How sustainability works at the EBRD

Our approach to sustainability is multifaceted and involves:

- incorporating environmental and social requirements into the appraisal and implementation of all Bank-funded projects based on European Union (EU) standards and international good practice
- providing finance and technical assistance specifically aimed at addressing environmental and social issues through our Green Economy Transition approach
- promoting social inclusion and access to community services such as water and public transport
- supporting projects that promote gender equality
- encouraging public participation through pre-investment consultation and information disclosure, and maintaining regular strategic dialogue with civil society organisations and other stakeholders.

Find out more about our sustainability approach.

Additional information

The following publications provide additional information on the EBRD’s business activities and results in 2017:

- Annual Review
- Financial Report
- Donors and the EBRD
- OCCO’s Integrity and Anti-corruption Report
- Annual Evaluation Review.

In accordance with our Public Information Policy, we also publish information on individual projects (including environmental and social impacts) through our online project summary documents database.

Our internal performance

We are committed to minimising the environmental impact of our offices and business activities and our internal consumption and recycling figures are disclosed here.
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- SDG9: Build resilient infrastructure with increased resource use efficiency, promote inclusive and sustainable industrialisation and foster innovation
- SDG10: Reduce inequality
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- Green Cities
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- Low carbon and climate resilient investments
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2 Sustainability Report 2017
Overview

The **Sustainability Report 2017** explores the many ways we create impact.

We pride ourselves on measuring and reporting on our impact transparently and in an accountable way. This report contains data on health and safety, greenhouse gases, and various other aspects of our project monitoring.

Find out how our 2017 projects have boosted the green economy, used resources and energy more efficiently and made a real difference to the daily lives of millions of people across three continents.
Introduction

Sustainability is a core part of the EBRD’s work. Whether it’s improving public transport, ensuring a safe water supply, repairing roads or boosting renewable energy, our investments make a real difference to peoples’ lives.

The EBRD’s transition mandate explicitly recognises “green” as an integral quality of a sustainable market economy. Most EBRD countries of operations began the transition process at a significant disadvantage: hampered by a legacy of widespread environmental neglect and wasteful energy use. While economies in the SEMED region are similarly burdened by natural asset mismanagement, as well as severe levels of water stress.

We support our countries’ shift towards a low carbon future. This means mainstreaming green into every sector of the economy. It also means addressing other barriers to sustainable development. We have a strong focus on gender equality and economic inclusion; mobilising funds to create growth and jobs. And we engage our stakeholders in every step of the process.

This report shows how we do it.

Highlights of 2017

At the 2015 Paris Climate Convention we set an ambitious climate financing target of 40 per cent of the Bank’s total annual investments by 2020.

In 2017 we reached it – three years ahead of schedule.

Thanks to our Green Economy Transition (GET) approach, 43 per cent of our annual investments are now in green finance in economies stretching across three continents. And we leverage significant volumes of additional finance from third parties, particularly from the private sector.

In 2017 we made our cities safer and greener. We launched our first Economic Inclusion Strategy to enhance access to economic opportunities for women, young people and regional populations. We continued to support sustainable transport projects, and we maintained a high level of investment in energy efficiency projects through Green Economy Financing Facilities (GEFFs), which deliver finance through local banking networks.

In 2017, 350 young people in Turkey will have access to new job training opportunities thanks to our support and related investments.
Influence

We help influence change with policy dialogue.

Policy dialogue is key to helping countries move towards a greener, more sustainable future. We work with governments and other stakeholders in the region to influence change and support them in developing green, low-carbon policies across a range of sectors.

By the end of 2017, our Women in Business programme covered 17 countries and has provided a total of more than €430 million in financing to more than 30 PFIs for on-lending to women-led businesses since launch.

Our influence on renewable energy policy in Kazakhstan led to the country’s first wind farm and we have supported the government to quantify the fiscal implications of a green economy transition. Our support in Ukraine resulted in EU-compliant energy efficiency laws. And in 2017 we saw new regulations adopted and laws passed in Albania, Montenegro, Serbia and Ukraine.

Our Croatia Private Sector Youth Initiative has secured 620 internship places from 140 participating companies to date – more than five times the intended target of 100 places.

2018 and beyond

The pace of global climate change is accelerating faster than the world’s response to it. So, despite our progress in 2017, there is still much more to do.

With our GET approach going from strength to strength, and the growth of our Green Cities Programme, we have seen higher standards set across multiple sectors; cleaner energy and more efficient use of resources; safer, more resilient roads and transport; and local businesses and communities reaping the benefits. In 2018 we aim to step up support and continue, with the help of our donors and partners, to influence and innovate.

2018 will also see social impact from our projects: we are supporting Egyptian National Railways with an anti-harassment campaign and associated measures to make public transport safer for women; and our policy dialogue work for more inclusive economies in Jordan, Kazakhstan, the Kyrgyz Republic and Tajikistan will continue.

With our work becoming more aligned with the Sustainable Development Goals (SDGs), our wide-ranging activities will continue to balance growth with sustainability and make a lasting difference to lives across our region of operations.
The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2016. They reflect a shared global vision of progress to transform societies and economies for a safe, equitable and sustainable future. This is in line with the EBRD’s work to bring positive change to people’s lives throughout the economies where we invest.

Below are some examples of EBRD projects that address the SDGs.

**SDG5: Achieve gender equality**

We support the creation of economic opportunities specifically targeting women, improving their access to finance and services, and enhancing the quality of, and opportunities within, employment. Our Strategy for the Promotion of Gender Equality commits to “mainstreaming” gender into the Bank’s operations by 2020.

**Read more:**
- Addressing gender gap in access to finance in Tajikistan
- Kazakhstan’s Gender Action Plan

**SDG6: Clean water and sanitation**

When we upgrade water infrastructure in a country we help to provide large numbers of people with safe drinking water and sanitation. We have supported countless water and wastewater modernisation projects across the economies where we invest.

**Read more:**
- Clean water for Tajikistan
- Better water supply in Bosnia and Herzegovina
- Improved drinking water quality in Ukraine
- Water upgrades in the Kyrgyz Republic

**SDG7: Access to affordable and clean energy**

We offer Green Economy Financing Facilities (GEFFs) to finance much-needed energy efficiency upgrades in homes and businesses across our regions. This enables access to clean and low-cost energy and so drives development and economic growth.

**Read more:**
- Energy efficiency in Romanian homes
- €300 million renewable energy framework for Greece
- The largest wind farm in Serbia
- Egypt’s largest solar portfolio

**SDG8: Sustained, inclusive and sustainable economic growth**

We blend our investments with technical assistance and policy dialogue to improve the business environment and attract private sector investors. Our strong support to micro, small and medium-sized enterprises supports job creation and opportunities for under-served sections of the population.

**Read more:**
- Small businesses in Bulgaria
- 500 small business projects in Egypt
- Competitive business in Montenegro
- Opportunities for young people in a changing world
- Green and inclusive growth: the EBRD 2017 Annual Meeting
SDG9: Build resilient infrastructure with increased resource use efficiency, promote inclusive and sustainable industrialisation and foster innovation

Many of our countries of operations have ageing, inefficient infrastructure and facilities. We support projects focused on climate adaptation to help them invest in measures and technologies to improve their resilience.

Read more:
- A resilient road network in Bosnia and Herzegovina
- Innovative climate-friendly technology in Ukraine
- CLIMADAPT awards in Tajikistan
- More sustainable agriculture in Egypt

SDG10: Reduce inequality

We believe in building more inclusive economies where everyone reaps the benefits.

This is demonstrated in our Strategy for the Promotion of Gender Equality (2016-2020) and Economic Inclusion Strategy (2017-21).

Read more:
- Tunisia’s economy boosted for all
- Promoting youth inclusion in Ukraine
- The EBRD’s Women in Business programme (available in 17 plus countries)

SDG11: Sustainable cities and communities

The EBRD has developed the Green Cities Programme, representing over €700 million and 800,000 tonnes of CO₂ mitigated annually and multiple local environmental benefits.

Read more:
- How to become a Green City
- What makes buildings green
- Green City Action Plan approved for Tbilisi

SDG12: Promoting sustainable consumption and production patterns

In 2015, we declared our intention to devote 40 per cent of our Annual Bank Investment (ABI) to green finance by 2020. We achieved this milestone in 2017 — three years ahead of schedule. Nearly 70 per cent of our green portfolio is in energy efficiency, promoting more sustainable consumption and production.

Read more:
- Energy efficiency in Romania
- Improved solid waste management in Tajikistan

SDG13: Combating climate change

More than €500 million in climate adaptation finance has been channelled into climate resilience upgrades of municipal infrastructure since 2011. We also finance climate resilience investments in the power, transport and agribusiness sectors.

Read more:
- Saïss Water Conservation Project
- Climate resilience in Tajikistan
- Food for the Future
Our investments help **preserve and improve environments**. Investments mitigate and build resilience to the effects of climate change and other forms of environmental degradation.

The transition to a low-carbon green economy requires **innovative** technologies, business models and financing structures.

### HOW WE MADE AN IMPACT IN 2017

<table>
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<tr>
<th>Impact Area</th>
<th>Description</th>
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<tr>
<td>Financial Growth</td>
<td>We increased our green finance from 33% to 43% of total investments.</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>We financed 1,883 MW of renewable energy capacity, three times more than in 2016.</td>
</tr>
<tr>
<td>GHG Reduction</td>
<td>Our annual investments are forecast to deliver an overall greenhouse gas (GHG) reduction for the 12th consecutive year.</td>
</tr>
<tr>
<td>Economic Inclusion</td>
<td>We launched our first Economic Inclusion Strategy to enhance access to economic opportunities for women, young people and regional populations.</td>
</tr>
<tr>
<td>Climate Resilience</td>
<td>Climate resilience investments have doubled and we are working in new sectors such as irrigation.</td>
</tr>
<tr>
<td>Economic Opportunities</td>
<td>We issued €615 million in green bonds.</td>
</tr>
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Impact
**Green Economy Transition**

The Green Economy Transition approach builds on a decade of successful climate and resource efficiency investments by the Bank. When we launched GET at the end of 2015, we sought to increase the Bank’s volume of green financing from an average of 25 per cent of our ABI over the last decade to 40 per cent by 2020. We achieved this target in 2017 — three years ahead of schedule.

The EBRD is leading international action on the transition to a green economy. We coordinate MDB climate finance reporting, help to develop standards and metrics for climate resilience investments, and feature prominently at the Conference of the Parties (COP) events, engaging with high profile stakeholders.

The transition to a green economy creates numerous opportunities for growth. See the full report online for more on how EBRD clients and countries are moving towards a low-carbon future under our GET approach, and are reaping considerable economic, environmental and social benefits.

### GET finance

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>GET finance (€ billion)</td>
<td>2.9</td>
<td>4.1</td>
</tr>
<tr>
<td>GET share (%)</td>
<td>33</td>
<td>43</td>
</tr>
</tbody>
</table>

### Impact 2017

<table>
<thead>
<tr>
<th></th>
<th>Mt/y</th>
<th>million m³/y</th>
<th>million MWh/y</th>
<th>MW</th>
<th>million GJ/y</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG reduced</td>
<td>6.3</td>
<td>145</td>
<td>4.6</td>
<td>1,883</td>
<td>82</td>
</tr>
<tr>
<td>Water saved</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable electricity produced</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable capacity installed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary energy saved</td>
<td></td>
<td></td>
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**EBRD annual green business volume 2006-17**

**GET ABI by business area**

€ million

---

**Corporate energy efficiency**

**Cleaner energy production**

**Green economy financing facilities**

**Municipal infrastructure energy efficiency**

**Renewable energy**
### GET Assurance Processes

<table>
<thead>
<tr>
<th><strong>The “green” transition quality</strong></th>
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<tr>
<td>The EBRD’s mandate is to foster sustainable market economies that are competitive, well-governed, green, inclusive, resilient and integrated. The green transition quality is put into operation through our GET approach. We have put systems and processes in place to verify, assess and report on the green impacts of our GET projects.</td>
</tr>
<tr>
<td>We have developed a “green index” to quantify how EBRD countries of operations perform on the green transition quality. This is used to prioritise areas for policy engagement and investments. The index uses physical indicators which reflect environmental performance (for example, current and projected water stress) and structural indicators which reflect the regulatory or market response to the problem (for example, water pricing).</td>
</tr>
<tr>
<td>The GET Transition Impact (TI) Assessment Methodology was launched in 2017 and assesses the expected transition impact of green projects and project components. GET investments fall into three categories: climate change mitigation, climate change adaptation and other environmental areas. Green activities are determined according to internationally agreed definitions, the systematic impact achieved, the level of innovation associated with the investment and the presence of complementary policy dialogue. All investments are reviewed by a “clearing house” comprised of environmental, climate and economic experts, who advise on whether the proposed project meets the requirements of the GET initiative.</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
</tr>
<tr>
<td>We are developing a handbook which provides guidance on the attributes and standards required for a project to sit within the GET approach. This handbook will take account of lessons learned to date and will be published in 2018. We are also providing more information on projects that are categorised as GET. In 2017 we began disclosing projects with a climate component of more than €40 million. From 2018, this disclosure will be expanded to include all projects with a climate component.</td>
</tr>
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### Climate-related financial disclosures

<table>
<thead>
<tr>
<th><strong>With reference to the recommendations of the Financial Stability Board’s Task Force on Climate-Related Financial Disclosure (TCFD) that organisations disclose their governance, strategy and risk management approach to climate-related risks and opportunities, as well as any metrics used by the organisation in this assessment, we highlight the following:</strong></th>
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<tr>
<td><strong>Governance</strong></td>
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<tr>
<td>The EBRD’s environmental and social policy (ESP), which is approved by the Board not only focuses on the Bank’s lending operations but also covers its own operations.</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
</tr>
<tr>
<td>The EBRD makes extensive investments in renewable energy, energy efficiency, water, waste management and sustainable transport. We also provide technical assistance and engage in policy dialogue to help our operations become more sustainable.</td>
</tr>
<tr>
<td><strong>Risk management</strong></td>
</tr>
<tr>
<td>The EBRD has several compliance and accountability functions that cover environmental issues. These are Internal Audit; Evaluation, which looks at project outcomes and lessons learned; and the Project Complaints Mechanism, which independently assesses complaints relating to our ESP.</td>
</tr>
<tr>
<td><strong>Metrics and targets</strong></td>
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<tr>
<td>The EBRD has a target that 40 per cent of all investments will be in the green economy by 2020. While the Bank has, for many years, disclosed greenhouse gas (GHG) savings and benefits from its projects at a portfolio level, over the coming year we will begin to disclose project-level climate change mitigation and adaptation finance, GHG savings and climate resilience benefits, as well as working to define and utilise additional impact metrics for water, waste management, and sustainable transport projects.</td>
</tr>
<tr>
<td>In March 2018 the EBRD became a supporter of the TCFD, the first multilateral development bank to do so. The Bank’s initial disclosure activities as described above will be progressively reviewed and refined as experience with climate-related financial disclosures continues to emerge across the global financial system. Physical climate risk and resilience disclosure will be the focus of a conference to be jointly hosted in May 2018 in London by the EBRD and the Global Centre of Excellence on Climate Adaptation (GCECA). We will also seek appropriate opportunities to support partner financial institutions and corporates in the economies where we invest to adopt the principles of climate-related financial disclosure.</td>
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Green Cities

Many cities face significant environmental challenges – poor air, traffic congestion, limited land, resource pressure and climate change – and so greater investment is key.

The EBRD’s Green Cities Framework (GrCF) builds on our experience of investing in municipal and environmental infrastructure.

Central to the programme is the Green City Action Plan (GCAP). This articulates a city’s sustainable development vision, strategic objectives, actions and investments to address priority environmental issues.

The first GCAP was adopted in Yerevan (Armenia) in 2016 and a second was adopted in Tbilisi (Georgia) in 2017. The two adopted GCAPs each identified more than €400 million of investments over five-year periods that address the cities’ most pressing environmental challenges. Tbilisi’s GCAP estimates that, once all measures are implemented, the city will reduce its carbon emissions by almost half a million tonnes per year.

Five projects totalling over €50 million of finance were signed under the framework in 2017. They will invest in a diverse range of technologies including electric buses, biomass for district heating, reductions of water system losses and public building energy efficiency.

In 2017 we launched the Green Cities Climate Finance Accelerator together with the Global Covenant of Mayors for Climate and Energy (GCoM).

Under the new partnership, the EBRD and the GCoM are seeking to drive climate action in up to 60 cities, including many that have not previously been a focus for climate support.

Useful links
• How to become a Green City

Story
• Green buses in Tbilisi (video)

Renewable energy

In 2017, we invested €958 million into renewable energy. This meant scaling up solar energy in Egypt, Kazakhstan and Jordan, constructing wind farms in Serbia and Mongolia, and enhancing the grid for renewable energy network integration in Poland.

Significantly, in 2017, we approved a US$ 500 million framework to finance renewable energy in Egypt. This framework, supported by the GCF, focusses on the development of private renewable energy projects under the Egyptian government’s feed-in-tariff programme. Most of the 16 projects signed under this framework focus on one large site near the village of Benban in Upper Egypt, a region where more than 50 per cent of the population lives below the poverty line. Our solar projects will benefit the economy through construction activities, the transfer of skills and job creation.

These are the first private utility-scale renewable projects in a sector that is otherwise dominated by the use of hydrocarbons.

In 2017, the EBRD developed a set of guidelines with the Energy Community Secretariat on the key design principles that should be adopted to award and deliver public support for the competitive procurement of renewable electricity. These guidelines aim to provide a clear practical framework for our countries of operations, beginning with Energy Community countries, to apply when setting up tenders and auctions. This should help to accelerate the development of cost-effective renewable energy.

Low carbon and climate resilient investments

In 2017 we supported the progressive decarbonisation of energy-intensive sectors and operations across our countries of operations. Notable examples include Project Latte, a loan to support greenhouse gas (GHG) reductions in the Turkish dairy industry; the environmental improvement of Ukraine’s largest steel mill Mittal; and continuing work on reducing the carbon footprint of the Egyptian cement industry.
Corporate resource efficiency

In 2017, we invested €1.2 billion in corporate energy efficiency. Energy efficiency is critical for a country’s economy. It reduces production costs, enhances competitiveness, supports energy security and lowers CO₂ emissions per unit of production.

Our projects in energy efficiency ranged from improving heating, to introducing resource-saving technologies to Ukraine’s major retail chain Novus.

Read more about corporate energy and resource efficiency here.

Stories:
• Romanian waste-oil recycling facility wins EBRD support
• Green heating in Bosnia
• Tajikistan’s first green fitness centre

Low carbon transport

We help make transport infrastructure more resilient to the impacts of climate change and enable significant emission reductions.

In 2017 we invested €684 million of green financing in the transport sector (six times the amount we invested in 2016). Key projects focused on the modernisation of rail infrastructure in Egypt; the electrification of the major railway line Dolynska-Mykolaiv-Kolosivka in Ukraine; the rehabilitation of docks to boost the shipping industry in Turkey; and investments in mass and public transport in various other cities across our region.

These projects are estimated to result in primary energy savings totalling 997,600 GJ per year.

See also Transport.

Building modernisation

We need to help countries modernise and improve their building stock to improve energy efficiency and reduce energy consumption.

In 2017, more than 80 per cent of building modernisation related GET finance was used to fund projects in the municipal sector and in property and tourism. The bulk of projects in the municipal sector included public-private partnerships (PPPs) with hospitals in Turkey.

During the year our activities in green property funds and real estate investment trusts included a US$ 120 million venture to invest in modern, earthquake-proof and energy-efficient property in Turkey. We also provided €21 million equity in a joint venture with leading Greek real estate developer Dimand to invest in brownfield development and urban regeneration projects.

We are intensifying our outreach activities in building modernisation by engaging with leading market and policy players.

In 2017 we provided support to Ukraine, Kosovo, Serbia, Bosnia and Herzegovina and Albania to put laws and regulations in place to improve the energy performance of buildings through minimum energy performance requirements and certification.

Climate resilience

The challenges of a changing climate are felt keenly in many countries where we invest. This is partly due to location, but also because under-investment has resulted in ageing, inefficient infrastructure and facilities. We support projects focused on adaptation: that is, they help our clients invest in measures and technologies to address the physical risks associated with climate change and strengthen their climate resilience. We also screen all our projects for climate vulnerability.

2017 has been a record year for climate adaptation finance: we signed 31 climate resilience projects that delivered €392 million of GET adaptation finance.

Stories:
• Water conservation in Morocco
• Water irrigation in Kazakhstan
Green Economy Financing Facilities (GEFFs)

Key figures
- €557 million provided to partner financial institutions (PFIs) in 2017
- Since 2006, €4.5 billion signed with around 130 PFIs in 25 countries
- Over 120,000 subprojects in the SME, corporate and residential sectors
- 9 million tonnes of CO₂ expected emissions avoided per year from GEFF projects

The EBRD’s GEFFs, previously known as Sustainable Energy Finance Facilities (SEFFs) extend credit lines to local financial institutions for on-lending to businesses and homeowners so that they can invest in higher performance, green technologies. Our GEFFs operate in 25 countries.

The EBRD launched the first official GEFF in March 2017, GEFF in Egypt, together with the Agence Française de Développement (AFD), the European Investment Bank (EIB) and the European Union (EU). It is a comprehensive programme for sustainable energy investment through financial institutions, offering €140 million in loans and supported by a €23.3 million grant from the European Union Neighbourhood Investment Facility and €3.3 million from the EBRD Shareholder Special Fund.

Another key GEFF transaction in 2017 was the approval of the €85 million Western Balkans Residential Green Economy Financing Facility, which supports residential energy efficiency investments. The funds will finance urgently needed investments in the residential sector to reduce energy losses and improve energy efficiency through the modernisation of existing apartments and buildings. Examples include high-performance domestic appliances, energy efficient windows and glazing, thermal insulation, energy efficient boilers and more.

In 2017 we successfully piloted a GEFF with a focus on climate resilience in Tajikistan under the CLIMADAPT programme. This US$ 10 million credit line programme and pilot initiative facilitates access to climate resilience technologies improving the use of water, energy and land resources in Tajikistan.

Over the coming year, we intend to scale up our GEFF operations and establish facilities in Poland and the Slovak Republic.

View the video [here](https://www.youtube.com/watch?v=dQw4w9WgXcQ).
Partnerships in climate finance

The EBRD’s climate finance partners provide crucial support for our policy dialogue efforts and provision of technical expertise to clients. When market barriers are high, these partners also step in and provide capital expenditure grants or concessional finance. This is combined with the Bank’s commercial finance. By working this way the EBRD puts together integrated packages of loans, grants and technical assistance to address market barriers and help create new markets.

Green Climate Fund

The Green Climate Fund (GCF) is the largest and newest international climate fund, created in 2010 under the United Nations Framework Convention on Climate Change. It supports low-emission and climate-resilient programmes.

In November 2017, the GCF gave the green light to the largest climate project to date in its partnership with the EBRD, signing a US$ 378 million concessional loan to support new climate finance flows under planned GEFF operations to Armenia, Egypt, Georgia, Jordan, Moldova, Mongolia, Morocco, Serbia, Tajikistan and Tunisia. This will support thousands of individual investments in technologies such as renewable energy, energy efficiency and climate adaptation measures, such as improving water management.

Significant donor funds support for GET investments have been approved by the EU (for example €23.5 million funding technical assistance, policy dialogue and small capital grants under the Western Balkans Regional Energy Efficiency Programme), Austria, Japan, Sweden and the Taiwanese as well as from the EBRD Shareholder Special Fund.

International action

The Bank played an active role in the COP23 conference in November 2017. We reported progress on delivering our climate finance objectives under the Paris Agreement of 2015, as well as demonstrating our ongoing commitment to address the challenges and risks of climate change.

With its investments the EBRD will continue to support the countries where it invests to implement their Nationally Determined Contributions (NDCs) under the Paris Agreement. Understanding the fiscal impact on individual country economies is a vital step in this process. In 2017 the EBRD worked closely with the governments of Kazakhstan and Egypt to understand the implications of switching to a green economy for their own domestic economies, such as lower fiscal revenues from fossil fuels. The EBRD has held public discussions on the topic at the 2017 Astana Economic Forum and the 2017 UN Climate Change Conference in Bonn, Germany.

Knowledge-sharing and innovation

We increased our engagement with relevant stakeholders and partners in climate finance in 2017. The EBRD continues to influence and lead in this area, creating blueprints for other stakeholders to follow.

We work with other MDBs on a common methodology to track financial flows dedicated to climate change mitigation and adaptation. The latest joint report, prepared by the EBRD, was published in September 2017.

Some of our key initiatives which we led last year are:

Türkiye Materials Marketplace

This is a cloud-based platform designed to facilitate cross-industry materials reuse among Turkish companies and communities. During 2017, this programme reached 25 participant companies in Turkey and the first full-scale transaction completed, together with two material transactions for testing purposes.

Innovation vouchers

In 2017, the Bank launched two innovation vouchers scheme in Serbia and in Ukraine, to boost green innovation in the two countries. Innovation vouchers are grants that can be used by companies to purchase research and development (R&D) services to improve resource efficiency and promote the development and adoption of climate technologies.

Green bonds

The use of capital market instruments such as green bonds is key to scaling up green investments. The Bank’s first investment in a green bond (and one of the very first in our countries of operations) was implemented in 2017 through the subscription for 10 per cent (€30 million) of Lietuvos Energija’s debut Green bond. The proceeds will be used to finance new investments in biomass and waste combined heat and power (CHP) and refinancing of wind farm acquisitions.

In addition to our continued focus on energy efficiency, renewables and green cities – all areas where carbon emission reductions can be achieved quickly — we are also now focusing on climate adaptation financing.

Stories:
- Water Conservation Project
- Climate resilience in Tajikistan
Some highlights of policy activities that were undertaken in 2017 include:

- A National Energy Efficiency Action Plan (NEEAP) was agreed and adopted by the authorities in Turkey. This is the first such plan supported by the EBRD to be adopted in our countries of operations. There was also follow up on the previously agreed National Renewable Energy Action Plan (NREAP) with the launch of an auction for new wind capacity.
- A technical assistance framework was approved to provide support to countries on their Nationally Determined Contributions (NDCs) which are the plans defining their commitments on implementing the Paris Climate Agreement.
- Jointly with the EU, IFC, the World Bank and EIB, policy dialogue aimed at removing barriers to energy efficiency in buildings was conducted in Georgia, Serbia, Tunisia and Ukraine.
- Sustainability criteria for investment in real estate funds were established and are being applied.

**Assisting Kazakhstan to deliver a Green Financial System**

Supported by the government of Kazakhstan, the Astana International Financial Centre (AIFC) will be launched in January 2018 to act as a financial hub for Central Asia. The AIFC requested the EBRD provide assistance in relation to the conceptualisation and development of a green financial system as Kazakhstan aspires to become a regional hub for green finance.

The Green Financial System will aim to mobilise sufficient volumes of domestic and international green finance and establish an array of financial services required to make necessary investments in low-carbon technologies, energy efficiency and renewable energy feasible.

In 2017, the EBRD and the AIFC undertook work to develop an understanding of how to deliver an effective green financial system. These included recommended approaches to governance structures, capacity building, promoting a domestic carbon market, and developing effective regulatory and policy frameworks. These recommendations are being taken forward in 2018 as the AIFC becomes operational.

**Sustainable trade finance**

As a key player in trade finance, the EBRD is well placed to help promote and incentivise the trade of sustainably produced commodities and higher performance technologies.

Since 2016, the Bank’s Trade Facilitation Programme (TFP) has been implementing the Green TFP: an innovative marketing initiative which aims to stimulate the supply of green technologies into the economies where we invest, particularly into markets where demand is generated via the GEFFs.

Over the course of 2017, the Green TFP has contributed more than €127 million in GET financing. More than 180 Green TFP transactions have been financed in 11 EBRD countries of operations, resulting in estimated annual energy savings of 206,352 MWh, water savings of 18,592 m³ and emission reductions of 68,995 tonnes CO₂ equivalent.

Transactions have ranged from the import of LED lighting to Armenia and Serbia, to solar cells to the Kyrgyz Republic for the production of solar panels; as well as transactions supporting resource efficiency, such as the import of water-saving processing equipment to Ukraine.

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1 This includes the equivalent in primary energy savings from renewables, the actual figures are annual energy savings of 198,309 MWh and renewable energy generated 3,217 MWh.
Sustainable food security

2017 marked 20 years since our collaboration began with the Food and Agriculture Organization of the United Nations (FAO). Since then, the EBRD and FAO have collaborated on more than 150 projects with a total value of US$ 36 million, facilitating more effective investments across agrifood chains, helping to improve energy efficiency and productivity, and promote sustainable and inclusive growth.

“Greening” the agribusiness sector and making systems within it more sustainable is the main priority for our future joint efforts with FAO. This includes helping countries curb food losses, use resources more efficiently and reduce the sector’s carbon footprint.

Both institutions already help countries and investors prioritise the adoption of climate technologies in the agricultural sector – from solar-powered water pumps to energy-efficient cold storage. We are also exploring the potential of converting unused agricultural residues into bioenergy for heating, cooking and electricity in countries such as Egypt and Turkey.

Equally important to ensure sustainability from “farm to table” is the inclusion of producers and small and medium-sized enterprises in modern food value chains. To achieve this, FAO and the EBRD are assisting these businesses to set and meet higher food quality and safety standards.

View the full video here.

Stories:
• Croatia’s fruit and vegetable sector
• Energy and resource savings in Ukraine’s grain and sugar
• Meat and dairy by-products make regional economies greener

Transport

Transport drives development, builds markets, facilitates trade and connects local communities to key markets and opportunities. In turn, sustainable transport leads to sustainable development, bringing benefits now and for the future (see section on SDGs).

2017 was a remarkable year for railway finance. Railways form an integral part of transport networks in our countries of operations. They encourage a significant shift from roads to improve overall GHG emissions and safety. The Bank financed projects in Egypt and Moldova for the upgrade of locomotive assets and in Tunisia and Ukraine for the electrification and upgrade of railway lines. The overall impact of these projects, and others, will be annual emission savings of approximately 200,000 tonnes of CO₂ equivalent.

Green Logistics

Our Green Logistics Programme (GLP) takes a strategic approach towards addressing carbon emissions from the transport sector. It encourages major players to introduce best practices in carbon reduction to combat highly inefficient energy use.

Best practices include using more intelligent transportation systems, last-mile logistics, a modal shift to lower carbon transport modes, green packaging, and green warehousing. In 2017 there were two projects within the framework of the programme in the maritime (Ekol Ro-Ro in Turkey) and logistics (DFF Meest Logistics in Ukraine) sectors.

In 2017 we also launched work-based vocational training as part of the GLP. The overall objective is to provide a curriculum on green logistics based on international best practice in Turkey, Serbia and Morocco.

Road safety

We are promoting road safety across our regions in various ways: we finance road safety improvements, mobilise funding for capacity-building, policy and institutional development and organise awareness events.

The Bank’s 2017 road rehabilitation project in Montenegro will support the strengthening of road safety management and climate change adaptation in a challenging geographical location.

We also financed the construction of a new highway section in Kosovo. This will help the government develop road safety legislation and establish an issuing agency for training.

See also Health and Safety.

Maritime transport

We increased our role in this sector in 2017 with the financing of Ro-Ro vessels and a new floating dock, both in Turkey.

Ro-Ro vessels form an integral part of developing the “motorways of the sea”. This significantly decreases the carbon footprints as well as saving time, avoiding border crossing fees and improving road safety.
In 2017, we financed 41 projects across 18 countries in the MEI sector, representing an EBRD commitment of €1.3 billion.

These investments are expected to benefit a total of over 29 million people in the EBRD region through provision of improved district heating, solid waste facilities, water services and other municipal infrastructure.

In addition, over 960,000 people are expected to use public transport systems on a daily basis which have been modernised and made more efficient with our support. Around 92 per cent of these investments were supported by the Bank’s GET initiative leading to predicted emission reductions estimated at 734,000 tonnes of CO$_2$e a year.

Our MEI investments leveraged considerable volumes of loan and grant co-financing from commercial banks, the European Union (EU) and other sources, to a total of €243 million in mobilised co-financing.

**Stories:**
- Kharkiv Metro
- Boosting sanitation infrastructure in Egypt (Fayoum Water)
Gender equality

Watch our video on gender equality at the EBRD

Addressing inequality of all kinds is a vital part of sustainable growth.

The EBRD’s Strategy for the Promotion of Gender Equality focuses on supporting women’s economic inclusion, namely through: access to finance; access to employment and skills; and access to services.

We promote gender equality through our investments – whether it’s to engage with our clients to improve equal opportunities for all or with our Women in Business programme.

Women’s entrepreneurship plays a key role in creating jobs and driving economic growth in the countries where we invest, but access to bank finance remains limited for women-led SMEs, particularly in the SEMED region. The first Women in Business (WiB) credit line in SEMED was signed in November 2017 in Egypt with QNB Alahli, and the first quarter of 2018 will see the launch of the first WiB programme in Morocco, with opportunities in Tunisia also being explored.

Improving women’s access to employment is also one of the key objectives of our Gender Strategy. 2017 marked the launch of several equal opportunities projects aimed at greater access to employment and related training opportunities for women candidates and staff within our client’s workforce. In Georgia, for example, we are working with the city of Tbilisi for the benefit of the Tbilisi Transport Company LLC to improve HR policies and standards with respect to equal opportunities in a sector that is mainly male-dominated. We are also working with subsidiaries of IC Elektrik, a Turkish company active in power and energy, to develop a tailored Gender Action Plan in a country and sector where women face substantial barriers in access to employment and skills.

We also work on policy dialogue to promote gender equality through initiatives addressing legal and regulatory bottlenecks for women’s participation in the economy. Such initiatives have included building the capacity of policy-makers in Tajikistan to formulate investment climate policies to support women entrepreneurs and working with the governments of Kazakhstan and the Kyrgyz Republic towards reducing legal barriers which ban women from participating in a long list of occupations and tasks.

We signed 29 projects with a gender focus or component in 2017.

Find out more about our work in gender equality.

Story:
• Addressing gender gap in access to finance in Tajikistan

Economic inclusion

We support our clients across all sectors to diversify their workforces, introduce high-quality local training and open up paths to employment. This is at the heart of economic inclusion. These efforts bring clear benefits to business as well as the wider community.

With our new Economic Inclusion Strategy (2017), we are strengthening our private sector-focused approach to promote a greater economic integration of women, youth and people living in less-developed areas. We aim to gradually widen this approach to include other groups such as an ageing workforce, people with disabilities and refugees.

Our strategy also highlights the importance of enhancing the financial inclusion of and entrepreneurship opportunities for young people and women through start-up and SME support and by incentivising SMEs to offer more work-based learning opportunities. Regional inclusion will be strengthened through enhanced infrastructure connectivity and IT links, as well as access to water, wastewater systems and irrigated land.

Achievements in 2017
• We signed 31 projects with inclusion components, representing a total investment volume of €1.6 billion.
• We launched a set of projects in Kazakhstan to promote economic inclusion in the energy and natural resources sectors. These include: vocational training and partnerships between employers and local schools, policy engagement to remove barriers for women to work in these industries, and the improved national occupational safety standards across both sectors.
• In Turkey, we are helping to develop technical and vocational training programmes to provide young people with the necessary skills to forge successful careers in sectors such as mining and the automotive industry.
• The Abdali Mall project in Jordan, established in 2016, has successfully trained more than 140 Jordanian young people as well as 85 Syrian refugees, who are progressing into formal employment in the retail sector. These activities will continue.

Find out more about our work in economic inclusion.
Special environmental programmes

The EBRD is recognised globally for its expertise in working in challenging economic environments, including those related to nuclear safety. Our experience means we are best-placed to manage these two important environmental investment programmes in eastern Europe. In doing so, we actively seek new contributions and new project opportunities for both programmes, and guide the discussion on reforms and sector priorities.

The Eastern Europe Energy Efficiency and Environment Partnership (E5P)

The E5P is a multi-donor fund, the purpose of which is to facilitate investment in energy efficiency and environmental projects, reduce greenhouse gas emissions and promote policy dialogue and regulatory reforms in E5P countries. The E5P’s initial focus has been Ukraine and it also operates in Armenia, Georgia and Moldova. In 2017 the Fund was extended to Belarus.

Story:
• An EU-compliant landfill in Armenia

The Northern Dimension Environmental Partnership (NDEP)

The NDEP is a multi-donor fund that manages nuclear and environmental challenges. In 2017 two major wastewater treatment projects were completed in Russia under NDEP. Kaliningrad, a city located on Russia’s Baltic coast and home to over 400,000 people, has a new plant which treats approximately 150,000 cubic metres of wastewater every day. In addition, the upgraded Northern Wastewater Treatment plant in St Petersburg will have the capacity to treat 1,200,000 cubic metres of wastewater per day.

Nuclear safety

Most of the projects financed from the seven nuclear safety funds managed by the EBRD have a significant, beneficial impact on people and the environment. More than 40 governments have contributed almost €5 billion to these funds. The EBRD has also made a €715 million contribution to the Chernobyl projects, including the New Safe Confinement.

In Andreeva Bay, on the coast of the Barents Sea near Murmansk, a complex nuclear fuel management facility was put into operation in early 2017. The spent nuclear submarine fuel “temporarily” stored at Andreeva Bay for almost 40 years – a legacy of the Soviet nuclear fleet – poses a huge environmental risk. The first shipment of retrieved spent fuel in June 2017 was a huge step towards elimination of the main environmental hazard for the entire region.

A key nuclear safety objective was also achieved at Ignalina Nuclear Power Plant in Lithuania. All nuclear fuel has been retrieved from the core of the second reactor and safely stored in the new interim storage facility which received its licence for industrial operation in 2017. Removal of spent fuel from a reactor core is a significant step change in nuclear safety.

We also made progress with our new fund, the Environmental Remediation Account for Central Asia, which supports measures to deal with the legacy of Soviet-era uranium mining and processing in the region. Framework agreements have been signed with the Kyrgyz Republic, Tajikistan and Uzbekistan which will provide the legal basis for implementation of projects in these countries.

Watch the video here.

Read more about the EBRD’s work in nuclear safety.

Donor support

Support from our donors — governments as well as multilateral institutions, the European Union, global climate funds, and private sector firms and foundations — makes so much of the EBRD’s sustainability work possible.

Donors support the Bank’s work through co-financing grants as well as technical cooperation projects and policy reform activities. The projects they support cover all economies where the EBRD is active, with an emphasis on the Early Transition Countries and the SEMED region.

Above all, donor funds provide strong support when it comes to increasing the sustainability and transition impact of the Bank’s work across sectors and regions.

Stories:
• Green buses in Georgia
• CLIMADAPT in Tajikistan
• Junior vets in Ukraine
Assurance

We ensure that the projects we finance are socially and environmentally sustainable, designed and carried out with the principles of good governance and due diligence, and compliant with both relevant laws and international best practice. We are committed to transparency and accountability, especially when it comes to risk management and project performance.

The Bank’s policies

All projects are appraised against the Bank’s Environmental and Social Policy and Performance Requirements. The project’s size, location and potential environmental and social impacts are all taken into account.

If an appraisal reveals a project would not be fully compliant with our requirements, the EBRD will agree an Environmental and Social Action Plan with the client to bring the project up to the required standards, within a reasonable timeframe.

If this is not possible but there are compensating environmental or social benefits, the EBRD’s Board may approve derogations from specific parts of the performance requirements. Any approved derogations are detailed in this report.

Tracking and transparency

We aim to be transparent and accountable in all our activities. Our work covers such a wide range of sectors, and economies at different stages of development. So it is important that our projects are assessed and monitored with rigorous criteria to ensure compliance and the best use of resources.

We have been tracking our climate and resource efficiency investments since 2006. We continue to assess and set relevant key performance indicators at the outset of projects and employ a robust monitoring system throughout the project cycle to ensure compliance and best use of resources, and enhance accountability (see Measuring and monitoring performance). We also have a dedicated Project Complaint Mechanism to assess and review any grievances we receive related to our projects.

The EBRD has set up a robust monitoring, reporting and verification (MRV) system, in line with internationally established practice. The system’s guidelines define the characteristics of green projects and project components and they determine the data required for monitoring.

Read more

- Operational results in 2017
- Disclosure of Category A projects
- GET assurance processes
- Environmental sustainability bonds
- Green project portfolio
- Measuring and monitoring performance
- Financial intermediaries
- Health and safety
- Project Complaint Mechanism
- Derogations (annex)
- Climate project disclosure (annex)
- 2017 Category A projects (annex)
Operational results in 2017

The environmental and social category – A, B, C or FI (Financial Intermediary) – reflects the potential impacts associated with a project and determines the nature of the environmental and social appraisal, information disclosure and stakeholder engagement required.

**Category A projects**: those with potentially significant and diverse environmental and social impacts, requiring a detailed participatory assessment process.

**Category B projects**: those with environmental and social impacts that are site-specific and which can be readily assessed and managed.

**Category C projects**: those that are expected to result in minimal adverse environmental or social impacts.

**Category FI projects**: transactions that involve the provision of financing to a financial intermediary – typically a bank or a fund – which are required to adopt and implement procedures to manage their environmental and social risks.

**Breakdown of Annual Bank Investment by category**

<table>
<thead>
<tr>
<th>Environmental and Social category</th>
<th>Millions, euros</th>
<th>% by volume</th>
<th>Number of projects</th>
<th>% by number of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A</td>
<td>1242</td>
<td>14.7%</td>
<td>17</td>
<td>4.1%</td>
</tr>
<tr>
<td>Category B</td>
<td>4954</td>
<td>58.7%</td>
<td>208</td>
<td>50.6%</td>
</tr>
<tr>
<td>Category C</td>
<td>108</td>
<td>1.3%</td>
<td>9</td>
<td>2.2%</td>
</tr>
<tr>
<td>Category FI</td>
<td>2137</td>
<td>25.3%</td>
<td>177</td>
<td>43.1%</td>
</tr>
</tbody>
</table>

Please click [here](#) for a list of all 2017 Category A projects.
Environmental sustainability bonds

The projects financed by our Environmental Sustainability Bond Programme (ESBP) achieve specific and meaningful environmental benefits and, collectively, comprise our Green Project Portfolio (GPP).

The GPP is underpinned by the Bank’s GET strategy and the projects in the Bank’s green bonds help our countries of operations to implement the SDGs.

Our ESBP responds to clear investor demand for this type of bond product by a new investor base and it also allows us to highlight the importance we place on environmentally sound and sustainable development while fulfilling core elements of our mandate.

EBRD’s Issuance of Green Bonds

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total volume of Green Bonds issued since 2010</td>
<td>€2.35 billion</td>
</tr>
<tr>
<td>Number of Green Bonds issued since 2010</td>
<td>66</td>
</tr>
<tr>
<td>Total volume of Green Bonds issued in 2017</td>
<td>€615 million</td>
</tr>
<tr>
<td>Number of Green Bonds issued in 2017</td>
<td>4</td>
</tr>
<tr>
<td>Percentage of EBRD’s 2017 medium to long term issuance</td>
<td>7.5%</td>
</tr>
<tr>
<td>Currencies of Green Bonds issued in 2017</td>
<td>USD (69%), EUR (24%), and INR (7%)</td>
</tr>
<tr>
<td>Total Green Bond issuance outstanding as at 31 December 2017</td>
<td>€1.98 billion</td>
</tr>
</tbody>
</table>

In addition to our ESBP, since 2010 we have also issued social bonds that focus on microfinance loans. The EBRD Microfinance Bond is a use-of-proceeds bond that funds a selected microfinance portfolio of €1.2 billion and has an average individual loan size of below €5,000 (as at 30 June 2017).

Both our Environmental Sustainability Bonds and Microfinance Bonds are aligned with the Green Bond Principles (GBP) and Social Bond Principles (SBP) respectively. The EBRD has been a member of the GBP since its inception and we are currently serving on the GBP SBP Executive Committee and on various Working Groups. Many socially responsible investors also purchase our generic bonds.

Please note that all charts in this section are interactive on the live site at www.2017.sr-ebrd.com/assurance/#Environmental-sustainability-bonds
Green Project Portfolio

Our ESBP is directly linked to the disbursed amount of the Green Project Portfolio (GPP). This is a replenishing portfolio with strict eligibility criteria (see below) that ensures that the proceeds of our Green Bonds are immediately directed towards projects with positive environmental impacts.

<table>
<thead>
<tr>
<th>Total operating assets as at 31 December 2017</th>
<th>€3.9 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total undisbursed commitments as at 31 December 2017</td>
<td>€3.7 billion</td>
</tr>
<tr>
<td>Number of projects</td>
<td>390</td>
</tr>
<tr>
<td>Weighted average remaining life</td>
<td>10.2 years</td>
</tr>
<tr>
<td>Weighted average tenor</td>
<td>12.7 years</td>
</tr>
<tr>
<td>Weighted average age of the GPP from signing as at 31 December 2017</td>
<td>2.5 years</td>
</tr>
<tr>
<td>Weighted average age of EE and RE projects from signing as at 31 December 2017</td>
<td>2.3 years</td>
</tr>
<tr>
<td>Total committed amounts approved in 2017</td>
<td>€2.8 billion</td>
</tr>
<tr>
<td>Total of new operating assets approved in 2017</td>
<td>€397 million</td>
</tr>
<tr>
<td>Total of undisbursed commitments approved in 2017</td>
<td>€2.4 billion</td>
</tr>
</tbody>
</table>

The GPP comprises investments in two main areas:

1. Energy efficiency and renewable energy
The EBRD region has substantial potential for cost-effective improvements in energy efficiency and for the expansion of renewable energy production. The EBRD also provides credit lines to local financial institutions that are seeking to develop sustainable energy financing as part of their business. The Bank provides these credit lines for two key areas: energy efficiency and small-scale renewable energy. Local financial institutions on-lend the funds they have received from the EBRD to their clients, which include SMEs, corporate and residential borrowers, and renewable energy project developers.

2. Sustainable resource projects
The EBRD supports public- and private-sector operators in the delivery of essential urban municipal services nationally and locally. Projects include water efficiency, wastewater and solid waste management, resource efficiency, as well as sustainable transport solutions including urban public transport and traffic management systems.

Examples of projects as part of the GPP
- renewable energy projects, such as photovoltaic installations, and production of photovoltaic cells/modules, installation of wind turbines, construction of small hydro power plants and mini-hydro cascades and geothermal and biomass energy facilities
- rehabilitation of transmission/distribution facilities to reduce total GHG emissions and allow for increased integration of renewable electricity in the grid, for example, smart distribution networks
- modernisation of industrial installations to reduce total GHG emissions and other pollution
- new technologies that result in significant reductions in total GHG emissions
- greater efficiency in mass transportation, such as investment in fuel-efficiency (fleet replacement) or more energy efficient infrastructure
- methane capture on waste landfills and waste water treatment plants
- rehabilitation of municipal water/waste water infrastructure to improve drinking water quality and wastewater treatment and reduce water consumption and waste water discharges
- improvements to solid waste management (minimisation, collection, recovery, treatment, recycling, storage and disposal)
- energy efficiency investments in existing buildings (insulation, lighting, heating/cooling systems)
- investments to improve efficiency of industrial water use
- sustainable and stress-resilient agriculture, including investments in water-efficient irrigation
- sustainable forest management, reforestation, watershed management, and the prevention of deforestation and soil erosion.
The Green Project Portfolio (GPP) selection criteria and procedure

Regardless of whether they are subsequently allocated to the GPP, all projects are subject to due diligence before approval to assess their compliance with our Environmental and Social Policy and Performance Requirements. All projects in the GPP need to comply with all Performance Requirements of the policy to be eligible.

The GPP is compiled using further objective and transparent criteria. These are based on strict exclusion and inclusion principles (see below). These criteria are reviewed regularly to ensure they remain consistent with our own evolving thinking and understanding on sustainability, as well as with investor and market requirements for green investments.

A key criterion in the framework ensures that only projects in which 90 per cent or more of the proceeds are directed to environmental purposes are eligible. The framework allows us to refinance existing projects, as well as finance new commitments that meet the eligibility criteria.

Apart from a positive list of the environmental benefits of certain industry activities (such as Renewable Energy, Energy Efficiency, Water and Waste Infrastructure) there are also various exclusion criteria. We exclude, for example:

From the GPP:
- the construction of new large hydropower installations (as defined by the International Commission on Large Dams, ICOLD)
- fossil fuel production/regeneration/fuel switching and projects with significant consumption of fossil fuels (coal, heating oil, oil shale)
- biofuel production (pending the adoption of internationally recognised sustainability criteria)
- projects requiring a derogation from the Environmental and Social Policy for not being able to meet the Bank’s Environmental and Social Performance Requirements within the term of the EBRD transaction
- projects funded via equity, or projects that are credit impaired

From all EBRD financing:
- defence-related activities, tobacco, selected alcohol products, substances banned by international law or gambling facilities
- projects related to subsidies, sponsorship or donations
- activities listed on the Exclusion list in Annex 1 of EBRD’s Environmental and Social Policy such as:
  - the production of or trade in any product or activity deemed illegal under host country laws or regulations, or international conventions and agreements, or subject to international phase out or bans (such as production of or trade in products containing PCBs or pharmaceuticals, pesticides/herbicides, and other hazardous substances subject to international phase-outs or bans)
  - the shipment of oil or other hazardous substances in tankers, which do not comply with IMO requirements.

Please note that all charts in this section are interactive on the live site at http://2017.sr-ebrd.com/assurance/#green-project-portfolio
The process is a combination of automated and manual steps, with every project checked and signed off to ensure compliance with GPP eligibility and exclusion criteria. We review the new and reassess the existing GPP projects quarterly to ascertain whether they are consistent with the criteria established for the GPP.

**Use of proceeds**

The EBRD’s Legal, Environmental and Sustainability Department and Treasury teams have prepared the use-of-proceeds language for bond documentation, and these are reviewed and revised together with the eligibility criteria regularly. The proceeds from all of the EBRD’s environmental sustainability bonds are directed towards the Bank’s GPP. The EBRD also seeks to ensure that the bond proceeds can be directed in full to its GPP by limiting the total amount of ESBs outstanding to 70 per cent of the GPP.

The net proceeds of the EBRD’s environmental sustainability bonds are tracked on a euro equivalent basis and, in the unlikely event that the issued bond amount exceeds the value of the GPP, the excess funds will be invested separately in money market instruments specified in the terms of the bonds until they can be allocated to projects in the GPP.

**Environmental Sustainability Bond Utilisation as at 31 December 2017**

<table>
<thead>
<tr>
<th>Year</th>
<th>GPP Operating Assets</th>
<th>Environmental Sustainability Bonds outstanding</th>
<th>70% Ceiling of outstanding bonds vs GPP (operating assets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
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<td>2016</td>
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<tr>
<td>2017</td>
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</tbody>
</table>

**Tracking the results of GPP projects**

Regardless of whether they are subsequently allocated to the GPP, all of the projects we finance are subject to due diligence before approval to assess their compliance with our Environmental and Social Policy and Performance Requirements and are rigorously monitored over the lifetime of the Bank’s investment. For further details on assurance and tracking please see Measuring and monitoring performance.

To measure the output and impact of projects specifically associated with the GPP, in addition to the mechanisms already in place to monitor Bank investments, we carry out a sample ex post check of 5 to 10 per cent of such projects to gain aggregate and project-level data on the GHG emissions that our projects successfully avoid, as well as energy consumption. We do this to improve reporting accuracy and provide the market with a transparent platform for clearer comparison among issuers of green bonds.

**Environmental output and impact metrics of the renewable energy and energy efficiency projects in the GPP**

Renewable energy (RE) and energy efficiency (EE) projects account for 73 per cent of the GPP. The projects assessed are expected to have achieved a GHG reduction of 12.2 million tonnes of CO\textsubscript{2} equivalent (CO\textsubscript{2}e) each year. Based on the EBRD’s share of funding of the projects, the GHG savings attributable to EBRD finance is estimated to be 6.8 million CO\textsubscript{2}e.

RE capacity installed amounted 2.7 GW and the associated GHG savings amounted 6.3 million tonnes of CO\textsubscript{2} equivalent (CO\textsubscript{2}e) each year (1.0 GW and 2.4 million tonnes CO\textsubscript{2}e based on the EBRD’s share of funding).

Note that because of the criteria applied to the GPP, not all of the EBRD’s RE and EE investments are included. Investment amounts and CO\textsubscript{2} savings for the GPP are consequently lower than those for the EBRD’s overall investments in these sectors.
Sustainable resource projects, which include water, waste and sustainable transport projects, account for 27 per cent of the GPP. These investments are expected to benefit a total of 17.4 million people (7.3 million based on the EBRD’s share of funding) in the EBRD region by providing them with improved water services, district heating and solid waste facilities. The water projects are expected to per annum save 123 million m$^3$ of water and treat 137 million m$^3$ of wastewater (103 million and 52 million m$^3$ of water and wastewater respectively based on the EBRD’s share of funding).

Note that because of the criteria applied to the GPP, not all of the EBRD’s water, waste and sustainable transport investments are included. Investment amounts and project benefits for the GPP are consequently lower than those for the EBRD’s overall investments in these sectors.

The EBRD’s GHG Methodology and Climate Related Definitions and Metrics are available here.

Environmental output and impact metrics of sustainable resource projects in the GPP

Sustainable resource projects, which include water, waste and sustainable transport projects, account for 27 per cent of the GPP. These investments are expected to benefit a total of 17.4 million people (7.3 million based on the EBRD’s share of funding) in the EBRD region by providing them with improved water services, district heating and solid waste facilities. The water projects are expected to per annum save 123 million m$^3$ of water and treat 137 million m$^3$ of wastewater (103 million and 52 million m$^3$ of water and wastewater respectively based on the EBRD’s share of funding).

Note that because of the criteria applied to the GPP, not all of the EBRD’s water, waste and sustainable transport investments are included. Investment amounts and project benefits for the GPP are consequently lower than those for the EBRD’s overall investments in these sectors.

The EBRD’s GHG Methodology and Climate Related Definitions and Metrics are available here.
Number of people benefiting from the water, wastewater and environmental infrastructure projects in the GPP

<table>
<thead>
<tr>
<th>GPP projects from 2014 to 2017 were included in impact measures to ensure consistency in the assessment methodology</th>
<th>Number of total people benefiting</th>
<th>Number of people benefiting pro rata to the EBRD’s share of funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population with improved solid waste management services</td>
<td>6,689,000</td>
<td>2,516,000</td>
</tr>
<tr>
<td>Total population with improved access to tap water</td>
<td>3,024,000</td>
<td>1,513,000</td>
</tr>
<tr>
<td>Total population with improved access to wastewater services</td>
<td>3,437,000</td>
<td>1,465,000</td>
</tr>
<tr>
<td>Total population with improved district heating</td>
<td>4,265,000</td>
<td>1,764,000</td>
</tr>
<tr>
<td>Total</td>
<td>17,415,000</td>
<td>7,258,000</td>
</tr>
</tbody>
</table>

Breakdown by country

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of total people benefiting</th>
<th>Number of people benefiting pro rata to the EBRD’s share of funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>1,530,000.00</td>
<td>418,000.00</td>
</tr>
<tr>
<td>Belarus</td>
<td>359,000.00</td>
<td>241,000.00</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>781,000.00</td>
<td>300,000.00</td>
</tr>
<tr>
<td>Croatia</td>
<td>42,000.00</td>
<td>20,000.00</td>
</tr>
<tr>
<td>Egypt</td>
<td>1,410,000.00</td>
<td>431,000.00</td>
</tr>
<tr>
<td>Georgia</td>
<td>1,600,000.00</td>
<td>1,333,000.00</td>
</tr>
<tr>
<td>Jordan</td>
<td>4,083,000.00</td>
<td>1,413,000.00</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>4,237,000.00</td>
<td>1,699,000.00</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>508,000.00</td>
<td>319,000.00</td>
</tr>
<tr>
<td>Moldova</td>
<td>190,000.00</td>
<td>38,000.00</td>
</tr>
<tr>
<td>Morocco</td>
<td>480,000.00</td>
<td>385,000.00</td>
</tr>
<tr>
<td>Romania</td>
<td>1,178,000.00</td>
<td>74,000.00</td>
</tr>
<tr>
<td>Serbia</td>
<td>386,000.00</td>
<td>380,000.00</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>60,000.00</td>
<td>30,000.00</td>
</tr>
<tr>
<td>Tunisia</td>
<td>400,000.00</td>
<td>91,000.00</td>
</tr>
<tr>
<td>Ukraine</td>
<td>171,000.00</td>
<td>86,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>17,415,000.00</td>
<td>7,258,000.00</td>
</tr>
</tbody>
</table>

Annual m³ of water saved due to improved irrigation infrastructure

<table>
<thead>
<tr>
<th>Country</th>
<th>Total project</th>
<th>Pro rata based on the EBRD’s share of funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>112,000,000</td>
<td>99,719,000</td>
</tr>
<tr>
<td>Morocco</td>
<td>11,200,000</td>
<td>3,415,000</td>
</tr>
<tr>
<td>Total</td>
<td>123,200,000</td>
<td>103,134,000</td>
</tr>
</tbody>
</table>

Annual m³ of wastewater treated

<table>
<thead>
<tr>
<th>Country</th>
<th>Total project</th>
<th>Pro rata based on the EBRD’s share of funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>108,405,000</td>
<td>33,151,000</td>
</tr>
<tr>
<td>Belarus</td>
<td>26,768,000</td>
<td>17,939,000</td>
</tr>
<tr>
<td>Jordan</td>
<td>1,826,000</td>
<td>861,000</td>
</tr>
<tr>
<td>Total</td>
<td>136,999,000</td>
<td>51,951,000</td>
</tr>
</tbody>
</table>
Please see our Disclaimer section below for the indicators supplied in this section. The scope of the expected impact is based on ex ante estimates at the time of project appraisal and mostly focus on direct project effects.

Disclaimer
Impact indicators are typically based on a number of assumptions. While technical experts aim to use sound and conservative assumptions, based on the information available at the time, the actual environmental impact of the projects may diverge from initial projections.

Caution should be taken in comparing projects, sectors or whole portfolios because baselines (and base years) and calculation methods may vary.

Projects will have a wider range of impacts than are captured by the indicators presented in this report. While the EBRD makes efforts to improve the consistency and availability of reported metrics over time, projects cover a wide range of sectors and sub-sectors making complete harmonisation of reporting metrics challenging.

Measuring and monitoring performance
The environmental and social performance of all EBRD projects is closely monitored throughout the investment cycle. It involves a combination of client reporting, regular site visits by Bank staff and independent audits.

We require each of our clients to provide us with a report — at least annually — on their environmental and social performance and the implementation of applicable Environmental and Social Action Plans (ESAPs).

<table>
<thead>
<tr>
<th>Project Performance Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>The EBRD has introduced a system of performance indicators for direct investment projects. This system assesses and monitors project compliance with the Bank’s Environmental and Social Performance Requirements (PRs) over time. The objectives of this work are:</td>
</tr>
<tr>
<td>• more accountability</td>
</tr>
<tr>
<td>• improved management of resources</td>
</tr>
<tr>
<td>• enhanced reporting.</td>
</tr>
<tr>
<td>Compliance with the main components of each PR is scored for each project at the time of appraisal. These scores are combined to give an overall performance rating for each project on a five-point scale. Projects are rated based on current performance, that is, before the implementation of any future commitments under an ESAP.</td>
</tr>
<tr>
<td>The aim is that by tracking projects over time, we will be able to demonstrate changes in performance as EBRD investments and associated ESAPs are implemented.</td>
</tr>
<tr>
<td>2017 was the second full year that the system has been in operation. Chart Project environmental and social performance ratings 2016-17 shows the spread of ratings for projects signed last year, with 2016 signings included for comparison, and table Percentage of applicable projects related to PRs shows the percentage of applicable projects that have been subject to this new system that have triggered each of the PRs.</td>
</tr>
<tr>
<td>As the number of projects rated is still relatively low, it is difficult to draw definitive conclusions from the data. As the dataset expands over time it will enable the Bank to identify lessons for sectors, countries or particular environmental and social issues.</td>
</tr>
</tbody>
</table>
Project environmental and social performance ratings 2016-17

Percentage of applicable projects related to PRs

<table>
<thead>
<tr>
<th>Performance Requirement</th>
<th>% of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR1: Assessment and Management of Environmental and Social Impacts and Issues</td>
<td>99%</td>
</tr>
<tr>
<td>PR2: Labour and Working Conditions</td>
<td>99%</td>
</tr>
<tr>
<td>PR3: Resource Efficiency and Pollution Prevention Control</td>
<td>99%</td>
</tr>
<tr>
<td>PR4: Health and Safety</td>
<td>99%</td>
</tr>
<tr>
<td>PR5: Land Acquisition and Involuntary Resettlement and Economic Displacement</td>
<td>23%</td>
</tr>
<tr>
<td>PR6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</td>
<td>47%</td>
</tr>
<tr>
<td>PR7: Indigenous Peoples</td>
<td>0%</td>
</tr>
<tr>
<td>PR8: Cultural Heritage</td>
<td>23%</td>
</tr>
<tr>
<td>PR10: Information Disclosure and Stakeholder Engagement</td>
<td>95%</td>
</tr>
</tbody>
</table>

* PR9 applies only to investments made through Financial Intermediaries. These are monitored separately via the FI Sustainability Index.

Greenhouse Gas Assessment for 2017

Our Greenhouse Gas Assessment provides an estimate of the net carbon footprint that will result from EBRD-financed projects signed during a representative year, once the projects are fully implemented.

The calculation is based on estimated emission reductions from sustainable energy projects and estimates of “new” greenhouse gas (GHG) emissions from projects that involve new building or expanding capacity.

The EBRD has published GHG estimates for its signed projects every year since 2002.

GHG data for the project assessments come from a variety of sources, including environmental impact assessments (EIAs), energy audits and, in some cases, calculations carried out by our engineers. Find out more about our GHG reporting and how we assess it here.

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of investments above significance threshold</th>
<th>GHG impact (ktCO₂e per year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable energy</td>
<td>29</td>
<td>-2,659</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>11</td>
<td>-2,005</td>
</tr>
<tr>
<td>Climate mitigation funds and credit line</td>
<td>3</td>
<td>-203</td>
</tr>
<tr>
<td>Public transport</td>
<td>2</td>
<td>-140</td>
</tr>
<tr>
<td>Waste and wastewater</td>
<td>4</td>
<td>-507</td>
</tr>
<tr>
<td>Greenfield (new build)</td>
<td>2</td>
<td>+2,156</td>
</tr>
<tr>
<td>Total</td>
<td>51</td>
<td>-3,420</td>
</tr>
</tbody>
</table>

2017 marks the 12th consecutive year in which our investments have been forecast to deliver aggregate GHG savings.

A large part of the emission reductions are the result of investments in renewable energy, including multiple solar energy projects in Egypt.

The most significant GHG emitting project is the Southern Gas Corridor pipeline. Project emissions come from the compressors that pump the gas along the pipeline.
Financial intermediaries

We ensure that banks, private equity funds and other financial institutions receiving our financing have appropriate environmental and social risk management systems in place. Our requirements for these financial intermediary (FI) projects are set out in PR 9 of our Environmental and Social Policy (ESP).

Sustainability Index

Our Financial Intermediary Sustainability Index (SI) allows us to monitor the Environmental and Social (E&S) risk management performance of individual FIs and the entire portfolio. It is an online alternative to the annual environmental and social reporting system. As at the end of 2017, over 250 partner financial institutions have been provided with access to the SI.

We regularly review usage of the Index: we ask participating FIs for their feedback and insight into sustainability issues facing business. In October 2017, we reviewed the 90 completed responses.

As with the 2015-16 review, FIs still consider that the influence of sustainability issues has grown in the last three years, although slightly less in 2017 when compared with 2015-16. Levels of endorsement for international collaborations are broadly similar to the 2015-16 reporting period, with endorsement for the UN Universal Declaration on Human Rights (reporting) and “Other” frequently endorsed being: UNEP Financial Initiative, UN Global Compact, Smart Campaign and IFC Performance Standards.

Of the respondents, seven of the 15 lowest scoring FIs have received E&S risk management training, compared with 14 out of the 15 highest-scoring FIs. This demonstrates a link between capacity-building and higher E&S risk management performance.

Summary of Environmental and Social Risk Management Scores

The average performance recorded in 2017 has remained consistent with that of 2015-16 where FIs also scored 53 per cent in the good practice score. In 2017, only two FIs scored above the good practice score.
Training and capacity building

Environmental and social risk management/due diligence is good practice in the financial sector. We rely on the financial institutions in our countries of operations to implement our performance requirements, which delegates quite a bit of responsibility for the E&S risk management to them. Training our financial intermediaries in this regard has been part of our operations since 1991.

During 2017 various one-day E&S due diligence training workshops were delivered to the following partner FIs: in Bosnia and Herzegovina: Partner Bank and Addiko Bank; Croatia: Hrvatska Postanka Banka; Serbia: Addiko Bank, Intes SanPaolo Banka.

The Bank’s E&S online e-learning programme for FIs continues to be accessed by partner banks and private equity houses, with 72 new users added in 2017.

Our experience shows that those FIs who receive E&S monitoring visits from the EBRD have a better understanding of the methods and benefits of implementation of the procedures and much higher confidence in decision-making on environmental and social actions.

In 2017 EBRD staff undertook monitoring visits to the following FIs in Ukraine: UrkSibbank, Piraeus Bank, Oshchadbank, OTP, Aval Bank, UkreximBank, and Credit Agricole.

And Environmental Resources Management (ERM) consultants undertook monitoring visits, on behalf of the EBRD, to the following FIs in Bosnia and Herzegovina: Intesa SanPaolo Banka, Sberbank, Mikrofin, Partner, Sparkasse, Raiffeisen Bank, Addiko Bank; in Croatia: Hrvatska Postanka Banka, UniCredit Bank, Raiffeisen Bank, Erste Bank; and in Serbia: ProCredit Bank, Societe Generale Leasing, UniCredit Bank.

Toolkit update

The EBRD's E&S Risk Management Toolkit for Financial Intermediaries is designed to help FIs meet the requirements of the EBRD E&S Risk Management Procedures for Corporate Loans, Micro and SME and equity investments.

The Toolkit was updated in 2017 to include the new Responsible Investment Index for Private Equity Fund. The RI is designed for EBRD’s private equity fund partners to report to the Bank annually on their compliance with our E&S requirements under PR 9.

Health and safety

The EBRD’s portfolio collectively involves tens of thousands of people, be they employees or contractors, working across some 1,500 projects at any one time. And this also includes the millions of customers and end-users who benefit from our projects. All EBRD-financed projects are held to high occupational health and safety (OHS) standards as part of our continued due diligence. We monitor trends across the Bank’s portfolio and take prompt and effective action where necessary.

We work with businesses and communities across the EBRD region to minimise any risks associated with our projects, to improve safety standards and raise awareness.

Our clients are required to notify the EBRD of any serious incidents and fatalities. In 2017, we received reports of serious incidents from 25 clients, which sadly resulted in 45 fatalities overall. This figure is, however, a significant reduction compared with the 80 fatalities recorded in 2016.

The main causes of fatalities among workers and members of the public were electrocutions (11 reported); falling from a height (nine reported); and being caught or struck by a moving object (seven reported).

Over 2013-17 we have mobilised over €2 million from the EBRD Shareholder Special Fund for road, occupational health and safety activities, from appraisals to capacity-building for clients in higher-risk sectors.

The EBRD’s involvement in various activities and awareness-raising events has helped to influence policy and standards in many of our countries.

In Turkey, we provided the construction sector with support by appointing a consultant to undertake a study of the current challenges and barriers that prevent construction workers from receiving appropriate health and safety training. This was followed by a high level policy dialogue session with members of the ministry and trade unions.

We are fully committed to protecting and promoting health and safety within our investments and set out our expectations within PR 4 of our Environmental and Social Policy (ESP, 2014).
Road safety
The majority of EBRD countries of operations have road fatality rates well above the European average — 85,000 deaths and 800,000 injuries are caused by traffic-related accidents across the EBRD region each year, creating a significant social and economic burden.

Since the start of the UN Decade of Action for Road Safety 2011-2020 we have helped our countries address the challenge of safer roads, working with them to raise standards in safe fleet management for commercial fleets and in road construction.

Over 2017 we completed road safety audits/inspections in Bosnia and Herzegovina (two visits); Belarus; FYR Macedonia (two visits); and Montenegro (three visits), covering 81.8 kilometres of road.

We also spearheaded seatbelt awareness and eco-driving campaigns in Tajikistan and a crash data study to understand how certain measures can influence crash rates. A project we have supported since 2013 – the Safe Driving for Life campaign in Moldova – was recognised at the 2017 HRH Prince Michael of Kent International Road Safety Awards. And in December 2017 the EBRD hosted a high-level conference focusing on regional capacity building to achieve the Global Sustainable Development Goals on Road Safety.

See also our video on road safety and the Transport section of this report.

Project Complaint Mechanism

The Project Complaint Mechanism (PCM) helps us assess and review, with the help of external independent experts, any complaints about projects we finance.

Individuals and local groups who may be directly or adversely affected by an EBRD project, as well as civil society organisations, can raise concerns or complaints with the Bank independently from our banking operations.

In 2017 the PCM registered 10 new complaints and continued working on different stages of Compliance Review and Problem-Solving for seven additional ongoing complaints. The PCM has been monitoring the implementation of Management Action Plans and issued bi-annual Compliance Review Monitoring Reports in relation to six complaints. Five complaints that were under monitoring stage were closed in 2017. Two further complaints were closed after no findings of non-compliance.

The PCM also conducted outreach workshops with civil society organisations in Amman, Nicosia and Thessaloniki, in partnership with the accountability mechanisms of other international financial institutions. Capacity-building activities for dispute resolution professionals were also held throughout the year in various EBRD countries of operations.

Details of all complaints and reports, together with PCM Annual Reports, are available on the PCM website.

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Annex 1:
Climate Project Disclosure

The EBRD has been tracking climate finance\(^3\) on a project-by-project basis since 2006. Up to 2017, the EBRD disclosed this information on a sectoral or country level.

The EBRD has now agreed to disclose climate finance data on a project level. This follows a number of external information requests and is in line with the EBRD’s Public Information Policy.

For 2017 a threshold for climate finance of €40 million will be applied. A list of the corresponding projects is below.

From 2018 onwards the GET finance (climate change mitigation and adaptation) for all projects will be made publically available and no threshold will be applied.

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### Annex 1: Climate Project Disclosure

<table>
<thead>
<tr>
<th>Operation name</th>
<th>Banking sector team</th>
<th>GET finance YTD (€m)</th>
<th>ABI (€m)</th>
<th>Green activity</th>
<th>Climate finance (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENR - Locomotive Renewal Programme</td>
<td>Transport</td>
<td>290.0</td>
<td>290.0</td>
<td>Transport</td>
<td>290.0</td>
</tr>
<tr>
<td>Shalkiya Zinc: Pre-Privatization Loan</td>
<td>Natural Resources</td>
<td>60.1</td>
<td>101.6</td>
<td>Energy efficiency</td>
<td>60.1</td>
</tr>
<tr>
<td>Cosmote Mobile (f. Project Echo)</td>
<td>Information &amp; Communication Technologies</td>
<td>44.1</td>
<td>85.0</td>
<td>Energy efficiency</td>
<td>44.1</td>
</tr>
<tr>
<td>Schwarz Sustainable Retail Bulgaria</td>
<td>Agribusiness</td>
<td>41.4</td>
<td>45.0</td>
<td>Energy efficiency</td>
<td>41.4</td>
</tr>
<tr>
<td>Project Monet</td>
<td>FI - Insurance &amp; Financial Services</td>
<td>69.0</td>
<td>69.0</td>
<td>Energy efficiency</td>
<td>69.0</td>
</tr>
<tr>
<td>TurSEFF III - Isbank</td>
<td>FI - Insurance &amp; Financial Services</td>
<td>45.9</td>
<td>45.9</td>
<td>Energy efficiency</td>
<td>45.9</td>
</tr>
<tr>
<td>GEFF - Poland - BZ WBK Leasing</td>
<td>FI - Insurance &amp; Financial Services</td>
<td>50.0</td>
<td>50.0</td>
<td>Energy efficiency</td>
<td>50.0</td>
</tr>
<tr>
<td>Project Clover</td>
<td>FI - Insurance &amp; Financial Services</td>
<td>43.1</td>
<td>71.4</td>
<td>Energy efficiency</td>
<td>43.1</td>
</tr>
<tr>
<td>Dolovo Wind Farm</td>
<td>Power and Energy</td>
<td>52.7</td>
<td>52.7</td>
<td>Renewable energy</td>
<td>52.7</td>
</tr>
<tr>
<td>Grid Enhancement for Renewables</td>
<td>Power and Energy</td>
<td>119.8</td>
<td>119.8</td>
<td>Renewable energy</td>
<td>119.8</td>
</tr>
<tr>
<td>Kovacica Wind Farm</td>
<td>Power and Energy</td>
<td>48.8</td>
<td>48.8</td>
<td>Renewable energy</td>
<td>48.8</td>
</tr>
<tr>
<td>Gaziantep Hospital PPP</td>
<td>Municipal &amp; Env Inf</td>
<td>62.0</td>
<td>80.0</td>
<td>Energy efficiency</td>
<td>62.0</td>
</tr>
<tr>
<td>Kharkiv Metro Extension</td>
<td>Municipal &amp; Env Inf</td>
<td>160.0</td>
<td>160.0</td>
<td>Transport</td>
<td>160.0</td>
</tr>
<tr>
<td>South Kazakhstan Water Supply Project</td>
<td>Municipal &amp; Env Inf</td>
<td>145.0</td>
<td>145.0</td>
<td>Waste and wastewater</td>
<td>145.0</td>
</tr>
<tr>
<td>Istanbul Metro Project</td>
<td>Municipal &amp; Env Inf</td>
<td>88.3</td>
<td>88.3</td>
<td>Transport</td>
<td>88.3</td>
</tr>
<tr>
<td>Saiss water conservation project</td>
<td>Municipal &amp; Env Inf</td>
<td>120.0</td>
<td>120.0</td>
<td>Waste and wastewater</td>
<td>120.0</td>
</tr>
<tr>
<td>VIPA Energy Efficiency Structured Loan</td>
<td>Municipal &amp; Env Inf</td>
<td>50.0</td>
<td>50.0</td>
<td>Energy efficiency</td>
<td>50.0</td>
</tr>
<tr>
<td>Bursa Hospital PPP</td>
<td>Municipal &amp; Env Inf</td>
<td>55.0</td>
<td>55.0</td>
<td>Energy efficiency</td>
<td>54.1</td>
</tr>
</tbody>
</table>

\(^3\) At the EBRD, climate finance is defined as ABI that qualifies for GET under the climate change mitigation and adaptation categories.
Some projects are unable to comply fully with all requirements of the Environmental and Social Policy. The EBRD Board approved derogations from the policy for six projects or project extensions signed in 2017. The specific derogations for these projects were agreed where affordability or operational constraints made full compliance unachievable but the overall environmental, social and economic benefits of the projects were sufficient to justify our investment. With the exception of the agreed derogations, these projects will meet our policy and performance requirements.

### Board-approved derogations for new projects in 2017

<table>
<thead>
<tr>
<th>Project</th>
<th>Derogation</th>
<th>Country</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arcelor Mittal Kryvyi Rih</td>
<td>The investment project will meet EBRD’s PRs. A road map is being developed to EU standards. However, in the short term the Bank’s financing will not allow for attainment of EU environmental standards and full BAT compliance across the whole plant due to the magnitude of environmental legacy issues.</td>
<td>Ukraine</td>
<td>Manufacturing &amp; Services</td>
</tr>
<tr>
<td>KG Water Framework - Uzgen Water</td>
<td>EBRD’s Board has approved a derogation for all sub-projects under this Framework for non-compliance with EU requirements due to affordability constraints.</td>
<td>Kyrgyz Republic</td>
<td>Municipal &amp; Environmental Infrastructure</td>
</tr>
<tr>
<td>KG Water Framework - Balykchy Water</td>
<td>EBRD’s Board has approved a derogation for all sub-projects under this Framework for non-compliance with EU requirements due to affordability constraints.</td>
<td>Kyrgyz Republic</td>
<td>Municipal &amp; Environmental Infrastructure</td>
</tr>
<tr>
<td>KG Water Framework - Toktogul</td>
<td>EBRD’s Board has approved a derogation for all sub-projects under this Framework for non-compliance with EU requirements due to affordability constraints.</td>
<td>Kyrgyz Republic</td>
<td>Municipal &amp; Environmental Infrastructure</td>
</tr>
<tr>
<td>TJ Solid Waste Framework - Yavan Solid Waste</td>
<td>The Project will comply with design requirements of the EU Landfill Directive, but further investments would be needed to achieve compliance with EBRD PRs and EU Directives with respect to management of hazardous and medical waste, as well as waste recovery and recycling. The shortfalls from EU requirements are not considered to pose significant environmental, health or safety risks.</td>
<td>Tajikistan</td>
<td>Municipal &amp; Environmental Infrastructure</td>
</tr>
<tr>
<td>Kulob Solid Waste Sub-project</td>
<td>EBRD’s Board has approved a derogation for all sub-projects under this Framework for non-compliance with EU requirements due to affordability constraints.</td>
<td>Tajikistan</td>
<td>Municipal &amp; Environmental Infrastructure</td>
</tr>
</tbody>
</table>
Annex 3:
2017 Category A Projects

Fourteen new Category A projects requiring an Environmental and Social Impact Assessment (ESIA) were in an active disclosure period during 2017. Full ESIA disclosure packages for all these Category A projects were available in English and in local languages and were disclosed online.

Summary of Category A Disclosure/Board Review in 2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Name</th>
<th>Sector</th>
<th>Date ESIA on EBRD website and in RO</th>
<th>Board or other approval date</th>
<th>Days publicly available (before approval)</th>
<th>Language of ESIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional</td>
<td>Trans Adriatic Pipeline Project</td>
<td>Private</td>
<td>19 Dec 2017</td>
<td>Not yet scheduled</td>
<td>n/a</td>
<td>English/Greek/Albanian/Italian</td>
</tr>
<tr>
<td>Turkey</td>
<td>Mersin Wastewater Project</td>
<td>Public</td>
<td>15 Dec 2017</td>
<td>29 May 2012</td>
<td></td>
<td>English</td>
</tr>
<tr>
<td>Turkey</td>
<td>Turnad Gold Mines Development Loan (Project Maple)</td>
<td>Private</td>
<td>29 Sept 2017</td>
<td>29 Nov 2017</td>
<td>62</td>
<td>English and Turkish</td>
</tr>
<tr>
<td>Jordan</td>
<td>Shobak Wind Farm</td>
<td>Private</td>
<td>14 Sept 2017</td>
<td>16 Nov 2017</td>
<td>64</td>
<td>English and Arabic</td>
</tr>
<tr>
<td>Belarus</td>
<td>Belarus Road Sector Reform Project</td>
<td>Public</td>
<td>11 Aug 2017</td>
<td>31 Jan 2018</td>
<td>174</td>
<td>English and Russian</td>
</tr>
<tr>
<td>Moldova</td>
<td>Green Cities: Chisinau Solid Waste</td>
<td>Public</td>
<td>10 Aug 2017</td>
<td>14 Feb 2018</td>
<td>189</td>
<td>English and Romanian</td>
</tr>
<tr>
<td>Moldova</td>
<td>Moldova Romania Power Interconnection Phase I</td>
<td>Public</td>
<td>27 July 2017</td>
<td>29 Nov 2017</td>
<td>126</td>
<td>English and Moldovan/Romanian</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>Corridor Vc in FBH - Part 3</td>
<td>Public</td>
<td>21 July 2017</td>
<td>14 Feb 2018</td>
<td>209</td>
<td>Bosnian and English</td>
</tr>
<tr>
<td>Romania</td>
<td>BRUA Pipeline</td>
<td>Public</td>
<td>14 July 2017</td>
<td>13 Dec 2017</td>
<td>245</td>
<td>English and Romanian</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>Corridor Vc in Republika Srpska: Johovac to Rudanka</td>
<td>Public</td>
<td>23 June 2017</td>
<td>16 Nov 2017</td>
<td>147</td>
<td>English and Serbian</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Azerbaijan: Southern Gas Corridor</td>
<td>Public</td>
<td>16 June 2017</td>
<td>18 Oct 2017</td>
<td>125</td>
<td>English and Turkish</td>
</tr>
<tr>
<td>Serbia</td>
<td>Kovacia Wind Farm</td>
<td>Private</td>
<td>05 Apr 2017</td>
<td>05 July 2017</td>
<td>92</td>
<td>English and Serbian</td>
</tr>
<tr>
<td>Georgia</td>
<td>Nenskra HPP</td>
<td>Private</td>
<td>17 Mar 2017</td>
<td>17 Jan 2018</td>
<td>307</td>
<td>English and Georgian</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>Kyzyl Project</td>
<td>Private</td>
<td>17 Feb 2017</td>
<td>04 May 2017</td>
<td>77</td>
<td>English, Russian and Kazakh</td>
</tr>
</tbody>
</table>
The manner in which the EBRD engages with stakeholders helps us to improve our environmental and social policies and evaluate the impact of our work on daily lives.

Civil society

We have proactive engagement with civil society organisations (CSOs).

CSOs have a deep understanding of local issues and resources and can mobilise local communities. CSOs often alert and help the EBRD to ensure its projects take the needs and concerns of local communities into account, ultimately contributing to the delivery of better projects and policies in transition countries.

Our engagement with CSOs also enhances our own accountability and transparency. We see CSOs as one of the key stakeholders who provide input in the Bank’s decision-making, at the strategic level and during periodic reviews of policies and strategies.

In 2017, almost 3,400 CSO representatives were registered with the EBRD and nearly 400 civil society stakeholders participated in over 30 thematic meetings and events organised by the Bank.

We engaged in dialogue with international and local CSOs on around 40 investment projects in some 17 countries across a variety of sectors.

We also published the 2017-20 Roadmap for our engagement with civil society, which outlines how CSO engagement can promote the qualities of a well-functioning market economy, as well as address key challenges faced by civil society in the EBRD region.

A key project demonstrating our engagement with civil society in 2017 was in agribusiness and rural development in Ukraine where we have worked with local NGOs to help junior vets find jobs on farms and build a more inclusive economy. This has been accompanied by a regional outreach effort – as this initiative spreads to other regions of Ukraine, we will select local implementing partners in these new regions and help build their capacity.

Dialogue

In 2017, meetings between the EBRD’s President and senior management (including the Board) and CSOs were held in Albania, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Moldova, Poland, Tunisia, Turkey, Ukraine and Uzbekistan.

The 2017 Civil Society Programme (Annual Meeting, Cyprus, 9-11 May) included discussions with the Bank’s staff and senior management on strategic issues and particular investment projects. A CSO-led panel, hosted at the symbolic Home for Cooperation (H4C), explored a long-term sustainable reconciliation process in Cyprus through the engagement of civil society.

Consultations

In 2017 we consulted civil society stakeholders on our first Economic Inclusion Strategy (launched in May 2017); and new Extractive Mining Industries Strategy (to enter into force in 2018).

During the public comment period of the now official Economic Inclusion Strategy, we organised a series of public consultation meetings in Almaty, Istanbul, Amman, Belgrade and London in March 2017, which were attended by 106 representatives from 12 different countries. Written comments were received from nine organisations based in various regions and with different fields of expertise.

We also completed the review and consultation on the new Extractive Mining Industries Strategy, which will guide the EBRD’s operational priorities in the mining sector for 2018-22. During the public consultation period, we received written comments from 14 different organisations. We also organised a series of public consultation meetings: in London in July 2017 and in Ulaanbaatar, Almaty and Istanbul in October 2017. The meetings were attended by 108 representatives attended from nine countries.

We continued our early stage consultation practice with civil society in 2017. At the country level, we consulted with local CSOs on reviews of the country strategies for Bosnia and Herzegovina, Egypt, Moldova, Serbia and the Slovak Republic. CSOs were also invited to comment on all country strategies reviewed during 2017.
Cooperation

As of the end of 2017, the total budget for 19 EBRD technical cooperation projects is €5.2 million, from 15 projects worth around €3 million in 2016. The framework has benefited around 15,000 civil society and community representatives, often through tailored capacity-enhancement activities in 15 countries.

We are actively cooperating with international climate finance bodies, most notably the Global Environmental Facility (GEF), the Green Climate Fund (GCF), the Climate Investment Funds (CIFs), all of which consider civil society engagement to be an important aspect of green finance. For example, the Civil Society Engagement Unit (CSEU) is part of the GEF Working Group on Public Involvement, alongside whom the review of GEF’s Policies on Stakeholder Engagement and Access to Information was completed in 2017.

The CSEU also liaises closely with colleagues across IFIs that work on the role of civil society in promoting economic inclusion and good governance. The CSEU is keeping pace with its counterparts in other IFIs, for example through the IO/IFI Working Group on Civil Society Engagement.

In 2018, the CSEU will continue its cooperation with international partners in areas relevant to sustainable energy and resources and the COP process, as well as with regards to promoting economic inclusion and good governance and aligning the work with the SDGs.

Our internal performance

The EBRD is committed to minimising the environmental impact of its offices and business activities. We source all electricity for our London Headquarters from renewable energy suppliers. Office paper is certified by the Forest Stewardship Council® (FSC) as coming from sustainable sources. There is also a strong emphasis on waste recycling, reducing the use of plastic bottles and sourcing environmentally friendly merchandise. Our 2017 results show we have reduced our paper use alone by 36 per cent since 2014.

Since 2013, carbon credits have been purchased and retired at least equivalent to the greenhouse gas emissions associated with the organisation of the Bank’s Annual Meeting. Any emissions associated with the 2017 Annual Meeting and Business Forum in Cyprus were offset with carbon credits from the Salkhit Wind Farm in Mongolia. This project is registered as a carbon project under the Clean Development Mechanism of the United Nations Framework on Climate Change.

EBRD HQ consumption and recycling figures

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity (GWh)</td>
<td>14.5</td>
<td>14.8</td>
<td>14.8</td>
</tr>
<tr>
<td>Gas (GWh)</td>
<td>3.4</td>
<td>4.3</td>
<td>3.8</td>
</tr>
<tr>
<td>Water (thousands m³)</td>
<td>47.9</td>
<td>42.2</td>
<td>42.5</td>
</tr>
<tr>
<td>Energy CO₂ emissions (kT)</td>
<td>7.8</td>
<td>6.9</td>
<td>5.9</td>
</tr>
<tr>
<td>Travel CO₂ emissions (kT)</td>
<td>7.1</td>
<td>7.7</td>
<td>6.2</td>
</tr>
<tr>
<td>Printer paper consumption (tonnes)</td>
<td>58.3</td>
<td>49.5</td>
<td>39.5</td>
</tr>
<tr>
<td>Paper recycling (tonnes)</td>
<td>112.4</td>
<td>72.8</td>
<td>105.4</td>
</tr>
</tbody>
</table>

CO₂ data are compiled using the latest UK government conversion factor recommended for GHG reporting. For 2017 the conversion factor of 0.35156 kg CO₂ per kWh is used for grid electricity and 0.185 kg CO₂ per kWh is used for consumption of natural gas.

Useful links

- CSO Capacity Enhancement Framework
- Civil Society Programme at the EBRD 2017 Annual Meeting
The EBRD Sustainability Awards

The annual EBRD Sustainability Awards recognise the efforts of clients who have demonstrated excellence and a commitment beyond the Bank’s performance requirements for managing environmental and social issues, promoting energy efficiency or combating climate change.

We received 30 nominations across the four categories in 2017 and the winners were selected by an external judging panel consisting of experts in finance and sustainability. The quality of nominations this year was exceptional and shortlisting deserving clients was challenging.

We are very proud of our clients’ efforts and the excellent quality of the nominations and winners.

2017’s winners were:
The **Sustainable Energy Award** was presented to Erdemir Steel (Turkey), the largest steel producer in Turkey. Thanks to the EBRD’s investment, the company now generates electricity (and saves energy) by introducing technology that uses high-pressure gases collected from the blast furnaces. This project is among the largest emission-reduction initiatives ever undertaken in the Turkish industrial sector.

The **Climate Change Adaptation Award** was presented to the Ministry of Transportation, Roads Company of the Federation of Bosnia and Herzegovina for the Bosnia Roads Flood Repair and Upgrade project. The EBRD provided a loan to repair major road infrastructure badly damaged by 2014 floods and to help improve the climate resilience of the road network. It has set up an institutional network and introduced international best practice for identifying and managing climate risks to the roads.

The **Environmental and Social Innovation Award** went to Green City bus project (or Tbilisi Bus and Green Cities Programme) in Tbilisi, Georgia. An EBRD sovereign loan helped acquire 200 green, compressed natural gas buses with low floors which provide easier comfort, access and convenience for women with children, the elderly and those with limited physical abilities. The bus company is also boosting gender equality among its workforce and has helped pioneer the development of a Green City Action Plan.

The **Environmental and Social Best Practice** award went to Senj Sant (Mongolia) which became the country’s first greenfield cement plant to use the environmentally friendly dry process, resulting in five times less water consumption and 30 per cent less energy use than the wet-method technology.

The panel of judges for the 2017 Sustainability Awards were Geoff Lane, a Partner for PricewaterhouseCoopers (PwC) LLP in the UK, and PwC’s Liaison Delegate at the World Business Council for Sustainable Development; Mark Hurley who leads the 800+ people strong environmental discipline at WSP/Parsons Brinckerhoff and is a member of the UK Executive Leadership Team; Kadri Samsunlu, Chief Financial Officer at Akfen Holding, and a Member of the Board of Directors of Akfen Holding Group Companies; and Libor Krkoska, who has been the Head of the EBRD Resident Office in Nicosia, Cyprus, since August 2014.