

# Statement on **Climate Action**

Climate is a key element of sustainable development, alongside other environmental, social and economic issues which together impact upon communities, vital ecosystems and international stability. Climate change and the associated increase in extreme weather variability is a major international challenge of the 21<sup>st</sup> century.

Dealing with climate change is one of the keys to achieving environmental sustainability and the overarching goal of sustainable development.

The European Union (EU) is a leader on climate action. As the EU bank owned by the Member States, the European Investment Bank (EIB) considers climate action to be of strategic importance and its activities, both within and outside Europe, support the climate policy set by the EU.

The consequences of climate change will have serious social and economic impacts in the EU and globally in the coming decades. Growth and development gains made in both developed and developing countries may be put at risk by climate change. To counter this, the EIB applies an ambitious and comprehensive approach to climate change, as part of its overall sustainability framework.

This "Statement on Climate Action" presents the EIB's objectives and approaches in support of EU leadership on climate issues. The Statement guides EIB activities today and will continue doing so in the future.



# The Statement

The EIB supports the EU's aim of promoting low-carbon and climate-resilient growth globally, engaging its technical expertise and financial strength to promote sustainable development in line with its sustainability framework. The EIB has the following core **objectives**:

- ▶ To provide a range of climate finance solutions, for both mitigation and adaptation purposes, as part of the EU response to the climate challenge.
- ▶ To catalyse private sector financial flows using EIB financial leverage and capacity to innovate.
- ▶ To integrate climate considerations effectively into all EIB activities and practices, including those related to the project cycle, the sector lending policies and the project-specific performance standards, as well as into the way the EIB manages its own facilities.
- ▶ To engage constructively with a wide range of external stakeholders, recognising a common interest in and shared responsibility for coordinated climate action, specifically in the interests of developing and applying cost-effective finance and harmonised good practices

The EIB is guided by the following **approaches** in its operations both within and outside the EU:

## Finance and Instruments

- ▶ To define climate finance activity - in both borrowing and lending terms - based on objective and transparent criteria, and to set meaningful targets for climate financing.
- ▶ To prioritise the research, development and implementation of projects with high potential for change in favour of low-carbon and climate-resilient solutions, especially in the field of energy but also in other sectors.
- ▶ To help develop the green bond market as a significant source of incremental climate finance consistent with stringent performance standards.
- ▶ To develop and apply a range of innovative financial instruments.
- ▶ To increase and catalyse climate finance activity, particularly in developing countries, which offer cost-effective carbon emissions reduction opportunities but need help to move from conventional high to low carbon emissions pathways, and to support their climate-resilient development.
- ▶ To design, test and apply a set of complementary technical advisory and support services to lower investment barriers.

## Project Performance Standards and Practices

- ▶ To assess and mitigate any significant climate-related adverse economic, environmental and social impacts of EIB projects.
- ▶ To promote risk management approaches to increase the resilience of assets, communities and ecosystems related to EIB projects.
- ▶ To apply a human rights-based approach to climate change mitigation and adaptation by considering the climate-related social aspects of EIB projects.
- ▶ To measure the carbon footprint of the projects it finances according to good international practices. Where appropriate, to use this information to inform sector lending policies and approaches to projects that have significant greenhouse gas emission implications.
- ▶ To apply an appropriate economic price of carbon in its project-specific analyses in order to inform the EIB financing decision.
- ▶ To systematically assess the scope for cost-effective improvements in resource use, in particular energy efficiency in EIB projects.
- ▶ To identify and develop the potential for tradeable carbon and other related environmental credits to be generated and commercialised within regulated and voluntary markets.

## Information, Communication and Engagement

- ▶ To disclose information according to the EIB Transparency Policy to illustrate the climate activities of the EIB and their implications.
- ▶ To report on the climate-related performance of projects through the development and application of mitigation and adaptation indicators along the project cycle.
- ▶ To promote a shared responsibility for coordinated climate action among a range of external stakeholders, encouraging its partners to match its own high level of ambition, and leading by example.