

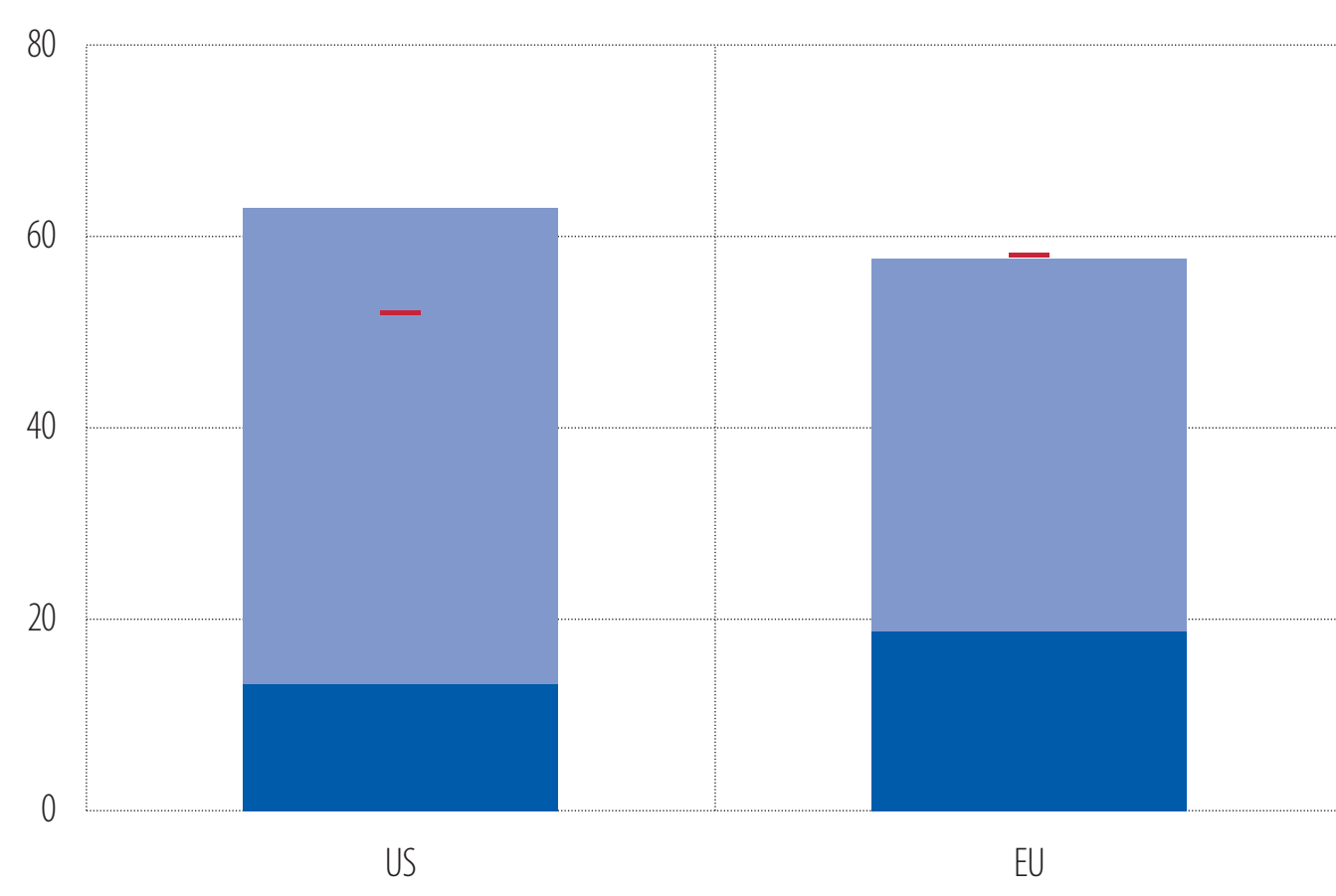


Chapter 6

Living up to Europe's green ambitions

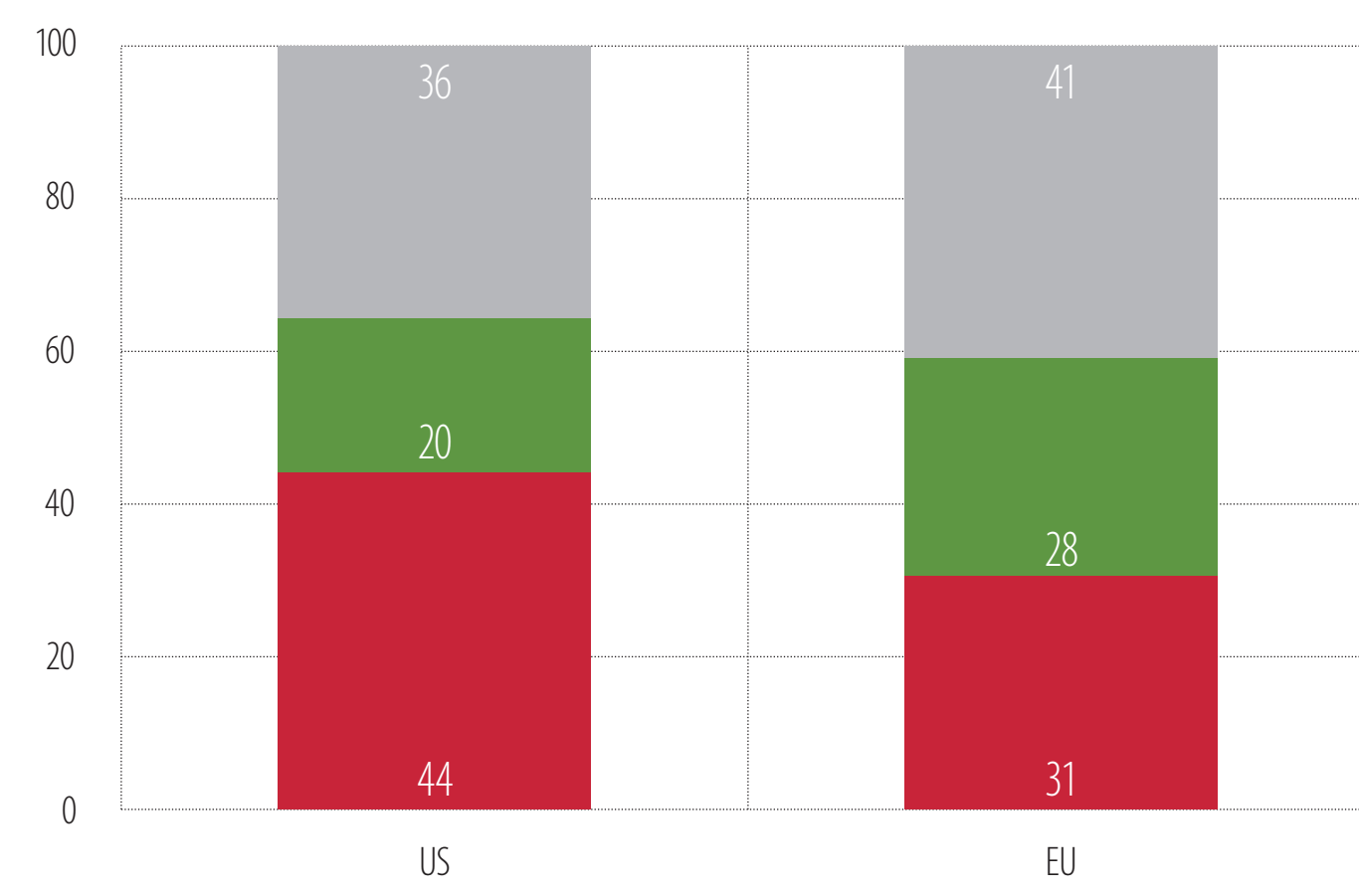
Firms are waking up to the reality of climate change

Physical risks top their list of concerns (% of firms)



Source: EIBIS 2020 and EIBIS 2021.
Base: All firms (data not shown for those who said don't know/refused to answer).
Question: Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

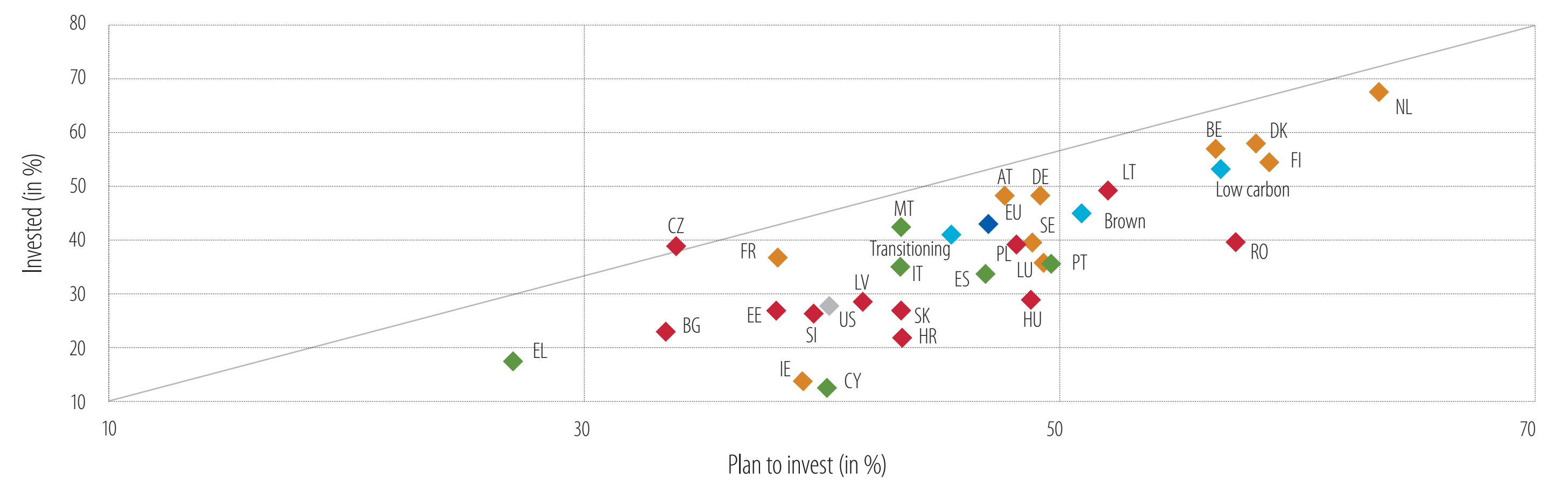
Risks about, as do opportunities (% of firms)



Source: EIBIS 2021.
Base: All firms (data not shown for those who said don't know/refused to answer).
Question: Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Climate investment is stalling, but the future looks brighter

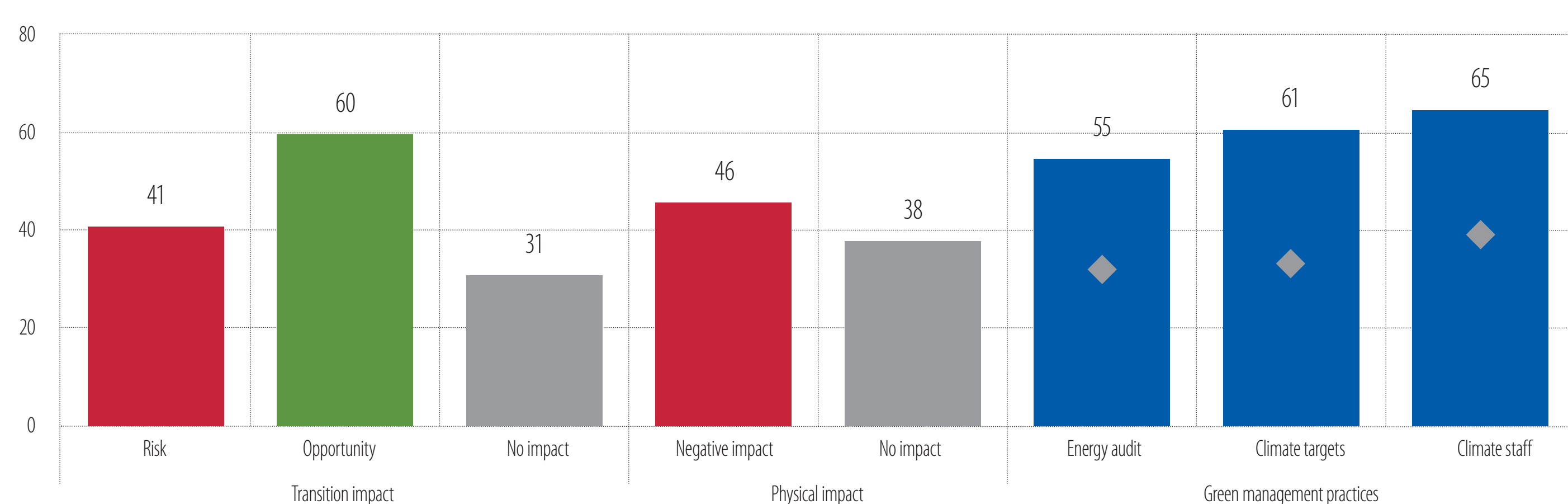
More firms plan to invest, with firms in low-carbon sectors taking the lead



Source: EIBIS 2021.
Base: All firms (data not shown for those who said don't know/refused to answer).
Question: Has your company already invested to tackle the impacts of weather events and reduction in carbon emissions? Does your company plan to invest (more) to tackle these impacts in the next 3 years?

Information is key for climate investments

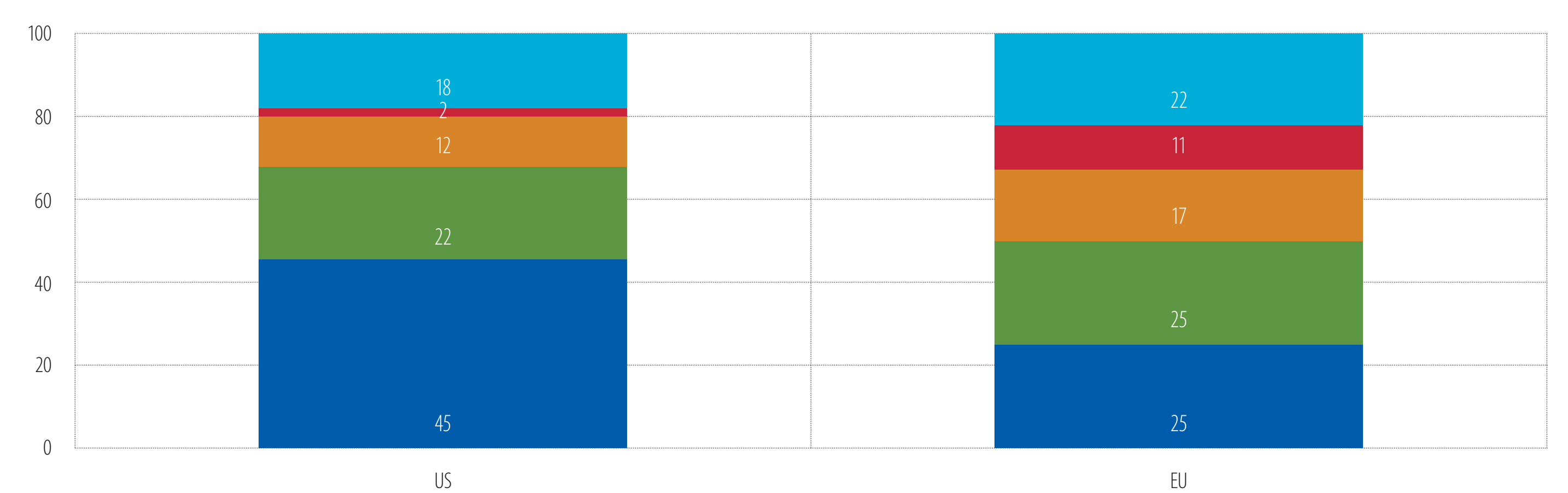
Better management practices and climate awareness could catalyse investment (firms in %)



Source: EIBIS 2021.
Base: All firms (data not shown for those who said don't know/refused to answer).
Question: Has your company already invested to tackle the impacts of weather events and reduction in carbon emissions? Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business? Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

EU firms are more engaged in climate action than their US peers

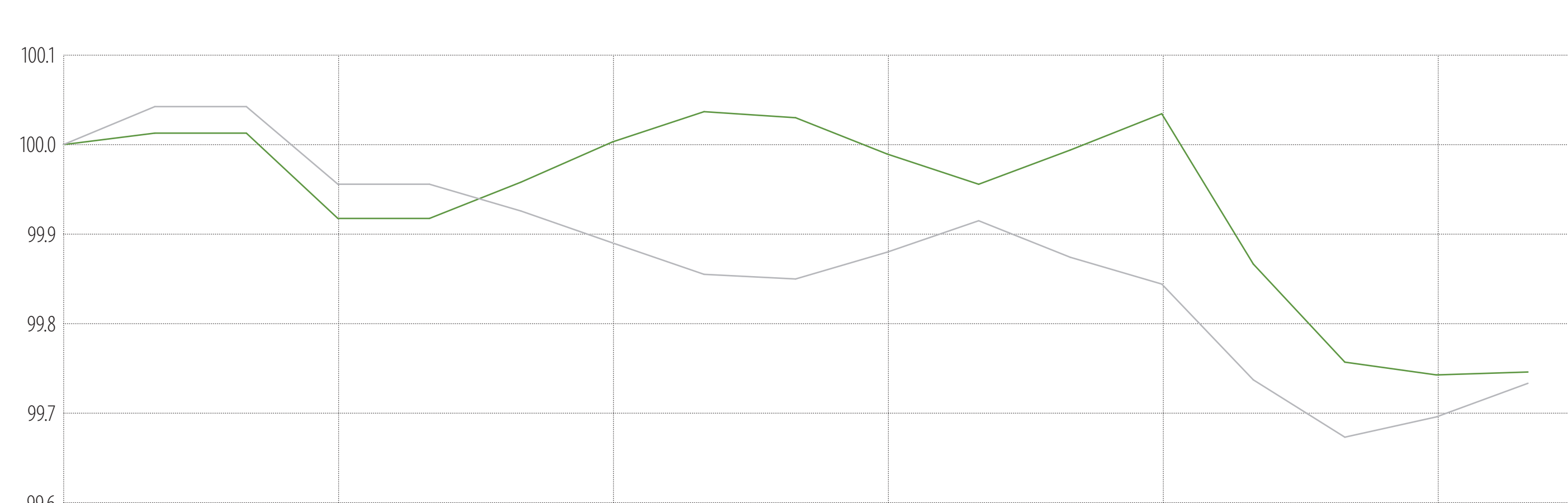
Firms in Western and Northern Europe are at the forefront (% of firms)



Source: EIBIS 2021.
Base: All firms (data not shown for those who said don't know/refused to answer).
Question: Has your company already invested to tackle the impacts of weather events and reduction in carbon emissions? Does your company plan to invest (more) to tackle these impacts in the next three years? Did your company set and monitor internal targets on carbon emissions and energy consumption?

As green bonds gain momentum, a green premium is emerging

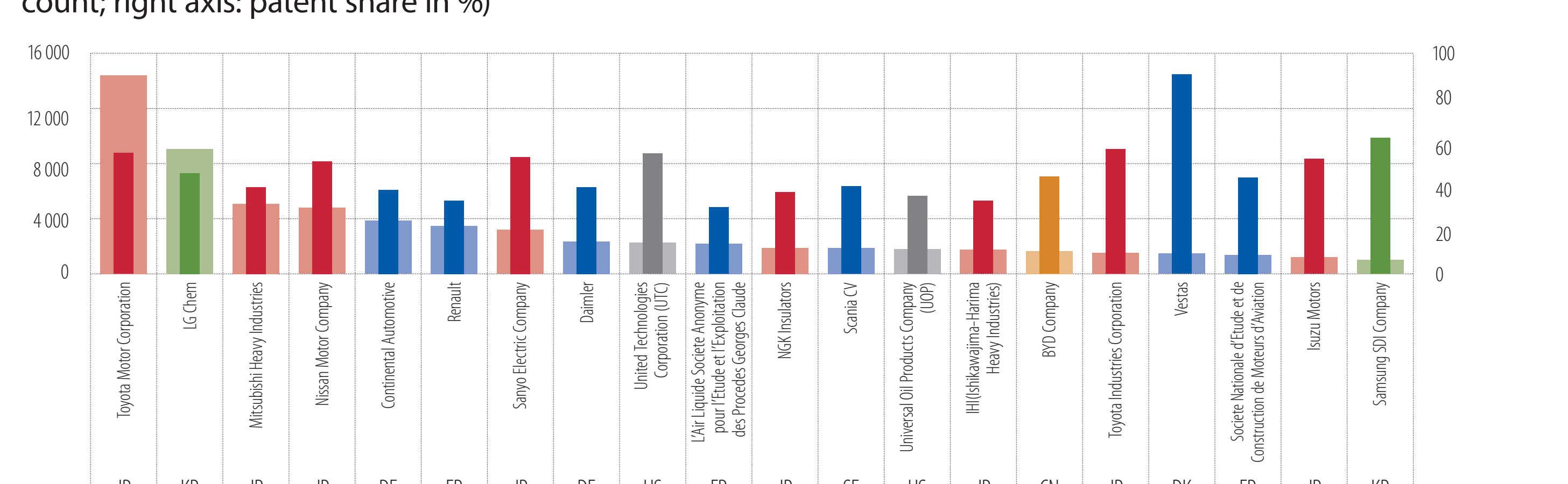
Some evidence of a "greenium" (2020=100)



Source: Bloomberg and authors' calculations.

The EU needs to leverage its leadership in green innovation

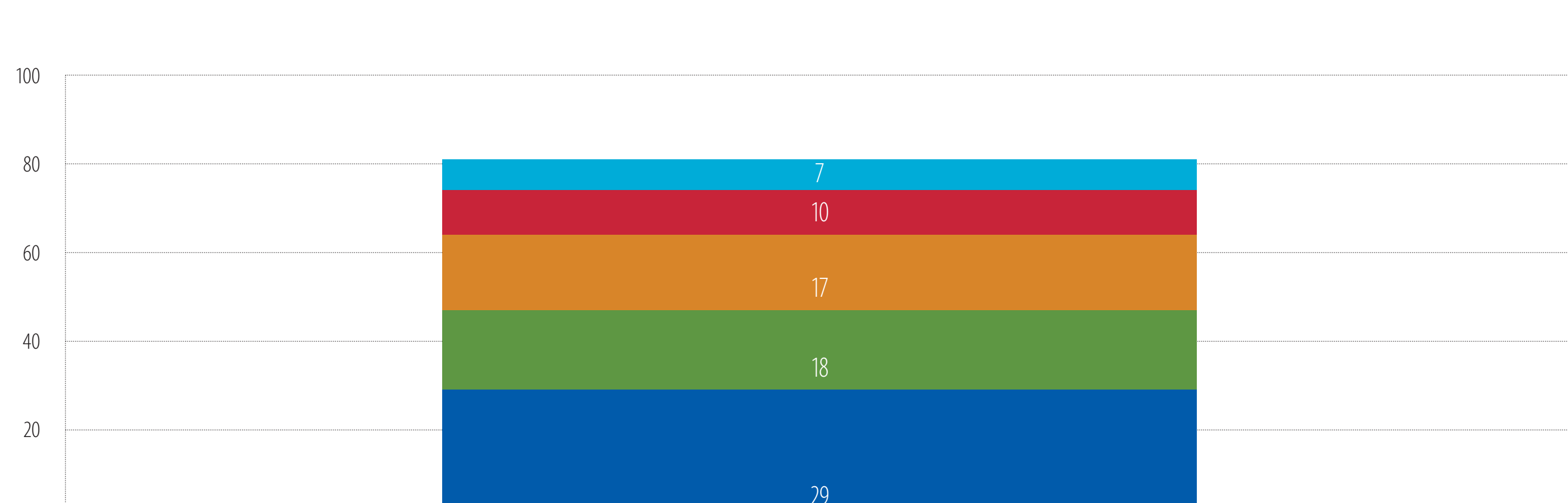
Seven EU firms are among the top innovators in the world, according to the number of patents (left axis: patent count; right axis: patent share in %)



Source: The European Patent Office's Worldwide Patent Statistical Database (PATSTAT), Patent Cooperation Treaty (PCT) data prepared in collaboration with the Centre for Research and Development Monitoring (ECOOM).

For small businesses, policy support needs to be multifaceted

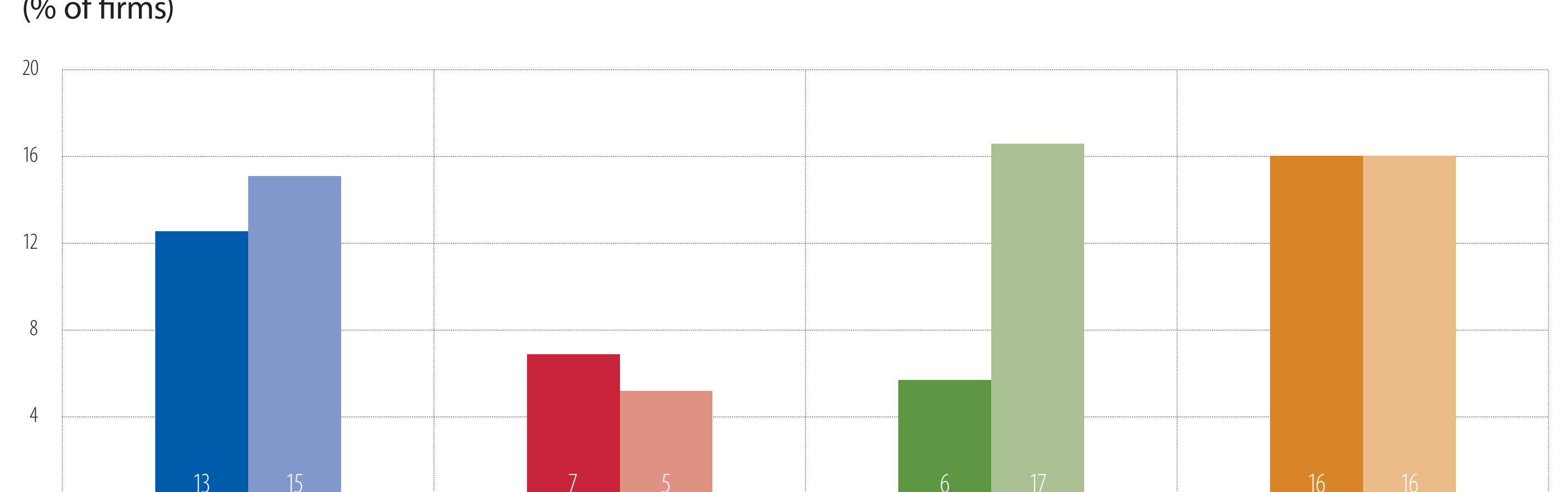
EU firms to benefit from clarity on the pathway to carbon-neutrality (in %)



Source: EIBIS 2021 add-on module (AOM) – sample of EU SMEs in manufacturing and services.
Base: All firms (data not shown for those who said don't know/refused to answer).
Question: When thinking about investments or actions to tackle the impact of weather events and carbon emissions reduction, which of the following would you find most helpful?

Small firms' support for decarbonisation picks up

Fewer firms in Eastern and Central Europe, as well as in Southern Europe, have benefited from public policies (% of firms)



Source: EIBIS 2021 AOM – sample of EU SMEs in manufacturing and services.
Base: All firms (data not shown for those who said don't know/refused to answer).
Question: Have you received in past three years public support (e.g. government grants, subsidies, subsidised finance from the public sector) to accelerate investments in order to ...

Paving the way to a net-zero economy in Europe

- The European Union could leverage its green leadership, as proposed in initiatives such as the European Green Deal or the Fit for 55.
- Enacting legislation would address uncertainties about the transition to a green economy, allowing firms and local governments to embed climate action into their decision-making.
- To promote climate action, governments need to push for more awareness and better green management practices, especially at small businesses.
- Increased disclosure of climate-related information could encourage investment compatible with a net-zero economy.
- Increased support for sectors and EU regions that are lagging on climate change could speed up the green transition.
- Leveraging the European Union's leadership on green innovation could help create the technologies needed for a net-zero economy.
- Mobilising private investment and coordinating climate change action with development plans could facilitate a just transition that leaves no one behind.



Chapter 6 of the *Investment Report 2021/2022: Recovery as a springboard for change* can be downloaded at:
https://www.eib.org/attachments/publications/economic_investment_report_2021_chapter06_en.pdf

