



European Bank
for Reconstruction and Development

Environmental and social management system – reporting to the EBRD

Environmental and social risk management
toolkit for financial intermediaries

June 2026

Introduction

Financial intermediaries (FIs) are required to comply with the reporting requirements set out in Environmental and Social Requirement 9 (ESR 9) of the EBRD's Environmental and Social Policy (ESP).¹ The FI is required to put in place a comprehensive environmental and social management system (ESMS), which should include effective communication with and reporting to internal and external stakeholder groups. This includes maintaining internal and external channels of communication, data management, a grievance mechanism and reporting systems and processes.

This briefing note explains environmental and social (E&S) reporting requirements to the EBRD and provides recommendations on how to demonstrate compliance with ESR 9. The briefing is to be used in conjunction with other supporting EBRD briefing notes designed to help EBRD clients manage specific E&S risks during the investment cycle, including the guidance note on external reporting.

Reporting objectives

The EBRD needs timely, accurate and detailed information from FIs to meet its own reporting requirements. Furthermore, effective reporting from FIs gives the EBRD confidence that the FI is managing E&S risks in its portfolio, in turn reducing reputational and liability risks for both the FI and the EBRD. Effective reporting and enhanced transparency from FIs is also good international practice.

Annual reporting requirements

Under ESR 9 (Financial intermediaries), FIs are required to report to the EBRD in an annual environmental and social report (AESR), using a template provided by the EBRD. The report should address how they have implemented their ESMS to manage the risks in their portfolio, as well as how their portfolio holdings and clients have performed in terms of environmental and social indicators. The report should also assure the EBRD that the FI has been complying with ESR 2 (on

labour and working conditions) and ESR 4 (on health, safety and security).²

The AESR should cover all transactions that have been financed by the EBRD. If the EBRD holds an equity stake in the FI, the AESR should cover all transactions across the FI's portfolio.

The EBRD recommends that FIs document E&S risk management activities on an ongoing basis to have easily accessible information for reporting.

Meaningful reporting

The AESR should be completed by appropriately skilled and knowledgeable persons within the FI, who are usually responsible for relevant functions and suited to addressing requirements and reporting on issues related to labour and working conditions in compliance with ESR 2, on health, safety and security to comply with ESR 4, and on the management of E&S risks in the FI's portfolio to comply with ESR9. The FI should ensure that sufficient training is given to E&S teams to enable them to report in an effective manner.

To report meaningful information to the EBRD, FIs should consider the following key elements:

- the scope and detail of the report
- compliance with any specific requirements
- progress from the previous year, including implementation of the environmental and social management plan and the close-out of covenants in legal documents.

Scope and detail

FIs should consider what information is useful to describing the E&S risks in their portfolio and how they have managed those risks. This should include the development of an E&S management framework and policies to manage E&S risks as part of the investment process.

It should also include a detailed assessment of high-risk investments, including environmental and social impact assessments (ESIAs) for Category A sub-projects, as well

¹ See EBRD (2024), p.95.

² See EBRD (2024), p.37 and p.51.

as a detailed breakdown by sector. Other relevant information includes:

- a breakdown of the portfolio by:
 - type of transaction
 - industry sector
 - E&S risk categorisation
- a list of high E&S risk sub-projects
- a description of how E&S procedures have been integrated into the transaction approval process
- confirmation that no transactions have been financed for businesses whose activities appear on the EBRD's E&S Exclusion List
- details of any transactions rejected on E&S grounds
- details of any material E&S issues associated with sub-borrowers during the reporting period, in particular:
 - accidents/litigation/complaints
 - incidents of non-compliance with applicable E&S regulations and standards, such as fines, penalties or fees for non-compliance
 - incidents of sub-borrowers' significant non-compliance with E&S covenants/conditionality imposed by the FI.

Invest Europe provides guidance on effective ESG reporting, including an ESG reporting template and a section on current market practice, which FIs may wish to consult.³ It is aimed at private equity and venture capital firms, but is broadly applicable to financial institutions more generally. Some examples of relevant reporting metrics include:

- sustainability (ESG) management
- greenhouse gas emissions and transition plans
- energy management
- water and waste management
- human resource management, including diversity and inclusion

- health, safety and security
- human rights, such as issues related to forced and child labour in supply chains.

The FI may already be reporting some or all of this information through national or international regulations, such as the European Union (EU) Corporate Sustainability Reporting Directive (CSRD),⁴ International Financial Reporting Standards (IFRS) S1 and S2,⁵ or through voluntary frameworks such as the Taskforce on Climate-related Financial Disclosures (TCFD).⁶ The FI could utilise such data when completing its AESRs for the EBRD and during monitoring visits by the EBRD.

Compliance with specific requirements

If the FI receives investment from the EBRD under a specific framework, such as the Green Economy Financing Facility (GEFF) or the Women in Business programme, this will include reporting requirements for specific indicators, set out in relevant legal documents such as policy statements or loan agreements. The AESR should set out how those specific requirements have been met and, if not, what measures the FI will undertake to ensure that they will be met in future.

Year-on-year progress

The AESR should highlight any improvements made since the previous report, including any progress made on implementing the environmental and social management plan and closing out covenants in legal documents between the FI and the EBRD. Where possible, the FI may also provide information on any E&S impacts its investments have had and any outcomes of the funding. Metrics might include greenhouse gas emission reductions, jobs created, diversity goals achieved or environmental improvements.

³ See Invest Europe (n.d.).

⁴ See European Union (2022).

⁵ IFRS Sustainability Disclosure Standards S1, General Requirements for Disclosure of Sustainability-related Financial Information, and S2, Climate-related Disclosures. See IFRS (2023a; 2023b).

⁶ See TCFD (2017).

References

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