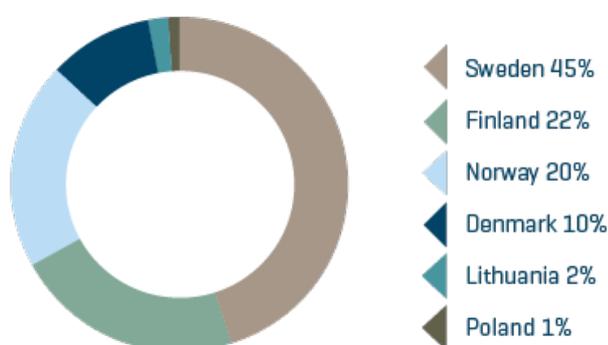
## NIB Environmental Bonds

The NIB Environmental Bond framework (NEB) sets out NIB's criteria for issuing environmental bonds and for identifying eligible lending projects with a positive impact on the environment. A high focus is placed on assessing the potential environmental impact and realisation risk.

Since the Bank's NIB Environmental Bond framework was introduced in 2011, the Bank has identified 30 eligible loan projects, which have received proceeds from eight environmental bonds.

### Projects financed by NEBs 2011-2015

as of 31 Dec 2015  
%, projects by country



### Projects financed by NEBs 2011-2015

as of 31 Dec 2015  
%, projects by type



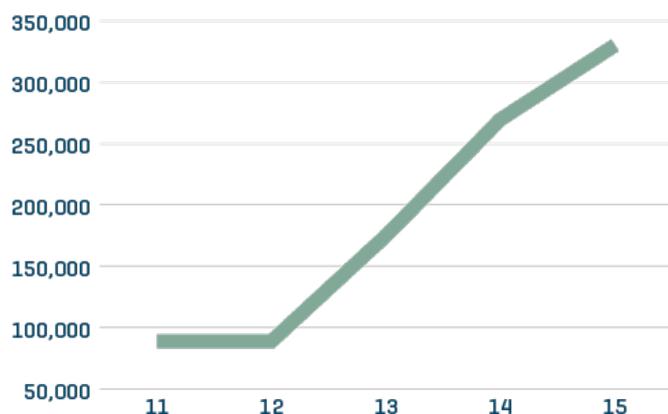
At year-end 2015, the Bank had a total of EUR 1,266 million outstanding in NIB Environmental Bonds. During 2015, NIB issued two NIB Environmental Bonds under its environmental framework, a five-year, SEK 1 billion bond and a seven-year, EUR 500 million bond.

Over the coming years, NIB will continue to issue environmental bonds (NEBs), and the issuance is expected to grow as a share of the total issuance.

In line with market practice, NIB publishes a number for the total CO<sub>2</sub> equivalent impact of all projects financed by NIB Environmental Bonds. At year-end 2015, the CO<sub>2</sub> equivalent impact was calculated as 330,244 tonnes.

### Cumulative CO<sub>2</sub> impact of projects under NEB

Reduction in CO<sub>2</sub> emission [t/a]



◀ Cumulative CO<sub>2</sub> impact

All NIB Environmental Bonds and eligible projects that have been financed under the framework are published at [www.nib.int/capital\\_markets/environmental\\_bonds](http://www.nib.int/capital_markets/environmental_bonds).

NIB is a signatory to the Green Bond Principles. Together with other IFIs, NIB sets out core principles and recommendations for impact reporting in the paper [Working Towards a Harmonized Framework for Impact Reporting](#). During the year, the work amongst IFIs also continued by further developing the [International Financial Institution Framework for a Harmonised Approach to Greenhouse Gas Accounting](#). The Bank also joined the [European Association of Long-Term Investors' declaration for COP21](#), stating their commitment to contributing to the transition towards a low-carbon economy.

## Asset liability management

ALM, the Asset and Liability Management Unit, is responsible for the management of NIB's market risks on the balance sheet. ALM also handles daily cash, including collateral management, and calculates transfer pricing between treasury and the lending operation.

In 2015, the bank disbursed new loans of EUR 2,716 million and obtained new funding of EUR 4,276 million in 11 different currencies.

Short-term money market instruments are used to manage the liquidity and daily payment obligations. The amount covers the expected net cash outflows of the forthcoming three months. Reverse repos are actively used by the ALM department to reduce the total treasury counterparty exposure. The instrument distribution is shown here:

### Money market instruments in 2015

as of 31 Dec 2015  
%, distribution by instrument



In total, the balance sheet increased from EUR 24,870 million at the end of 2014 to EUR 27,311 million at the end of 2015. Fluctuations in currency rates resulted in an increase of the amount of cash collateral received from EUR 832 million to EUR 1,449 million in 2015.

In 2015, ALM contributed EUR 30.8 million to NIB in net interest income earnings.

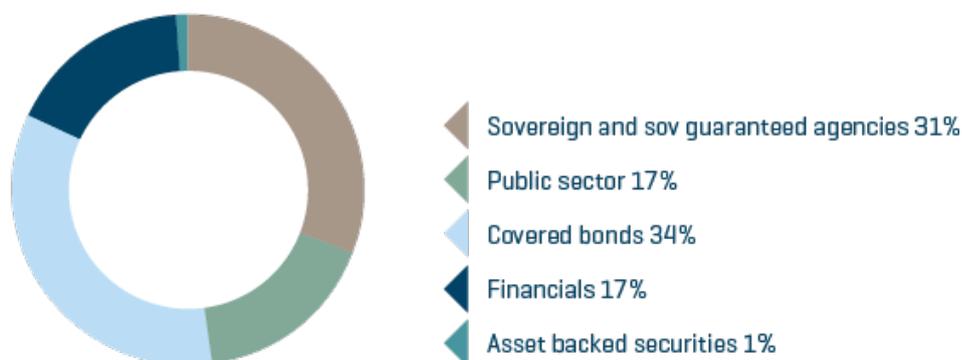
## Portfolio management

The Portfolio Management unit manages bonds with longer maturities. Bonds may be sold or lent out for short-term liquidity operations, in which case they do not constitute a part of the liquidity buffer. Additionally, the Bank receives bonds as collateral from swap counterparties. The market value of the bond portfolios amounted to EUR 6,264 million at the end of 2015, and the net of bonds received and given as collateral was EUR 160 million, for a total of EUR 6,424 million.

The bond portfolios contain both interest rate risks and credit spread risks directly affecting NIB, while securities movements for collateral purposes do not affect NIB's income. The bond portfolios include bonds both held at amortised cost and fair value and are with floating- and fixed-rate coupons. The instrument distribution of the EUR 6,264 million bond portfolio can be seen here:

### Bond instruments in 2015

as of 31 Dec 2015  
%, distribution by instrument



The three most liquid and creditworthy asset classes—sovereign and sovereign guaranteed, covered bonds, and public sector—have an average rating above Aa1/AA+ and comprised 81% of the portfolio. “Financials” refers to senior unsecured debt of banks, and asset backed securities (ABS) contained only residential mortgage-backed securities. The lowest rating of financials and ABS is comparable to A3/A-.

The counterparty and market risk frameworks set limits applicable to Treasury operations. At the end of 2015, the interest rate risk for all portfolios was calculated to be equivalent to EUR 883,000. The securities in the portfolio are denominated in EUR, USD and Nordic currencies, with EUR being the dominating currency. During 2015, the currency diversification was achieved by decreasing the allocation to EUR and increasing investments in USD and DKK. Another development was that investing in liquid green bonds commenced, and the green share of the overall portfolio is expected to increase going forward.

In 2015, the Portfolio Management operations contributed EUR 70.1 million in net interest income earnings and EUR 7.2 million in losses from valuations of derivatives and bonds. The negative effect on bond valuations is caused by widening credit spreads in the latter half of the year. The change in value of bonds that were classified at amortised cost was EUR -35.4 million. Most of that effect comes from the price of higher coupon bonds moving closer to par with the shorter time to maturity.

## About NIB

### Cecilia Wirén

#### Senior Director, Head of Human Resources

Many talented people want to work for an organisation that truly contributes to a sustainable future. This is precisely what NIB offers its employees.

The statement *"I consider the goals of my organisation significant and important"*, received a commitment ratio of 4.3 out of 5.0 in NIB's 2015 work engagement survey.



### HIGHLIGHTS 2015

- NIB's overall risk position remained strong in 2015, the main drivers being high asset quality, solid liquidity, and strong capitalization
- The Board of Directors concluded a review process of NIB's strategy

### PROSPECTS 2016

- NIB expects to gradually implement new lending initiatives during 2016
- These initiatives are expected to further support the favorable development of lending volumes and sustainable growth in the Nordic-Baltic region

## NIB in brief

The Nordic Investment Bank finances projects that improve competitiveness and the environment of the Nordic and Baltic countries.

NIB offers long-term loans to complement and leverage commercial lending in order to help ensure its vision of a prosperous and sustainable Nordic–Baltic region. The Bank extends loans according to sound banking principles and on market terms.

NIB analyses all potential projects for their direct and indirect impact on competitiveness and the environment.

## Value creation to society



### To improve competitiveness, NIB-financed projects should support productivity growth for example through:

- technical progress and innovation;
- development of human capital;
- improvements in infrastructure;
- increased market efficiency.

### In terms of the environment, NIB lends to projects that lead to:

- improved resource efficiency;
- development of a competitive low carbon economy;
- protection of the environment and its ecosystem services;
- development of clean technology.

NIB acquires the funds for its lending by borrowing on the international capital markets. With its strong ownership and highest possible AAA/Aaa issuer credit rating with the leading ratings agencies Standard & Poor's and Moody's, the Bank offers stability and reliability to global investors.

NIB needs to be financially strong in order to fulfil its mission efficiently. The Bank aims to earn a profit enabling both accumulations of adequate reserves and a reasonable return for the owners on the paid-in capital.

NIB is located in Helsinki, Finland, and employed 189 people in permanent positions at the end of 2015.

## Our people

The Nordic Investment Bank’s vision of a prosperous and sustainable Nordic-Baltic region is shared by our staff members who are skilled experts in their fields. To realise this vision, NIB is developing its working culture to maintain high levels of professionalism based on our corporate values: commitment, competence and cooperation.

<b>COMMITMENT</b>	<b>SUSTAINABLE FINANCING</b> NIB employees contribute to financing projects that enable sustainable growth in the Nordic-Baltic region.
<b>COMPETENCE</b>	<b>BANKING BY EXPERTS</b> NIB is a professional organisation that encourages its experts to continuously develop their skills.
<b>COOPERATION</b>	<b>INTERNATIONAL MINDSET</b> NIB is a unique combination of focused expertise operating out of Helsinki with an international reach.

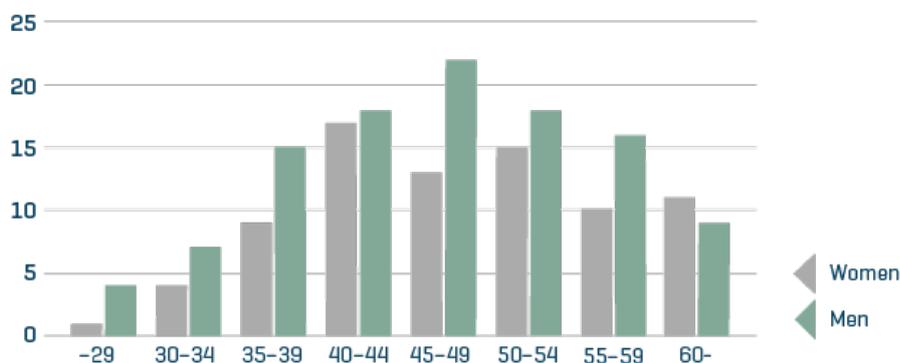
### Work community

At the end of 2015, NIB had 189 employees in permanent positions. Of these, 80 were women and 109 men. In addition, six employees worked on projects in temporary positions. The average number of permanent employees during the year was 188.

#### Employees by gender and age group

as of 31 Dec 2015

##### Number of employees



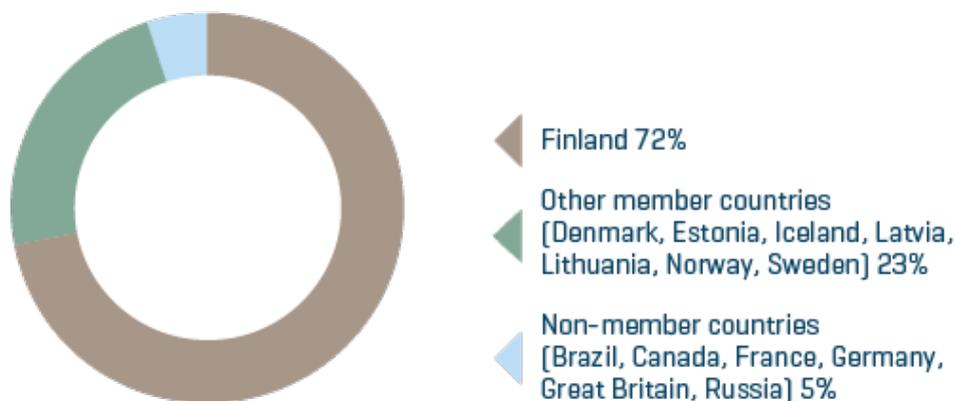
In 2015, the average length of employment was 11.8 years. Eight permanently employed staff members left the Bank in 2015, resulting in an exit turnover of 4.2%.

The number of permanent employees holding a university degree was 140, or 74.1% of NIB’s staff. The average age of employees was 47.2 years. All in all, our people represented 15 nationalities.

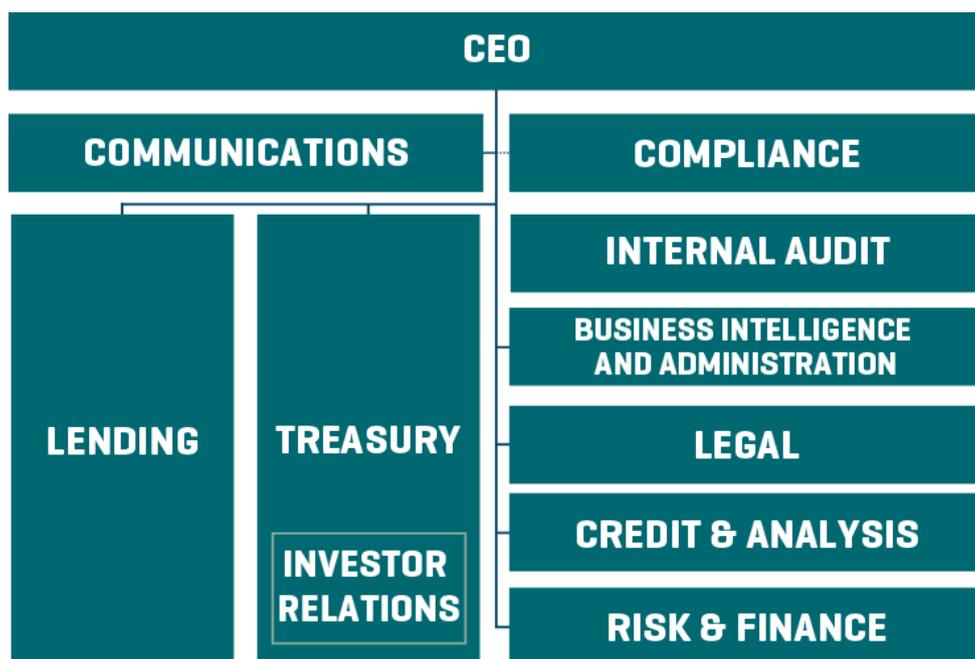
**Origins of staff**

as of 31 Dec 2015

%, distribution by nationality



It is essential for NIB to have a highly skilled staff composed of experts from the Nordic and Baltic member countries, as well as from outside the membership area. For this purpose, NIB has put more focus on international recruitment. This effort included setting up a LinkedIn site to enable more targeted communication with potential recruitment candidates.



\*As of 1 February 2016, the Business Intelligence & administration department has changed its name to Business services department due to an organisational change.

**Work Engagement Survey 2015**

Every two years, NIB conducts a Work Engagement Survey (previously called Job Satisfaction Survey). The purpose of the survey is to periodically collect employee feedback on issues related to the work environment, management and well-being at work, and to initiate actions for improving practices.

The 2015 Work Engagement Survey, conducted in cooperation with the Finnish Institute of Occupational Health (FIOH), focused particularly on assessing factors such as job motivation, cooperation and engagement among NIB's staff. The response rate to the survey was at 84%. This represents an increase of six percentage points from the 2013 survey.

NIB achieved a high score and was placed in the top 25 of FIOH's reference sample. The results indicate high levels of identification with the Bank's values and purpose among employees, as well as high levels of personal motivation and commitment.

## Committed staff

### Our values

Results 1-5, the higher the value, the better the result



## Skills development

As an expert organisation, NIB encourages its employees to continuously develop their skills. The Bank offers internal training opportunities, such as the Credit School. The main objective of this particular training is to ensure advanced knowledge of issues such as project finance, credit risk assessment and structured finance. All Credit School courses are tailored to NIB's specific needs.

During 2015, NIB organised several training courses on corruption risk in the Nordics and Baltics, on how the private sector tackles corruption and operational risk training. As we are an IFI with a diverse staff, language skills are essential. Therefore, NIB offers language training to its employees. The average number of training days per employee was 4.8 in 2015, compared to 4.9 in 2014.

A further step towards strengthening the professional identity and competence of the staff was taken by initiating a new internal development programme: "Raising the Bar". The programme aims to increase the employees' understanding of the business environment and clients' needs in order to give an outside-in perspective. The programme was initiated with pre-readings in October 2015, and teaching started in January 2016.

In 2015, members of the senior management took part in an advanced management program. The program is part of NIB's strategy to develop NIB's executive leadership skills.

## Well-being and safety at work

NIB makes every effort to provide a safe and healthy working environment for its employees. The employer and the staff work together to achieve this goal, and NIB encourages its staff members to establish and maintain a sustainable balance between their professional and private lives.

NIB provides both occupational healthcare and medical care services to its employees. As a means of further improving the overall healthcare coverage of the staff, some additional features were included in the services. During 2015, employees were also provided with first aid training.

The illness absence rate, as a percentage of total working time, stood at 2.2% in 2015, compared to 2.0% in 2014.

## Ongoing developments

In 2015, NIB's Human Resources unit began the implementation of a new IT system for providing improved support to various HR processes, to the management and to the employees.

Further, the process of renovating NIB's office building in order to modernise facilities and to comply with environmental standards started in 2015. The remodelling of the Bank's premises is intended to foster increased cooperation between the different departments.

## Code of Conduct and Ombudsman

NIB expects the highest ethical conduct from its staff members. The Code of Conduct for the staff, governed by the Compliance unit, provides guidance on business ethics and standards as well as personal conduct.

The functions and activities of the Ombudsman form an integral part of the legal framework for all staff members. The Ombudsman's role is to enhance cooperation on employment matters and represents a means of safeguarding the rule of law within the Bank while maintaining professional conduct and an attractive working environment.

In 2015, the Ombudsman was available once a month for all staff members. Three consultations on employment matters were held, none of which resulted in any further action.

The current Ombudsman's mandate period is from 1 August 2014 until 31 July 2016.

To ensure a workplace free of harassment, NIB has an anti-harassment policy in place, which is governed primarily by the Bank's Human Resources unit. In cases of harassment, the Ombudsman can be consulted as well. In 2015, zero incidents of harassment were reported.

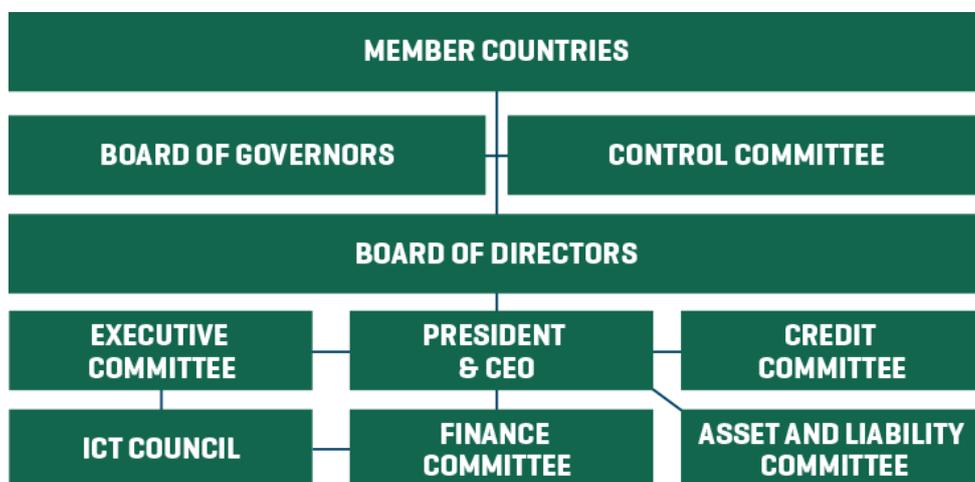
NIB's Work Engagement Survey 2015 mirrored these numbers, and reported low levels of perceived harassment and inequality in the treatment of men and women, older and younger employees, or employees with a different cultural background.

## Legal status

NIB has the status of an international financial institution. Hence the labour laws and other legislation of the host country Finland, or any of NIB's other member countries, do not automatically apply to the Bank's employees. There are, however, some exceptions, particularly with regard to taxation, social security and pensions. These are stated in the Host Country Agreement between the Government of the Republic of Finland and the Nordic Investment Bank.

See [Note 5](#) in the Financial Report for more information on NIB's employees.

## Governance



The Nordic Investment Bank (NIB) was established on 4 December 1975 through a treaty between Denmark, Finland, Iceland, Norway and Sweden. As of 1 January 2005, Estonia, Latvia and Lithuania became members of the Bank on equal terms with the original member countries.

NIB is governed by the [Agreement concerning the Nordic Investment Bank](#) among its Member countries signed in 2004, the related Statutes and the Host Country Agreement concluded between the Government of Finland and the Bank in 2010.

According to the Statutes, the Bank shall have a Board of Governors, a Board of Directors, a President and the staff necessary to carry out its operations. In addition, the Bank shall have a Control Committee.

NIB promotes transparency, predictability, accountability, responsibility and disclosure as general principles enhancing and furthering good governance. NIB aims to follow best practices in the field of corporate governance. As part of enhancing good governance, the Board of Directors continued in 2015 its efforts to further improve the efficiency of its decision-making process on the basis of a self-evaluation survey.

### Board of Governors

The Board of Governors is composed of eight governors, one designated by each member country from among the Ministers in its Government. The Board of Governors appoints a Chairman for one year according to the rotation scheme it has adopted.

The Governor for Denmark is currently serving as Chairman until 31 May 2016.

The Board of Governors held its annual meeting by written procedure on 29 May 2015.

### Board of Directors

All the powers that are not exclusively vested in the Board of Governors are entrusted to the Board of Directors. The Board of Directors consists of eight directors and eight alternates designated by each member country.

The Board of Directors considers for approval all lending transactions, borrowing and administrative issues proposed by the President. The Board of Directors may delegate its powers to the President to the extent it considers appropriate. The Chairman of the Board of Directors cannot be the President or an employee of the Bank.

The Board of Directors held eight meetings in 2015.

## President

The President is responsible for conducting the Bank's current operations and is appointed by the Board of Directors for a term of five years at a time. Since 1 April 2012, Mr Henrik Norrman has been the President and Chief Executive Officer of the Bank.

## Advisory bodies to the President

The President is assisted in his work by the *Executive Committee*, the *Credit Committee*, the *Asset and Liability Committee*, the *Finance Committee* and the *ICT Council*.

*The Executive Committee* is a forum for addressing all aspects of the performance, policy and financial soundness of the Bank. The Executive Committee consists of the President and six senior officers, whose appointments are confirmed by the Board of Directors. The Executive Committee meets formally approximately twice a month. In 2015, it met 23 times. The meetings are ordinarily chaired by the President, who reaches decisions having consulted the members of the committee. The Executive Committee meets informally at the commencement of every working day.

*The Credit Committee* is responsible for the preparation and decision-making related to the Bank's credit matters and treasury counterparty matters. The President exercises his executive powers concerning lending operations through the Credit Committee. The Credit Committee includes the President and six senior officers appointed by the Board of Directors. At the end of 2015, the Credit Committee had the same members as the Bank's Executive Committee. The Credit Committee is chaired by the President or, in his absence, by one of its members. As a rule, the Credit Committee meets once a week. In 2015, it met 59 times.

*The Asset and Liability Committee* assists and advises the President in strategic balance sheet planning and is a forum for sharing information on issues relating to the Bank's asset and liability management. The members of the Asset and Liability Committee are appointed by the President who chairs the committee. In 2015, the Asset and Liability Committee consisted of the members of the Executive Committee and the Chief Risk Officer. The Asset and Liability Committee meets approximately six times a year, but can convene more frequently if necessary. In 2015, the Asset and Liability Committee met six times.

*The Finance Committee* assists and advises the President in monitoring the market risk, borrowing activities and treasury portfolio management of the Bank. The Finance Committee includes the President, the Head of Treasury and the Head of Risk and Finance. The Finance Committee usually convenes once a month. In 2014, it met eleven times.

*The ICT Council* assists and advises the President in information and communications technology matters, and functions as a steering committee for ICT development projects. The President, however, makes decisions on ICT matters in the *Executive Committee*. The ICT Council consists of the Head of ICT and other senior staff members appointed by the President. The chairman of the Council shall be a member of the Executive Committee. In 2015, the ICT Council met six times.

## Other internal committees

In addition to the aforementioned advisory bodies to the President, the Bank has also the following permanent internal committees; the New Product and Structure Committee, the Committee on Fighting Corruption and the Trust Fund Committee, all composed of senior staff members.

*The New Product and Structure Committee* scrutinizes product and deal structure proposals significantly different to what NIB has entered into previously from risk and administrative perspectives, and gives its recommendations to the Finance Committee or the Credit Committee for their decision.

*The Committee on Fighting Corruption* deals with both corruption prevention and cases of suspected corruption and gives recommendations of actions to the President for decision. For further information see [Ethics and Integrity](#).

*The Trust Fund Committee* ensures that the purposes of the trust funds managed by NIB are fulfilled in the most efficient way. The Committee also approves the activity plan of the trust funds as well as proposed allocations from trust funds. The Committee gives its recommendations to the respective donor(s) for their final decision.

## Control Committee

The Control Committee is a supervisory body that ensures that the operations of the Bank are conducted in accordance with the Statutes. The Control Committee is responsible for the audit of the Bank's accounts, and annually delivers an audit statement to the Board of Governors. The audit of the financial statements of the Bank is carried out by external professional auditors appointed by the Control Committee.

## Remuneration and incentive programmes

The Board of Governors determines annually the remuneration and attendee allowance for the Board of Directors and for the Control Committee. The President's terms of employment, including remuneration, are determined by the Board of Directors. The Control Committee determines the principles for remuneration of the professional auditors.

The principles for the remuneration of staff are set out in the Compensation Policy. The Bank applies a fixed salary-based system in which individual performance plays an important role, as well as a small bonus programme that rewards exceptional performance on a yearly basis.

For further information on remuneration, see [Note 5](#) in the Financial Report.

## Internal control

NIB's internal control system has the dual objective of securing and developing the long-term financial preconditions for operations while conducting cost-efficient operations that comply with rules and regulations. Internal control is focused on managing various forms of financial, compliance and operational risks.

NIB's operational risk management focuses on proactive measures in order to ensure business continuity, the accuracy of information used internally and reported externally, the expertise and integrity of the Bank's personnel and its adherence to established rules and procedures, as well as security arrangements to protect the physical and ICT infrastructure of the Bank.

The *Compliance* function assists the Bank in identifying, assessing, monitoring and reporting on compliance risk in matters relating to the institution, its operations and the personal conduct of staff members. The Chief Compliance Officer reports to the President, with full and unlimited access to the Chairman of the Board of Directors and the Chairman of the Control Committee.

NIB's internal audit adheres to international professional standards established by the Institute of Internal Auditors. The task of the Internal Audit function is to provide assurance on the effectiveness of the Bank's internal control, risk management and governance processes, and to make recommendations to the management.

The Internal Audit function of the Bank reports to the Board of Directors and to the Control Committee and works administratively under the auspices of the President. The Board of Directors approves the annual plan for the Internal Audit.

For further information on risk management, see the [Financial Report](#) .

## Board of Governors

As of 31 December 2015

<b>Mr Sven Sester</b> Minister of Finance ESTONIA	<b>Mr Troels Lund Poulsen</b> Minister for Business and Growth DENMARK	<b>Mr Alexander Stubb</b> Minister of Finance FINLAND
<b>Mr Bjarni Benediktsson</b> Minister of Finance and Economic Affairs ICELAND	<b>Mr Jānis Reirs</b> Minister of Finance LATVIA	<b>Mr Rimantas Šadžius</b> Minister of Finance LITHUANIA
<b>Ms Siv Jensen</b> Minister of Finance NORWAY	<b>Ms Magdalena Andersson</b> Minister of Finance SWEDEN	

The Annual Meeting of the Board of Governors was held according to written procedure by 29 May 2015.

## Control Committee

As of 31 December 2015

<p>Chairman</p> <p><b>Mr Leo Ašmanis</b></p> <hr/> <p>Head of Internal Audit Bank of Latvia LATVIA</p>	<p>Deputy Chairman</p> <p><b>Mr Sigurður Þórðarson</b></p> <hr/> <p>CPA Former State Auditor ICELAND</p>	
<p><b>Ms Karin Gaardsted</b></p> <p>Member of Parliament DENMARK</p>	<p><b>Mr Remo Holsmer</b></p> <p>Member of Parliament ESTONIA</p>	<p><b>Mr Arto Pirttilahti</b></p> <p>Member of Parliament FINLAND</p>
<p><b>Mr Höskuldur Þórhallsson</b></p> <p>Member of Parliament ICELAND</p>	<p><b>Ms Karina Korna</b></p> <p>Parliamentary Secretary LATVIA</p>	<p><b>Ms Daiva Raudonienė</b></p> <p>Secretary General LITHUANIA</p>
<p><b>Mr Michael Tetzschner</b></p> <p>Member of Parliament NORWAY</p>	<p><b>Ms Penilla Gunther</b></p> <p>Member of Parliament SWEDEN</p>	

External auditors appointed by the Control Committee

**Mr Sixten Nyman**  
Authorised Public Accountant,  
KPMG Finland

**Mr Hans Åkervall**  
Authorised Public Accountant,  
KPMG Sweden

The Control Committee met twice in 2015.

## Board of Directors

### DENMARK

#### Julie Sonne

- From 19.1.2016
- Head of Division, Ministry of Business and Growth

#### Arendse Ekegren Baggesen *Alternate*

- From 1.9.2015
- Attended meetings 1
- Head of Section, Ministry of Business and Growth



#### Hans Høj

- Member of the Board until 18.1.2016
- Elected 2015
- Attended meetings 5
- Head of Division, Financial and Legal Affairs, Ministry of Business and Growth

#### Alf Therkildsen *Alternate*

- Until 31.8.2015
- Attended meetings 1
- Head of Section, Ministry of Business and Growth

#### Jesper Olesen

- Member of the Board until 30.4.2015
- Elected 2008
- Attended meetings 3
- Deputy Permanent Secretary, Ministry of Business and Growth

## FINLAND



### **Pentti Pikkarainen**

- Chairman of the Board
- Elected 2012
- Attended meetings 8
- Director General, Ministry of Finance

### **Petri Peltonen *Alternate***

- Elected 2015
- Attended meetings 7
- Director General, Ministry of Employment and the Economy

## SWEDEN



### **Sven Hegelund**

- Elected 2012
- Attended meetings 8
- Former State Secretary

### **Anders Wahlberg *Alternate***

- Elected 2015
- Attended meetings 6
- From 23.4.2015
- Deputy Director / Deputy Head of the Division for International Financial Institutions, Ministry of Finance

### **Sophie Becker *Alternate***

- Elected 2013
- Attended meetings 2
- Until 13.3.2015
- Deputy Director, Ministry of Finance

## NORWAY



### Trond Eklund

- From 1.6 2015
- Attended meetings 4
- Elected 2010
- Director, Norges Bank

### Ingrid Rasmussen *Alternate*

- From 1.6.2015
- Attended meetings 5
- Deputy Director General, Tax Policy Department, Ministry of Finance

### Silje Gamstøbakk

- Member of the Board until 31.5.2015
- Attended meetings 3
- Elected 2012
- Deputy Director General, Ministry of Finance

### Trond Eklund *Alternate*

- Until 31.5 2015
- Attended meetings 4
- Elected 2010
- Director, Norges Bank

## ESTONIA



### Madis Üriike

- Elected 2005
- Attended meetings 8
- Advisor, Ministry of Finance

### Katrin Rasmann *Alternate*

- From 22.9.2015
- Attended meetings 3
- Elected 2015
- Head of the State Treasury Department, Ministry of Finance

### Merle Wilkinson *Alternate*

- Until 31.8.2015
- Attended meetings 4
- Elected 2010
- Head of the State Treasury Department, Ministry of Finance

## LATVIA



### **Kaspars Āboliņš**

- Deputy Chairman of the Board
- Elected 2008
- Attended meetings 4
- Treasurer, Treasury of the Republic of Latvia

### **Līga Kļaviņa *Alternate***

- Elected 2013
- Attended meetings 5
- Deputy State Secretary on Financial Policy Issues, Ministry of Finance

## LITHUANIA



### **Algimantas Rimkūnas**

- Elected 2014
- Attended meetings 8
- Vice-Minister of Finance, Ministry of Finance

### **Dovilė Jasaitienė *Alternate***

- Elected 2013
- Attended meetings 8
- Deputy Director, EU and International Affairs Department, Ministry of Finance

## ICELAND



### **Porsteinn Porsteinsson**

- Elected 2009
- Attended meetings 7
- Senior Advisor, Ministry of Finance

### **Sigurður Helgason *Alternate***

- Elected 2014
- Attended meetings 4
- Director General, Ministry of Finance and Economic Affairs

## Executive Committee

As of 31 December 2015



From the left: Mr Henrik Normann, Mr Heikki Cantell, Mr Lars Eibeholm, Mr Björn Ordell, Mr Thomas Wrangdahl, Ms Hilde Kjelsberg and Mr Gunnar Okk

### Mr Henrik Normann (1953)

- President and CEO, joined NIB in 2012
  - Master of Arts, History and Political Science, Copenhagen University
  - Harvard Business School AMP
- 

### Mr Thomas Wrangdahl (1957)

- First Vice-President, Head of Lending, joined NIB in 2012
  - Master of Law, University of Lund
  - Master of Science, Stockholm School of Economics
- 

### Mr Lars Eibeholm (1964)

- Vice-President, Head of Treasury, joined NIB in 2007
  - HD-Master's Degree in Finance and Credit, Copenhagen Business School
  - Harvard Business School AMP
-

## **Ms Hilde Kjelsberg (1963)**

- Vice-President, Head of Credit & Analysis, joined NIB in 2006
  - M.Sc., Norwegian School of Economics and Business Administration
  - AFF Management programme for young leaders
- 

## **Mr Gunnar Okk (1960)**

- Vice-President, Head of Business Intelligence & Administration, joined NIB in 2006
  - M.Sc., Tallinn University of Technology
  - Harvard Business School AMP
- 

## **Mr Heikki Cantell (1959)**

- General Counsel, Head of Legal Department, joined NIB in 2007
  - Master of Law, University of Helsinki
  - Postgraduate degree in Commercial Law, University of Paris II
- 

## **Mr Björn Ordell (1973)**

- Vice-President, CFO and Head of Risk and Finance, joined NIB in 2015
- Bachelor of Business Administration, Umeå University

## GRI index

GENERAL STANDARD DISCLOSURES		
INDICATOR	DESCRIPTION	NIB'S RESPONSE
Strategy and analysis		
G4-1	A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	<a href="#">President's review</a>
G4-2	Description of key impacts, risks, and opportunities.	The Nordic Investment Bank finances projects that improve competitiveness and the environment of the Nordic and Baltic countries. <a href="#">President's review</a> <a href="#">Strategy review</a> <a href="#">Economic landscape</a>

Organizational profile		
INDICATOR	DESCRIPTION	NIB'S RESPONSE
G4-3	Name of the organisation	Nordic Investment Bank (NIB)
G4-4	Primary brands, products, and services.	NIB offers long-term loans to complement and leverage commercial lending in order to help ensure its vision of a prosperous and sustainable Nordic-Baltic region. Loans are extended on market terms and according to sound banking principles.
G4-5	Location of organization's headquarters	Helsinki, Finland
G4-6	The countries where the organization operates, or that organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	NIB has lending operations both in its member countries and in emerging markets in Africa and the Middle East, Asia, Europe and Eurasia, and Latin America.
G4-7	Nature of ownership and legal form	NIB is an international financial institution (IFI) owned by Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden.
G4-8	Markets served	NIB finances projects in many sectors in member and non-member countries. The focus sectors of the bank's operations are the environment, energy, transport, logistics and communications, and innovation.
G4-9	Scale of organization	At the end of 2015, NIB employed 189 people. In 2015, the Bank signed 45 loan agreements with an aggregate total of EUR 2,830 million. The profit for the year 2015 was EUR 215 million.
G4-10	Total number of employees by employment contract, region, broken down by gender	Of the 189 permanent employees, 80 were women and 109 men. In addition, six employees worked on projects in temporary positions. The average number of permanent employees was 188.3 during the year. Read more about <a href="#">Our People</a> .

Organizational profile		
G4-11	Percentage of total employees covered by collective bargaining agreements	<p>NIB's employees are members of an international financial institution. Based on NIB's legal status, the labour laws or other legislation of the host country Finland, or any other member country, do not automatically apply to its employees. There are, however, some exceptions, particularly with regard to taxation, social security and pensions.</p> <p>NIB grants the whole staff full freedom of association, subject to NIB's staff-related documents and Code of Conduct. These documents ensure full freedom of association, subject only to non-conflict of interest and democratic principles.</p> <p>As NIB is not subject to the jurisdiction of national courts, the Bank has set up arbitration rules for potential employment-related disputes. NIB has an Ombudsman whom the employees can consult and who may also act as mediator in the event of such disputes.</p> <p>The Bank has a Cooperation Council in place, consisting of four Members representing the Bank and four Members representing the staff. The Cooperation Council aims to promote communication and initiatives between the Bank and the staff in issues related to working conditions and the workplace, in particular in a manner enabling the Bank to take better account of the staff's opinions concerning such issues. The purpose is to achieve mutually acceptable solutions for both the Bank and the staff. The Cooperation Council met five times during 2015.</p>
G4-12	The organization's supply chain.	<p>Being a financial institution, NIB does not produce or manufacture any products. The materials NIB needs to perform its operations are mainly office supplies and electronics. In addition, the Bank uses external service providers to provide cleaning, security and catering services at our offices. As an international organisation (to which national legislation on public procurement does not apply) NIB has its own internal procurement rules. These rules are aligned with those of other international organisations.</p> <p>For the projects financed by NIB, there are separate Procurement Guidelines. For more information, see <a href="#">Legal framework and policy documents</a> .</p>
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	No organisational changes happened in 2015.
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	NIB's <a href="#">Sustainability Policy and Guidelines</a> is based around the principle of taking precautions. Before NIB finances any project, the project is assessed from an environmental and social point of view based on the Sustainability Policy and Guidelines. NIB aims to identify and address concerns pre-emptively.
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	NIB has signed the Declaration on the European Principles for the Environment (EPE), concerning environmental management in the financing of projects.
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations	NIB is an active partner in the Northern Dimension Environmental Partnership (NDEP). Within the Council of the Baltic Sea States, NIB is part of the international Baltic Agenda 21 working group. NIB also participates in the MFI Environmental Working Group, which is a cooperation forum for multilateral financial institutions.

Identified material aspects and boundaries		
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents	The Nordic Investment Bank
G4-18	The process for defining the report content and the aspect boundaries and how the organization has implemented the reporting principles for defining report content	<p>Issues considered to be material or relevant for disclosure in this annual report were identified in three different processes that took place in 2015. These were the strategy review, stakeholder survey and work engagement survey.</p> <p>Based on the results of the processes mentioned above, we identified three key aspects that are a high priority for both internal and external stakeholders. These will be the main aspects that we report on for 2015.</p> <p>Outcome of materiality assessment – the top three material aspects:</p> <ul style="list-style-type: none"> <li>– fulfilling our mission to finance projects that improve competitiveness and the environment of the Nordic and Baltic countries</li> <li>– transparency and good governance</li> <li>– committed, professional staff. <a href="#">Read more about defining the content of the report</a> .</li> </ul>
G4-19	All the material aspects identified in the process for defining report content	<p>Economic performance</p> <p>Indirect economic impact</p> <p>Environmental impact</p> <p>Labour practices</p> <p>Human rights and child labour</p> <p>Society and local communities</p> <p>Anti-corruption</p> <p>Grievance mechanisms (environmental, human rights, impact on society)</p> <p>Product portfolio / audit aspects (Financial Sector Supplement)</p>
G4-20, G4-21	For each material aspect, the aspect boundary within the organization and outside the organisation	NIB is a financial institution providing only one product: long-term loans. The Bank's aim is to outline the sustainability considerations that apply to its lending and funding functions, daily operations and human resource management. In order to fulfil the Bank's mission, NIB has sustainability requirements for its loan clients. <a href="#">Read more about our process of defining our materiality and setting up the reporting boundaries</a> .
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	None
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	None

Stakeholder engagement		
G4-24	A list of stakeholder groups engaged by the organization	NIB maintains open and continuous dialogue with its owners and key counterparties. Our stakeholders are our customers, investors, political decision-makers and public administrations, NGOs, the media, the general public and our staff.
G4-25	The basis for identification and selection of stakeholders with whom to engage	NIB aims to maintain an open dialogue with all interested parties. The stakeholders are categorised as external or internal. The internal stakeholders are the Bank's owners, the member countries that govern NIB via representatives on the Board of Governors (BoG), Board of Directors (BoD) and Control Committee (CC), and the staff. The main external stakeholders are customers and investors. See an extensive list of NIB's stakeholders, communication channels and activities with <a href="#">stakeholders in 2015</a> .
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	With regard to its lending activities, NIB publishes for each project information including the project description, the borrower, the amount of the loan and its maturity. We also publish the degree to which our loan projects comply with the Bank's mission, which is to improve the competitiveness and the environment of the Nordic and Baltic countries. See an extensive list of NIB's stakeholders, communication channels and activities with <a href="#">stakeholders in 2015</a> .
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	The Bank conducts a stakeholder survey among its key stakeholders every three years. NIB seeks to follow up on the findings to best meet our stakeholders' expectations. The most recent stakeholder survey was carried out in 2015, and as one of the new aspects, all stakeholders were asked about the importance of different sustainability topics, and investors' interest in and awareness of green bonds was requested. NIB also conducts a work satisfaction survey among its staff every other year. The most recent survey was conducted in 2015, with the aim of assessing the wellbeing and functionality of the working community. Read more about the <a href="#">stakeholder survey results</a> and the <a href="#">work engagement survey</a> . NIB classifies loan projects with potential significant adverse social or environmental impacts as Category A projects. These projects must therefore undergo a full environmental impact assessment (EIA). The EIAs are made publicly available on our website at <a href="http://www.nib.int">www.nib.int</a> for a period of 30 days to allow our stakeholders to give their opinions before the Bank makes a decision on financing the project. In 2015, the Bank published information about seven Category A projects and received no responses. NIB eventually signed loan agreements with three of the Category A projects. See <a href="#">List of A, B, and C projects</a> .

Report profile		
G4-28	Reporting period (such as fiscal or calendar year) for information provided	NIB reports on an annual calendar year basis from 1 January until 31 December. This report covers the year 2015.
G4-29	Date of most recent previous report (if any)	10 March 2015
G4-30	Reporting cycle	Annual
G4-31	The contact point for questions regarding the report or its contents	Chief Compliance Officer, Communications Unit ( <a href="#">contact information</a> )
G4-32	Report the 'in accordance' option and the GRI Content Index for the chosen option.	NIB's Annual Report 2015 has been reported in accordance with the GRI G4 guidelines' core option. See <a href="#">more details on materiality</a> and <a href="#">the complete GRI Index</a> .
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	NIB has not set a policy on seeking external assurance for its sustainability reporting.

Governance		
G4-34	Report the governance structure of the organization, including committees of the highest governance body.	<p>The Nordic Investment Bank was established in 1975 by Denmark, Finland, Iceland, Norway and Sweden. In 2005, Estonia, Latvia and Lithuania became members of the Bank on equal terms with the original member countries.</p> <p>NIB is governed by the Agreement concerning the Nordic Investment Bank among its Member countries signed in 2004, the related Statutes and the Host Country Agreement concluded between the Government of Finland and the Bank in 2010.</p> <p>According to the Statutes, the Bank shall have a Board of Governors, a Board of Directors, a President and the staff necessary to carry out its operations. In addition, the Bank has a Control Committee.</p>

Ethics and integrity		
G4-56	The organization's values, principles, standards, and norms of behavior, such as codes of conduct and codes of ethics	<p>NIB's vision is a prosperous and sustainable Nordic-Baltic region. The Bank works towards that goal by financing projects that improve the competitiveness and environment of its member countries. Through this, NIB is living up to its promise of financing the future. The Bank's core values are competence, commitment and cooperation.</p> <p>NIB has codes of conduct in place for its staff, Board of Directors and President, and Control Committee. The codes of conduct are publicly available and put into practice the values and principles that underpin NIB. In addition to the regular induction programmes on the code of conduct for new staff, in 2016 NIB introduced compulsory e-learning course for all staff in the Code of Conduct.</p>
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	<p>NIB expects a high level of integrity and high ethical standards among its staff and other stakeholders and has adopted a zero tolerance policy towards fraud and corruption. The Office of the Chief Compliance Officer (OCCO) oversees matters relating to integrity and is independent from the Bank's operations, reports directly to the Bank's President, and has unrestricted access to the chairpersons of the Board of Directors and the Control Committee.</p> <p>NIB puts particular emphasis on knowing its customers and training its staff well to avoid the Bank becoming involved with unethical borrowers and projects or in money laundering, terrorist financing or tax evasion. All new clients are screened thoroughly in the Bank's integrity due diligence (IDD) process. NIB has endorsed the Uniform Framework for Preventing and Combating Fraud and Corruption, which was agreed upon by the major Multilateral Development Banks (MDBs) in 2006.</p>
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	<p>NIB has a dedicated email address for reporting concerns of unethical or unlawful behaviour that is managed by the Office of the Chief Compliance Officer (OCCO). Reports can be made anonymously. Reporting can also be done by directly contacting OCCO by telephone or a personal visit or alternatively to a supervisor, who is obliged to pass on the report to OCCO. The Code of Conduct for Staff provides whistleblower protection.</p> <p>Also, NIB introduced a Speaking-up and Whistleblowing Policy in February 2016. The policy covers the protection of whistleblowers, the prohibition of retaliation against whistleblowers and guidance on situations when staff can report outside the Bank. The Policy is publically available and covers external whistleblowers as well.</p>

SPECIFIC STANDARD DISCLOSURES		
INDICATOR DESCRIPTION		NIB'S RESPONSE
CATEGORY: ECONOMIC		
Aspect: Economic performance		
G4-DMA	Management approach	NIB offers long-term loans to complement and leverage commercial lending in order to help ensure its vision of a prosperous and sustainable Nordic–Baltic region. Loans are extended on market terms and according to sound banking principles. The funds acquired for NIB's lending are borrowed on the international capital markets. With its strong ownership and highest possible credit rating, the Bank offers stability and reliability to global investors. NIB needs to be financially strong in order to fulfil its mission effectively. The Bank aims to earn a sufficient amount of return from its business operations, and at the same time guarantee its owners a reasonable return on capital.
G4-EC1	Direct economic value generated and distributed	<a href="#">Financial report</a> <a href="#">Loans disbursed</a>
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Each loan project under consideration for financing undergoes an individual assessment of its potential environmental impact, including social aspects, as an integral part of NIB's mission of promoting sustainable growth in its member countries. NIB has introduced a framework that allows investors to provide funds for the Bank's environmental lending, meaning that the Bank can issue NIB Environmental Bonds (NEB), the proceeds of which are used to finance projects that have a positive impact on the environment. The Bank regularly reports on the impact of projects it finances in terms of greenhouse gas emissions.
G4-EC3	Coverage of the organization's defined benefit plan obligations	See Note 5 in the Financial Report – <a href="#">Pension obligations</a> .
G4-EC4	Financial assistance received from government	<a href="#">Capital structure</a>

Aspect: Indirect economic impact		
G4-DMA	Management approach	NIB's mission is to improve the competitiveness and environment of the Nordic–Baltic region, fostering sustainability and prosperity in its member countries. All projects are reviewed from the sustainability perspective, which makes us distinct from ordinary banks. Within its lending, NIB aims to provide added value in its member countries, especially in energy, transport and environmental improvements.
G4-EC7	Development and impact of infrastructure investments and services supported	Lending in the business area of infrastructure, transportation and telecommunications is primarily directed towards financing efficiency improvements in transport, logistics and communications. In 2015, some 29% of all loans agreed were related to this business area, totalling EUR 824 million. The projects were for investments in railway infrastructure, waste water treatment, road construction and airport improvements.
G4-EC8	Significant indirect economic impacts, including the extent of impacts	In addition to financing projects directly with large enterprises, NIB channels financing to projects for small and medium-sized enterprises (SMEs) through intermediaries. SMEs are seen as the backbone of the economy of the Nordic–Baltic region, and NIB decided in 2013 to expand its loan offering for on-lending to SMEs to include investments in new machinery, production or service provision facilities, as well as investments in ICT and R&D. SMEs employ two thirds of all employees in the Nordic–Baltic region; consequently, they are of great importance for productivity and economic growth in their home countries. In 2015, some 11% of all loans agreed were provided to banks and other financial institutions for on-lending to their clients, those being mainly SMEs.

CATEGORY: ENVIRONMENTAL		
Aspect: Materials		
G4-DMA	Management approach	<p>The Bank promotes sustainable development in its business operations and extends financing to projects that strengthen competitiveness and enhance the environment. Correspondingly, the Bank emphasises environmentally and socially sound practices in its internal operations. Being a relatively small organisation providing non-material services, NIB's usage of materials consists mainly of paper, office supplies and electronics. However, the Bank acknowledges that the purchasing decisions for these items have an impact on the environment. Therefore, NIB is part of WWF's Green Office Network, which assists the Bank to continuously reduce its ecological footprint in a cost-effective way.</p> <p>The planned sustainability survey for service providers in 2015 was postponed due to the revision of NIB's internal Procurement instructions. The revision especially took into account various new requirements and best practices that NIB has chosen to comply with, especially in regards to procurement of goods and/or services. Also, an internal website was established to offer support for the procurement for the staff containing information on NIB's established best practices on contract issues with suppliers as well as environmental and social consideration in the procurement process.</p> <p>The sustainability survey initialised in 2015 will be updated in accordance with the revised procurement instruction guidelines.</p>
G4-EN1, G4-EN2	Materials used by weight or volume, Percentage of materials used that are recycled input materials	<p>As a bank offering loan products, NIB does not produce or manufacture any physical products. To conduct our work, we use paper, office supplies and electronics. NIB works to improve its waste management and waste handling procedures by cooperating with its catering and cleaning service providers. The Bank also actively informs the staff about sustainable behaviour at the workplace. NIB follows up the recycling success rates with its cleaning service provider, in accordance with the cleaning and recycling services certified by the official Nordic Ecolabel. For information regarding materials used and recycled, see <a href="#">NIB's environmental footprint table</a>.</p> <p>NIB continuously collaborates with its catering service provider to raise awareness about ecological food choices. In 2015, several campaigns were held in the staff canteen about the health benefits of different locally produced food products. NIB's herb garden, located in the inner yard, was once again utilised in the summer of 2015 in the daily lunch for the staff. In 2016, NIB aims to focus on utilising the newly renewed procurement instructions and use the revised guidelines of goods and services in its procurement processes in regards to making sound environmental choices.</p> <p>The headquarters renovation project initialised in 2015 resulted in finalising one office area in accordance with the BREEAM existing building refurbishment standard. The standard requires sustainable material choices in both reconstruction work and furniture choices. Also, waste handling and disposal has strict pre-set requirements.</p>

Aspect: Energy		
G4-DMA	Management approach	<p>NIB uses energy to run its day-to-day operations at its headquarters. Recognising the impact the extraction of fossil fuels may have, NIB favours the use of renewable energy. Therefore for instance the Bank purchases its electricity from clean and renewable energy sources. Its origin is guaranteed by the European Energy Certificate System (EECS). NIB monitors its annual energy consumption and strives to reduce the amount of water, heat and electricity, yet consume less paper and fewer office supplies.</p> <p>NIB conducted energy audits and condition studies of its premises in 2013 and again in 2015. The latter one, NIB's first formal energy audit was done due to the new Energy Efficiency Act that came into the force in Finland on January 2015. It obliges certain large companies to conduct a formal energy audit every four (4) years. Even though NIB is not classified as one of the mandatory audited companies by law due to its legal status in Finland, the Bank has decided to follow the practice to ensure that the processes in its premises are as environmentally friendly and energy-efficient as possible. In the audit process, an energy profile is created for a company. Based on the profile, the means for reaching energy efficiency are identified and later monitored in the following audits.</p>
G4-EN3	Energy consumption within the organization	See <a href="#">NIB's environmental footprint table with more info about NIB's energy consumption</a> .
G4-EN6	Reduction of energy consumption	NIB achieved an 8% reduction in energy consumption at its facilities in 2015. The Bank also started a renovation project at its head office by completing one office space in accordance with the BREEAM existing building refurbishment standard. The building renovation project will continue with the planning of the next renovation phase, also in accordance with the BREEAM standard. Not only is NIB complying with the standard, but it is also completing the renovation according to the standard's Excellent level. The BREEAM standard has strict pre-set requirements for a building's energy efficiency that will make NIB's energy consumption more efficient.

Aspect: Diversity		
G4-DMA	Management approach	In NIB's Sustainability Policy and Guidelines, the Bank states that projects should comply with any obligations and standards enshrined in relevant multilateral environmental agreements (MEAs) according to applicable EU legislation, for example those dealing with biodiversity, climate change, the ozone layer, wetlands, persistent organic pollution, trans-boundary air pollution, endangered species and environmental information, and others that may be ratified in the future. A benchmark reference often applied in NIB's projects is the HELCOM standards for discharges into the Baltic Sea. Correspondingly, the Bank emphasises environmentally and socially sound practices in its internal operations, and in the working environment NIB aims to avoid placing any unnecessary strain on the natural environment. By providing information and training and offering environmentally sound alternatives, the Bank sets out to encourage its staff to act in a way that has less impact on the environment.
G4-EN13	Habitats protected or restored	NIB does not have any specific programmes to protect or restore habitats.

Aspect: Emissions		
G4-DMA	Management approach	<p>NIB is committed to supporting action for combating and adapting to climate change. NIB calculates all the greenhouse gas emissions from its projects, either directly via fuel combustion or production process emissions, or indirectly through purchased electricity and heat. The Bank's management and Board of Directors consider these to be part of the loan decision process. Climate change is a societal challenge as well as an environmental one, and it requires adoption of advanced new technologies to improve, for instance, energy efficiency. Addressing this challenge is part of NIB's mission to improve the environment and competitiveness of the Nordic-Baltic region to increase sustainability and prosperity.</p> <p>As concerns its direct ecological footprint and housekeeping, NIB has internal environmental guidelines for office practices, business travel, facilities management and procurement.</p>
G4-EN19	Reduction of greenhouse gas (GHG) emissions	<p>NIB loans in 2015 contributed to an annual reduction of 50,100 tonnes of CO2 emissions. Read more information on <a href="#">NIB's internal environmental footprint such as emissions and waste</a>.</p>

Aspect: Effluents and waste		
G4-DMA	Management approach	<p>NIB joined the WWF Green Office programme and qualified for the certificate at the beginning of 2010. One of the main points for the Bank in the programme focuses on waste management and sorting, and NIB monitors the amount of waste it produces monthly. Appropriate waste management and waste handling procedures are in place, and the main types of waste the Bank generates are sorted. These are: energy, paper, mixed, bio-, cardboard, metal, glass and hazardous waste, including electronic waste and ink cartridges. These waste fractions are recycled.</p>
G4-EN23	Total weight of waste by type and disposal method	<p>In 2015, NIB renewed its waste reporting to specify the different waste types to include energy waste, biowaste and mixed waste. The aim has always been to minimise the amounts of mixed waste and the plan to achieve a reduction is by means of rearranging and simplifying the sorting stations and by raising awareness about waste management through marketing environmental campaigns, such as Earth Hour and Energy-Saving Week (a national energy-saving awareness campaign organised by a Finnish company specialising in energy and material efficiency).</p>

Aspect: Environmental grievance mechanisms		
G4-DMA	Management approach	In order to address any concerns regarding its operations, NIB has developed a channel for its stakeholders to express their views or comment on projects with potential significant adverse social or environmental impacts. These projects are classified as Category A projects and are made publicly available for comments before the Bank makes a decision on financing. In addition, if any persons involved in the activities of NIB observe or have reasonable grounds to suspect misconduct, they are encouraged to report it. Complaints can be filed with, and are handled by, NIB's Office of the Chief Compliance Officer. A new Compliance, Integrity and Anti-Corruption Policy and an Investigations and Enforcement Policy were approved in February 2016. The renewed policies establishes a function for investigating the Bank's compliance with its own rules, including the Sustainability Policy, the Public Information Policy and procurement rules. These policies are publically available on <a href="#">NIB's website</a> .
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	In 2015, the Bank published details of seven Category A projects and received no responses. In 2015, no grievances were filed with the Office of the Chief Compliance Officer.

**CATEGORY: SOCIAL****SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK**

## Aspect: Employment

G4-DMA	Management approach	NIB's employees are the Bank's strongest asset in its mission to finance projects that improve the competitiveness and environment of the Nordic and Baltic countries. The working culture at NIB is perceived as attractive, and many employees choose to stay for a lengthy part of their careers. NIB appreciates staying in touch with its former employees and has an alumni network of about 90 registered members. In December 2015, NIB's President and CEO hosted a Christmas lunch for the alumni.  NIB conducts a survey among its staff bi-annually. The purpose of this work engagement survey is to assess the engagement of the staff as well as the wellbeing and functionality of the working community.
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	In 2015, the average length of employment was 11.8 years. Eight permanently employed staff left the Bank in 2015, resulting in an exit turnover of 4.2%. At the end of 2015, NIB had 189 employees in permanent positions. Of these, 80 were women and 109 men. In addition, six employees worked on projects in temporary positions. The average number of permanent employees was 188.3 during the year.
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	<a href="#">Note 5</a> has explanations of "Additional benefits for expatriates", "Pension obligations" and "Staff loans"

Aspect: Labor practices		
G4-DMA	Management approach	NIB employees are members of an international financial institution. Based on NIB's legal status, the labour laws or other legislation of the host country Finland, or any other member country, do not automatically apply to its employees. There are, however, some exceptions, particularly with regard to taxation, social security and pensions. You can read about these in the <a href="#">Host Country Agreement</a> between the Government of the Republic of Finland and the Nordic Investment Bank.
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	NIB employees are members of an international financial institution. Consequently, NIB has established its own regulations for the staff. See <a href="#">Staff regulations</a> .

Aspect: Occupational health and safety		
G4-DMA	Management approach	<p>NIB makes every effort to create a safe and healthy working environment for its employees. The Bank considers all aspects of work, such as general working conditions, the environment and the personal capacities of its employees. NIB encourages its staff to establish and maintain a sustainable balance between their professional and private lives.</p> <p>NIB cooperates closely with its occupational health care service provider. Prevention is taken care of, for example, through regular health checks and by conducting work engagement surveys and offering flexible working hours.</p> <p>In 2015, NIB conducted its bi-annual <a href="#">Work Engagement Survey</a> in cooperation with the Finnish Institute of Occupational Health (FIOH). The purpose of the survey is to periodically collect employee feedback on issues related to the work environment, management and well-being at work, as well as to initiate actions for improvement of practices. The response rate of the work engagement survey was 84%, which is an increase of 6% since 2013, when the survey was last carried out. NIB achieved a high score and was placed in the top 25 of the FIOH's external sample.</p>
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	<p>NIB strives to continually develop the interaction and cooperation between employer and staff. NIB's Cooperation Council consists of four Members representing the Bank and four Members representing the staff. The Cooperation Council aims to promote communication and initiatives between the Bank and its staff in issues related to working conditions and the workplace, in particular in a manner enabling the Bank to take better account of the staff's opinions concerning such issues. The goal is to achieve mutually acceptable solutions for both the Bank and the staff.</p> <p>The Cooperation Council functions as an occupational health and safety body. The Occupational Health and Safety Commission consist of an Occupational Health and Safety Manager representing the employer and two Occupational Health and Safety Agents representing the staff. In addition, NIB has a Business Continuity and Security unit that is responsible for, among other things, the development and implementation of NIB's security policies covering all areas of physical, personal and data security.</p> <p>All of NIB's staff are included in its health and safety management system.</p>
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	The Bank encourages participation in activities that support wellbeing, and these are highly appreciated by the employees. The sickness absence rate—as a percentage of total working time—stood at 2.2% in 2015, compared to 2% in 2014.

Aspect: Training and education		
G4-DMA	Management approach	NIB is a professional expert organisation where employees are encouraged to develop their competencies. It is essential for the Bank to have highly skilled and committed employees that are able to meet its customers' needs.
G4-LA9	Average hours of training per year per employee by gender, and by employee category	NIB evaluates the need for additional training every year. The average number of training days per employee was 4.8 in 2015, compared to 4.9 in 2014.
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<p>One of NIB's most successful internal training concepts is Credit School. The main objective of this training is to ensure advanced knowledge of issues such as credit risk assessment, project finance, structured finance and similar matters. A further step towards strengthening the professional identity and competence of the staff was taken by initiating a new internal development programme: "Raising the Bar". The programme aims to increase the employees' understanding of the business environment and client's needs in order to give an outside-in perspective. The course started in January 2016.</p> <p>With the Bank's staff representing 15 nationalities and using English as their working language, it is essential to provide language training to ensure that all employees develop and maintain excellent language skills.</p> <p>NIB also focuses on developing its managers through supervisor training and personal growth processes. Managers have access to a supervisor intranet site containing the Bank's policies, regulations and guidelines. The site also provides recommendations on how managers can carry out their roles and fulfil their duties.</p>
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	The employees' performance and individual work plans are reviewed in personal appraisal and development discussions with their supervisors. These talks are held at the beginning of the year and again in the autumn.

Aspect: Diversity and equal opportunity		
G4-DMA	Management approach	NIB had an equality and diversity plan for the years 2013–2015. A new plan will be drawn up in the early 2016.
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<p>See</p> <ul style="list-style-type: none"> <li><a href="#">Executive Committee</a></li> <li><a href="#">Board of Directors</a></li> <li><a href="#">Board of Governors</a></li> <li><a href="#">Control Committee</a></li> </ul>

Aspect: Labor practices grievance mechanisms		
G4-DMA	Management approach	As NIB is not subject to the jurisdiction of national courts, the Bank has set up arbitration rules for potential employment-related disputes. NIB has an Ombudsman whom employees can consult and who may also act as mediator in the event of such disputes. The purpose of the Ombudsman function is to enhance cooperation in employment matters and to help maintain an attractive working environment.
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	The Ombudsman was available once a month, with the exception of February and July, for all staff members during 2015. During the year, the Ombudsman held three consultations on different employment issues, none of which resulted in any further action.

SUB-CATEGORY: HUMAN RIGHTS		
Aspect: Investments		
G4-DMA	Management approach	NIB takes into account the Worldwide Governance Indicators in its country analysis. Screening and assessment of social aspects are also carried out at project level.
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	NIB's approach is that all projects undergo an environmental and social impact assessment, of which dialogue with stakeholders is an integral component. The social impact assessment includes the screening of issues relating to labour conditions, workers' rights and their freedom of association, discrimination based on gender, race, nationality, ethnic origin, religion, disability, age or sexual orientation, and, as well as employment of minors, use of forced labour, and the safety and health of workers and communities.

Aspect: Non-discrimination		
G4-DMA	Management approach	NIB has zero tolerance for any type of discrimination. To ensure a workplace free of harassment, NIB has in place an Anti-harassment Policy that is governed primarily by the Human Resources unit. In cases of harassment, the Ombudsman can also be consulted.
G4-HR3	Total number of incidents of discrimination and corrective actions taken	In 2015, no incidents of harassment were reported.

Aspect: Freedom of association and collective bargaining, child labor, compulsory labor		
G4-DMA	Management approach	NIB believes in good human resources management. Respect for workers' rights and their freedom of association is part of good business. The Bank does not accept discrimination based on gender, race, nationality, ethnic origin, religion, disability, age or sexual orientation. Further, NIB requires its clients to comply with international standards for the employment of minors. Use of forced labour is not accepted by NIB. Sound management of the safety and health of workers and communities is essential for the productivity and efficiency of the business, as is respect for their livelihood.
G4-HR4, HR5, HR6	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk Operations and suppliers identified as having significant risk for incidents of child labor or forced and compulsory labor	None

<b>SUB-CATEGORY: HUMAN RIGHTS, SOCIETY</b>		
Aspect: Local communities and grievance mechanisms for human rights and impacts on society		
G4-DMA	Management approach	NIB finances large projects that may have a significant impact on the surrounding community, environment, people and economy. Some projects may entail some negative consequences. In order to ensure that such risks are identified and addressed, NIB's approach is that all projects undergo an environmental and social impact assessment, of which dialogue with stakeholders is an integral component. The preparation of loans that are listed as Category A projects due to social and environmental concerns are published for 30 days on NIB's website to enable stakeholders to submit their views to NIB. However, any persons involved in the activities of NIB who observe or have reasonable grounds to suspect misconduct, corruption or non-compliance are encouraged to report it. Complaints can be filed with, and are handled by, NIB's Office of the Chief Compliance Officer. There are no regular mechanisms in place to evaluate the management approach or its effectiveness. However, NIB's policies and procedures are regularly reviewed. The present Sustainability Policy and Guidelines were reviewed and changes adopted by the Board in 2012.
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	In 2015, the Bank published seven Category A projects and received no responses. In 2015, no grievances were filed with the Office of the Chief Compliance Officer. There is no separate human rights grievance mechanism in NIB other than the general complaints mechanism.
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	The Bank assesses the environmental and social impacts of all loan applications. The environmental and social review includes: categorisation based on assessment of potential negative impacts of the project, definition of the risks and impacts of the project and of planned mitigation measures, benchmarking of the project's environmental and social performance with relevant standards, assessment of the commitment and capacity of the client to manage the potential impacts, and verification that the costs resulting from the environmental and social risks and impacts are factored into the project.
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	In 2015, the Bank published details of seven Category A projects and received no responses. In 2015, no grievances were filed with the Office of the Chief Compliance Officer. NIB has no separate grievance mechanism for impact on society other than the general complaints mechanism.

Aspect: Anti-corruption	
G4-DMA	<p>Management approach</p> <p>NIB has adopted a zero-tolerance policy towards fraud and corruption. As the funds handled and projects financed by NIB are of a high monetary value, issues relating to corruption and bribery could be material. During 2015, a major review of the Bank's compliance and anti-corruption framework was undertaken. The review resulted in a new Compliance, Integrity and Anti-corruption Policy, and an Investigations and Enforcement Policy, as well as a new Speaking-up and Whistleblowing Policy. The new framework has been adopted by the Bank to promote its anti-corruption work, both in terms of preventing and identifying prohibited practices and investigating allegations of fraud and corruption. NIB has also endorsed the Uniform Framework for Preventing and Combating Fraud and Corruption that was agreed upon by the major multilateral development banks (MDBs) in 2006.</p> <p>In terms of prevention, the Bank puts particular emphasis on knowing its customers and training its staff well to avoid the Bank becoming involved with unethical borrowers and projects, or in money laundering, terrorist financing or tax evasion. All new clients are screened thoroughly in the Bank's integrity due diligence (IDD) processes.</p> <p>The new compliance, integrity and anti-corruption framework introduces a Sanctions Panel that will decide on the sanctioning of external entities that have engaged in Prohibited Practices. The Sanctions Panel is constituted of two external members and one internal member. The Bank's Council on Fighting Corruption has the purpose of enhancing awareness of integrity and anti-corruption among the Bank's staff and stakeholders.</p> <p>The Bank also follows up on investigations and actions taken by national enforcement agencies and prosecutors relating to NIB borrowers and contractors financed by NIB loans. OCCO regularly provides advice and guidance to the Bank's Lending department on how to address integrity and reputational risks in new and ongoing lending operations.</p> <p>With the assistance of external consultants, the Bank also undertook a review of its current procedures and processes relating to anti-money laundering and counteracting terrorist financing. Proposed changes resulting from the reviews will be implemented in 2016.</p>
G4-SO3	<p>Total number and percentage of operations assessed for risks related to corruption and the significant risks identified</p> <p>All NIB's operations are assessed from a corruption risk point of view, and these concerns are addressed in NIB's IDD process.</p>
G4-SO4	<p>Communication and training on anti-corruption policies and procedures</p> <p>All staff at NIB receive training in anti-corruption, integrity, money laundering and ethics as part of NIB's induction programme. Members of NIB's Board of Directors have also received training in the same subject. Staff working in the lending operations receive additional training in conducting integrity due diligence (IDD) checks. In 2016, NIB has introduced a compulsory e-learning course for all staff in the Code of Conduct. Training is centralised at NIB's headquarters in Helsinki, Finland, which is the Bank's only office.</p>
G4-SO5	<p>Confirmed incidents of corruption and actions taken</p> <p>During 2015, the Committee on Fighting Corruption initiated investigation of three new cases of corruption related to projects financed in a non-member country of the Bank. The Committee followed up on other cases that involve borrowers and contractors financed by NIB and that are being investigated by national anti-corruption agencies. No cases of internal fraud or corruption has been reported in 2015.</p>

Aspect: Financial sector supplement – product portfolio		
	Management approach	The Bank assesses the environmental and social impacts of all loan applications for consistency with the Sustainability Policy and Guidelines. A proposed project can be rejected due to non-compliance with the policy. The policy also includes an exclusion list with activities not eligible for financing. See NIB's <a href="#">Sustainability Policy and Guidelines</a> .
FS1	Policies with specific environmental and social components applied to business lines	<a href="#">Sustainability Policy and Guidelines</a>
FS2, FS5	Procedures for assessing and screening environmental and social risks in business lines. Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	<p>NIB's environmental and social review ( <a href="#">see also a picture</a> )</p> <p>The review includes the following key components:</p> <ul style="list-style-type: none"> <li>-categorisation based on assessment of potential negative impact of the project</li> <li>-definition of risks and impact of the project and of planned mitigation measures</li> <li>-benchmark of the project's environmental and social performance with relevant standards</li> <li>-assessment of the commitment and capacity of the client to manage the potential impact</li> <li>-verification that the costs resulting from the environmental and social risks and impacts are factored into the project.</li> </ul> <p>Based on the categorisation, NIB indicates to the customer what type of environmental information NIB requires.</p>
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	The need for monitoring is assessed as part of NIB's environmental and social review. The Bank expects its clients to be in compliance with the Sustainability Policy and Guidelines throughout the project, and provisions entitling the Bank to monitor projects are incorporated into the loan agreement. After NIB's financing is committed in legal documents and disbursed, the Bank monitors projects with major environmental and social risks and impacts in accordance with the environmental review or as deemed necessary by NIB due to unexpected events. Beginning in 2016, NIB has decided to introduce a special monitoring and ex-post mandate assessment process to examine the implementation and results of projects financed by the Bank.
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	<a href="#">Lending</a> <a href="#">Business areas</a>
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	The purpose of NIB's lending activities is to improve the competitiveness and environment of the Nordic and Baltic countries. NIB rates all potential loans internally according to how they contribute to this mission. Only projects that contribute sufficiently strongly to NIB's mission fulfilment qualify for loan approval. The share of lending with a "good" or "excellent" mandate continued to be at a very high level, accounting for 94% of all loans agreed in 2015. Read more about • <a href="#">Mission fulfilment</a> .

Aspect: Financial sector supplement – audit	
Management approach	The Control Committee is a supervisory body that ensures that the operations of the Bank are conducted in accordance with its Statutes. The Control Committee is responsible for the audit of the Bank's accounts and annually delivers an audit statement to the Board of Governors. The Control Committee also monitors the compliance and anti-corruption practices of the Bank. The audit of the financial statements of the Bank is carried out by external professional auditors appointed by the Control Committee.
FS9 Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	NIB is mission-driven and its core business is long-term lending. The main risks are assessed in the due diligence process prior to lending agreements. After NIB's financing is committed in legal documents and disbursed, the Bank monitors projects with major environmental and social risks and impacts in accordance with the environmental review or as deemed necessary by NIB due to unexpected events. Beginning in 2016, NIB has decided to introduce a special monitoring and ex-post mandate assessment process to examine the implementation and results of projects financed by the Bank.
FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	<a href="#">Loans agreed 2015</a>
FS11 Percentage of assets subject to positive and negative environmental or social screening	The Bank assesses the environmental and social impacts of all loan applications.