



European Bank
for Reconstruction and Development

EBRD Commitment to Sustainability



Our commitment to sustainability is foreseen in the Agreement Establishing the EBRD, in policies and strategies and through initiatives that are developed in response to the emerging challenges and an evolving international context. EBRD's mandate to foster transition towards market-oriented economies and to promote private and entrepreneurial initiatives is inextricably linked to our commitment to sustainable development.

A Strategic Focus on Sustainability: The Bank's policies and strategies link EBRD's sustainability mandate to its operational activities. In our operations, we strive for a high standard of sustainable development – environmental and social benefits and equitable access to those benefits.

We are committed to work with our economies to achieve their goals and commitments to deliver sustainable economies and fulfil their commitments to the global sustainability agenda and in alignment with our Country Strategies.

We are committed to work with our clients, development institutions, and a wide range of stakeholders.

EBRD's Current Sustainability Approach

Responding to Global Environmental and Social Challenges:

The Sustainable Development Goals (SDGs) adopted by the members of the United Nations in 2015 provide a framework for tackling global sustainability challenges to 2030. The EBRD is committed to helping our countries of operations meet these challenges and work toward reaching the targets and outcomes defined by the SDGs.

We engage with other Multilateral Development Banks, the Climate Investment Fund, Green Climate Fund and other organisations and donors to scale up financing for climate action in line with the goals of the Paris Agreement. We measure and report on the impact of greenhouse gas emissions, both positive and negative, that result from our investments.

EBRD Policy, Strategy and Initiatives:

The Bank's policies and strategies link EBRD's sustainability mandate to its operational activities. The Environmental and Social Policy ("ESP") sets out the Bank's framework for assessing and avoiding or minimising the environmental and social risks and impacts of our projects. Underpinning our approach to environmental protection is a commitment to promoting high standards, including applicable European Union environmental standards and best available techniques, and applying a precautionary approach to the protection of biodiversity and sustainable use of living natural resources. The implementation of these environmental and social standards is also supported by our project Procurement Policies and Rules.

We have established ten Performance Requirements to set out the minimum environmental and social standards that all our projects are expected to meet. Where projects present particular environmental or social risks, or where clients have gaps in their capacity, we engage proactively to address them.

In the preamble of the Agreement Establishing the EBRD, the Contracting Parties committed to the fundamental principles of multiparty democracy, the rule of law and respect for and market economics. This respect for people and their fundamental rights is addressed through project safeguards and through proactive measures.

Under the ESP, we expect our clients to inform and consult people that may be affected by projects, and to provide a mechanism for any grievances to be raised and addressed. Where projects affect communities or involve involuntary resettlement or economic displacement, clients must minimise impacts and ensure that affected people are, at a minimum, no worse off as a result of the projects we are financing.

We are committed to promoting decent work and respecting the rights of workers. The ESP refers to the core conventions of the International Labour Organisation on forced labour, freedom of association, the right to collective bargaining, discrimination, minimum working age and the elimination of the worst forms of child labour. We ask our clients to adopt policies promoting non-discrimination and equal opportunity, including for people with disabilities.

The EBRD is committed to helping prevent modern slavery and sexual harassment, exploitation and abuse. We, alongside other international financial institutions, have developed guidance for managing risks associated modern slavery and have adopted principles that aim to prevent sexual harassment, exploitation and abuse and provide support for those affected by it. Our forthcoming ESP will have specific provisions on these issues.

Our Green Economy Transition approach recognises that market failures cause high socio-economic and developmental costs and accelerate environmental degradation and the approach aims to conserve ecosystems and vital

living natural resources for future generations. It commits the Bank to ensuring that by 2020, 40 per cent of all investments are directed toward climate action or environmental protection.

Through our Energy Sector Strategy, we recognise that climate change is a global challenge. We target the creation of an energy sector that delivers clean, secure and affordable energy for all and support the decarbonisation of energy systems. We are committed to scaling-up investments in renewables and switching to cleaner and more resilient energy sources, and we will not finance thermal coal mining or coal-fired electricity generation upstream oil exploration or upstream oil development projects. We incorporate a shadow cost of carbon into our economic analysis of high-emitting projects to inform investment decisions.

Urban areas face particular sustainability challenges and financing the improvement of municipal and environmental infrastructure to expand the provision of clean drinking water, minimise and manage wastewater and solid waste and develop sustainable urban transport systems remains our priority. EBRD Green Cities Programme recognises that cities represent an opportunity to address climate and environmental challenges in a systematic, holistic way.

The EBRD Economic Inclusion Strategy aims to accelerate the transition of countries towards inclusive market economy that ensures that anyone has full and fair access to labour markets, finance and entrepreneurship and economic opportunity. We help create job opportunities, skills and promote decent work. We provide advice and support for small businesses and we promote access to finance and services.

The EBRD Strategy for the Promotion of Gender Equality 2016-2020 sets out how the Bank will continue to work to prevent gender discrimination, and to promote gender equality within its mandate.

It promotes a vision for a future of the countries where the EBRD works in which women and men, regardless of socio-economic status, have the same rights and opportunities to access work, participate in decision-making processes affecting their lives and have equal and safe access to public services.

The sustainability challenges faced by each country are considered when we develop country strategies. These strategies set out the Bank's priorities for investment over the ensuing five years to address the priority transition gaps and sustainability challenges in our region.

Engaging with Investors

The EBRD and the other Multilateral Development Banks are playing a leading role in the development of green and sustainable investment mechanisms. We have an active and growing Green Bond programme. These bonds support investments in our Green Project Portfolio. The Bank has been active in the development of the Green Bond Principles, co-chairs the sub-group on impact reporting and has supported innovative Social Bonds and Health Bonds.

Technical Cooperation

We mobilise donor funds for Technical Cooperation to develop new environmental and social initiatives, build capacity and promote best practice. We manage targeted multi-donor funds that mobilise resources to address particular environmental challenges.

We engage in ambitious, forward-looking policy dialogue through which we can leverage systemic change beyond the direct impact of our projects. We work with governments, local authorities and other stakeholders to build capacity and create legal and regulatory environments that enable sustainable investments to flourish.

Minimising Our Footprint

The EBRD has around 3,000 staff and contractors. We manage and minimise the impacts of our activities. We are committed to achieving a carbon neutral status. We employ good international practice with regards to environmental and social sustainability and will seek to work with suppliers and contractors who follow similarly high standards.

The Bank aims to be a responsible employer. We seek to ensure that everyone is treated with respect, has equal opportunities and feels valued. We aim to sustain and build on this strength, focusing on gender balance, multiculturalism, flexible working, LGBT and disability awareness.

Engagement, Measurement and Accountability

Engaging with Stakeholders: Central to the EBRD's approach to sustainability is a commitment to openness and transparency. This commitment is enshrined in our Public Information Policy which sets out what we will disclose proactively and how we will respond to requests for information. The Bank engages with Civil Society Organisations on individual projects and in the development of policies and initiatives. We also support capacity building of local civil society groups. We are committed to open and constructive engagement

with the full range of our stakeholders, including shareholders, donors, other Multilateral Development Banks and International Financial Institutions, industry groups and trade unions.

Measuring, Monitoring and Reporting our Impact: Measuring, monitoring and reporting our impact are vital components of EBRD's approach to sustainability. It enables us to track the performance of individual projects and implement corrective actions where needed. For the EBRD as an institution, monitoring and measuring project impacts is the key to demonstrating that the Bank is delivering on its mandate, policies and strategies.

Ensuring Accountability: Our Evaluation Department reports to the Board on the effectiveness of our policies and strategies and on the contribution of individual investments, and identifies lessons that can enhance our future activities. The Project Complaint Mechanism provides independent recourse for individuals or groups who believe they have been adversely affected by EBRD projects as a result of non-compliance with the Environmental and Social Policy or the Public Information Policy.

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