



President's message

Welcome to the EBRD's *Sustainability Report for 2022*. This was a year in which the EBRD responded to multiple crises, not least the devastation inflicted on people, infrastructure and economies by the invasion of Ukraine, and the intensifying global emergencies of climate change and biodiversity loss.

As the largest institutional investor in Ukraine, with links stretching back 30 years, the Bank has provided swift and unwavering support for the country at this critical time. During my visit to Kyiv last October, I was moved by the courage and resilience I saw among the Ukrainian people. The EBRD has committed up to €3 billion for Ukraine in 2022-23 to help its businesses and economy continue to function. Our financing has included emergency liquidity for Ukraine's railway, gas and electricity systems. We are helping to maintain the flow of essential goods, supporting the resilience of vital infrastructure and assisting refugees in neighbouring countries.

We are well aware of the disastrous consequences of the war and have all been affected by the resulting increases in energy and food prices. This has led some to question whether sustainability and decarbonisation should remain a priority. However, I believe that the crisis demonstrates why continuing to invest in sustainability, as we did in 2022, makes sense environmentally, socially, economically and in terms of energy security.

In 2022, we continued to focus on the two great global environmental crises – the climate emergency and the need to halt and reverse biodiversity loss. The Bank provided its largest ever volume of green finance, at €6.4 billion. The support the EBRD is providing to help Egypt [decarbonise its energy system](#) is one example of how bringing together finance and policy dialogue enables us to deliver real impact.

I am delighted to confirm that since 1 January 2023, all new EBRD investments and activities are aligned with the mitigation and adaptation goals of the Paris Agreement on climate change. This was an objective set by our Board of Governors in June 2021 and we have worked relentlessly to achieve it ever since. We now have an approach to [Paris alignment](#) that gives us a robust framework to support climate action and to engage with clients on the transition to a low-carbon economy.

Since signing the Joint Multilateral Development Bank Statement on [Nature, People and Planet](#) in 2021, we have been doing more to protect and enhance biodiversity and nature. For the first time, the EBRD sent a high-level delegation to the United Nations Conference of the Parties of the Convention on Biological Diversity in Montreal, Canada, where participants agreed a Global Biodiversity Framework that aims to address biodiversity loss, restore ecosystems and protect indigenous rights, and we will be working with our partner development banks to frame responses to calls for increased funding for nature.

This report also demonstrates why any solutions to these issues must be people-focused. Social development and stakeholder engagement (in its broadest sense) are essential elements of the transition to a green economy. Achieving the Bank's mandate of economic transition and sustainable development requires the contributions of women and men of all ages and backgrounds. That is why we place so much importance on economic inclusion, [gender equality](#) and [human rights](#). These issues are important in themselves and vital to delivering a just transition to a lower-carbon, more sustainable and more equitable economy.

We recognise that the global challenges we face are immense and that to tackle them will require a sustained, comprehensive and collaborative response. The EBRD will continue to play its full part. To ensure we stay at the forefront of best practice, we will start reviewing our Environmental and Social Policy in 2023, for approval in 2024. The views of our stakeholders are vital in shaping the outcomes of this review and I encourage you to contribute your ideas to ensure the EBRD's continued delivery of sustainable impact for people in our regions.

Odile Renaud-Basso
EBRD President

The EBRD's approach to sustainability

An array of publications, including the [Sustainability Report](#) and the [Annual Review](#), give a full picture of the EBRD's approach to sustainability and reporting.

Sustainability Report	Global Reporting Initiative (GRI): sustainability disclosures	Task Force on Climate-Related Financial Disclosures (TCFD) report
Reports on the Bank's sustainability-related activities and milestones during the year	Provides a comprehensive overview of the EBRD's approach to environmental, social and governance issues	Gives transparent information on the financial risks and opportunities associated with climate change

The EBRD's goals are closely aligned with the United Nations 2030 Agenda for Sustainable Development. The [Sustainable Development Goals \(SDGs\)](#) constitute a globally shared blueprint for ending poverty, improving health and education, spurring inclusive economic growth, tackling climate change and working to preserve our oceans and forests.

Sustainability is fundamental to the EBRD's transition impact mandate of supporting progress towards sustainable market economies. The EBRD's transition impact concept is underpinned by six transition qualities. Environmental and social impact aligns directly with two of them – “green” and “inclusive”. The others are “competitive”, “resilient”, “well governed” and “integrated”. In fostering these qualities, the EBRD sets and adheres to the highest standards of governance while minimising its own footprint. It measures, monitors and reports on the impact of its work to ensure transparency and accountability in promoting the development of sustainable, private sector-led economies in central and eastern Europe, Central Asia and North Africa.

Its approach to promoting environmentally sound and sustainable development is set out in its Environmental and Social Policy (ESP). This describes the Bank's responsibilities relating to the environmental and social (E&S) dimensions of projects it finances and those of its clients.

In order to ensure an effective framework for anticipating and managing E&S risks, the policy is reviewed every five years. Its next review starts in 2023.

The past five years have presented new challenges, including Covid-19; the war on Ukraine; the growing urgency of the energy transition; the E&S impacts of climate change; biodiversity loss; emerging awareness of human rights issues, including gender-based violence and harassment (GBVH) and supply-chain risks; and the increasing pace of digitalisation. The Bank will consider these and other emerging factors in its review of the ESP, as well as project implementation experience and contributions from interested and affected parties.

The EBRD will solicit stakeholder input and benchmark other E&S standards to set policy objectives by the end of the first quarter of 2023. A draft of the revised policy will be produced by the fourth quarter of 2023, with an updated version of the ESP to be published by the second quarter of 2024.

Key figures in 2022

A record **€6.4 billion** in signed financing for green investments

More than 20 GW of renewable energy capacity financed since 2006, including more than **4.6 GW in 2022**

From the start of 2023, **100 per cent** of new EBRD projects aligned with the goals of the Paris Agreement

More than **2,900** of the EBRD's London-based staff relocated to a new Headquarters, one of the most environmentally advanced buildings of its kind in the United Kingdom

Projects signed in 2022 will provide clean drinking water for an estimated **550,000** people.

37 per cent of EBRD investments promoted gender equality

88 per cent of EBRD Green Cities projects signed promote gender equality as part of the green ambitions of participant cities

Ukraine

The Russian-led invasion of [Ukraine](#) has brought uncertainty not just to the country itself, but to many other economies in which the EBRD operates and the world more broadly. As always in times of crisis, the Bank is standing by communities, companies and clients from the private and public sectors.

The Bank agreed a €3 billion package for 2022-23 to help Ukraine's businesses and economy continue to function. The EBRD Resilience and Livelihoods Framework is helping countries directly affected by the war, concentrating on energy security, including through emergency energy purchases to compensate for the loss of imports from Russia and Belarus; municipal services and livelihoods for displaced persons; trade finance; and the provision of liquidity for small and medium-sized enterprises (SMEs). The Bank is also helping clients in affected areas to assess and address their changing workforce needs during the crisis and to support economic inclusion.

Financing in 2022 included emergency liquidity for Ukraine's railway and electricity companies and support for state gas company Naftogaz. The EBRD is one of the partners working to keep trade routes open through the Solidarity Lanes initiative.

[Donor funding](#) is a critical element of EBRD support for Ukraine and other countries affected by the war. In 2022, the Bank mobilised more than €1.2 billion committed by a wide range of donors. This included a range of financial instruments, including co-investment grants, such as funded guarantees and capex grants, unfunded guarantees and technical cooperation grants for policy and expertise, to be used in various sectors to help protect Ukraine's economy.