European Investment Bank
Climate Action
List of eligible sectors and eligibility criteria
REVISION HISTORY

<table>
<thead>
<tr>
<th>Revision No.</th>
<th>Issue Date</th>
<th>Amendment Description</th>
</tr>
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<tbody>
<tr>
<td>Version 1.0.</td>
<td>25 September 2015</td>
<td>First version included as Annex I of the EIB Climate Strategy (adopted by EIB Board of Directors 22nd September 2015)</td>
</tr>
<tr>
<td>Version 1.1</td>
<td>20 December 2017</td>
<td>Revised to bring definitions into line with the Multilateral Development Banks’ Joint Methodologies for tracking Climate Finance (2016)</td>
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</table>

Review of Climate Action Eligibility List

This Eligibility List will be regularly reviewed to take account of internal EIB developments such as our work on high impact investments which is part of the implementation of our 2015 Climate Strategy, and the joint work on climate finance tracking with other Multilateral Development Banks (MDBs), and members of the International Development Finance Club (IDFC), to align climate finance tracking with the goals of the Paris Agreement.
European Investment Bank Climate Action

List of eligible sectors and eligibility criteria

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General

The list below identifies the projects, or components of projects, that will be recorded by the Bank as contributing towards the EIB COP climate action indicator. The eligible part of the lending to those projects will be counted towards the achievement of a minimum of 25% of total lending for climate action. The list has been constructed to adhere to the following general principles:

1. **Credibility:** the recording system must maintain the credibility of the Bank’s reporting on climate action, and thus, in the case of doubt or uncertainty around climate impacts, the presumption will be to exclude;
2. **Clarity in driving operations:** to have maximum impact on Bank lending operations, it should be possible to identify whether a project will be recorded as a contribution to climate action as early as possible in the project cycle, preferably at the pre-appraisal stage;
3. **Granularity:** where possible and relevant, the Bank will seek to record only the components of climate action embedded within larger overall projects or programmes. This approach allows greater granularity and is in line with the harmonised MDB methodology.
4. **No double counting:** the cost of projects or components which lead to both mitigation and adaptation should be split between the two categories according to their relative contribution to those objectives or – in the case of doubt – 50%/50%.

Climate action in intermediated lending must be contractually earmarked for renewable energy and energy efficiency or other climate action sectors. The definitions below have been brought into line with the Multilateral Development Banks’ Joint Methodologies for tracking Climate Finance, as presented in the Joint Report on MDBs’ Climate Finance 2016, and the MDB/IDFC Common Principles for Climate Finance Tracking (2015).

Climate Action: Climate Change Mitigation Activities

<table>
<thead>
<tr>
<th>Climate Mitigation Finance Tracking: Common Principles Category</th>
<th>Sub-Categories and Eligible Activities*</th>
<th>Additional EIB Definition information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renewable Energy</strong></td>
<td>Electricity generation – Wind, geothermal(<em>), solar, biomass(</em>), biogas(<em>), ocean, hydropower(</em>), renewable energy power plant retrofits. (*) only with net GHG emissions savings demonstrated.</td>
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<td></td>
<td>Heat production or other renewable energy applications – solar, wind, geothermal(<em>) and bioenergy(</em>). (*) only with net GHG emissions savings demonstrated.</td>
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<td></td>
<td>Measures to facilitate integration of renewable energy into grids – transmission systems, storage systems, information and communication technology (ICT), smart-grid and mini-grid for renewable energy.</td>
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2. For categories requiring demonstration of a net greenhouse gas (GHG) reduction, this is calculated using the [EIB Methodologies for the Assessment of Project GHG Emissions and Emission Variations](http://www.eib.org/).
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<tr>
<td><strong>Lower Carbon and Efficient Energy Generation</strong></td>
<td>Retrofit of transmission lines, substations and/or distribution and distribution systems to reduce energy use or technical losses, increasing stability, only with net GHG emissions savings demonstrated (in case of capacity expansion, only the portion of the investment that is reducing existing losses is included).</td>
<td>These projects are categorised as energy efficiency (EE) projects in power generation, for which the EIB EE eligibility criteria apply. All energy efficiency projects that are economically justified on the basis of a classic cost-benefit analysis – i.e. the net present value of the cost of the project over its life is less than the net present value of the energy saved, including externalities. In cases where it is difficult to separate out the investments directly related to energy savings, the net present value of such savings should be at least equal to 50% of the net present value of the cost of the project over its life. The following also qualify as energy efficiency projects: highly efficient combined heat and power (CHP) plants that fulfil the energy efficiency requirements set out in Directive 2012/27/EU (excluding coal). EIB does not count as climate mitigation any cogeneration plant with coal in fuel mix to comply with EIB’s Climate Awareness Bonds (CAB) eligibility requirements, which exclude coal.</td>
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<td></td>
<td>Existing thermal power plant retrofit to fuel switch to less GHG intensive fuel (excluding replacement of coal by coal), conversion to cogeneration(<em>) or for energy efficiency (EE) improvement. (</em>) In all cogeneration projects, there is a requirement that EE is substantially higher than separate production of electricity and heat.</td>
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<td></td>
<td>Nuclear power plants and related infrastructure, excluding nuclear enrichment facilities.</td>
<td>Category not covered by Joint MDB Methodology for Climate Mitigation Finance Tracking.</td>
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<tr>
<td><strong>Energy Efficiency</strong></td>
<td>EE in Industry in existing facilities – industrial EE or resource efficiency improvements, installation of cogeneration plants(<em>) and more efficient facility replacement of a same capacity, older facility (old facility retired). (</em>) In all cogeneration projects, it is required that EE is substantially higher than separate production of electricity and heat.</td>
<td>The EIB EE eligibility criteria apply for all projects in these categories. All energy efficiency projects that are economically justified on the basis of a classic cost-benefit analysis – i.e. the net present value of the cost of the project over its life is less than the net present value of the energy saved, including externalities. In cases where it is difficult to separate out the</td>
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| **Energy Efficiency (cont’d)** | EE improvements in existing commercial, public and residential buildings – EE improvement in lighting, appliances and equipment, cogeneration (*). EE retrofit of existing buildings - architectural or building changes targeted at reduced energy consumption.  

(*) In all cogeneration projects, it is required that EE is substantially higher than separate production of electricity and heat.  

EE in utilities and public services through more efficient lighting or equipment, rehabilitation of district heating and cooling systems, utility heat loss reduction or increase in waste heat recovery, other utility EE and loss reduction, or resource efficiency.  

Vehicle fleet EE – existing vehicles, rail or boat fleet retrofit or replacement i.e. EE achieved through reduced fuel consumption or use of lower carbon fuels, electric or hydrogen technologies.  

EE in new commercial, public and residential buildings – use of highly efficient architectural designs, EE appliances and equipment, and building techniques that reduce building energy consumption exceeding available standards and complying with high EE certification or rating.  

For new buildings only - an envelope approach is taken rather than a component based approach.  

Energy audits. | investments directly related to energy savings, the net present value of such savings should be at least equal to 50% of the net present value of the cost of the project over its life.  

The following also qualify as energy efficiency projects: highly efficient combined heat and power (CHP) plants that fulfil the energy efficiency requirements set out in Directive 2012/27/EU (excluding coal).  

In addition, the following criteria apply: energy efficiency measures of building refurbishments achieving cost-optimal refurbishment levels defined by Directive 2010/31/EU and calculated following Regulation (EU) No 244/2012; and the construction of near-zero energy buildings in line with Art.9 (2) of Directive 2010/31/EU.  

EIB does not count as climate mitigation any cogeneration plant with coal in fuel mix to comply with EIB’s Climate Awareness Bonds (CAB) eligibility requirements, which exclude coal.  

For vehicle fleet EE, excludes fleets dedicated to transport of fossil fuels. |
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<tr>
<td>Agriculture, Forestry and Land use</td>
<td>Energy efficiency in traction, tillage, irrigation, and other agricultural processes.</td>
<td>The EIB EE eligibility criteria apply for all projects in this category. All energy efficiency projects that are economically justified on the basis of a classic cost-benefit analysis – i.e. the net present value of the cost of the project over its life is less than the net present value of the energy saved, including externalities. In cases where it is difficult to separate out the investments directly related to energy savings, the net present value of such savings should be at least equal to 50% of the net present value of the cost of the project over its life.</td>
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<td></td>
<td>Agricultural projects that improve existing carbon pools.</td>
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<td></td>
<td>Reduction of non-CO₂ GHG emissions from agricultural practices and technologies – e.g. in paddy rice production, reduced fertiliser use).</td>
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<td></td>
<td>Afforestation and agro-forestry on non-forested land, reforestation, biosphere conservation, and sustainable forestry management that increases carbon stocks or reduce the impact of forestry activities.</td>
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<td></td>
<td>Livestock projects that reduce methane or other GHG emissions.</td>
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<td></td>
<td>Production of biofuels only if net emissions reductions can be demonstrated.</td>
<td>Production in line with Directive 2009/28/EC, specifically Article 17 'Sustainability criteria for biofuels and bioliquids’ relating to GHG emissions and land use criteria.</td>
</tr>
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<tr>
<td><strong>Non-Energy GHG reductions</strong></td>
<td>Reduction of fugitive emissions in the oil and gas industry.</td>
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<td></td>
<td>Coal mine methane capture.</td>
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<td></td>
<td>Air-conditioning and refrigeration retrofit to switch to cooling agent with lower global warming potential.</td>
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<tr>
<td></td>
<td>Reduction in GHG emissions from industrial process improvements (e.g., cement, chemicals), excluding CCS.</td>
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<tr>
<td><strong>Waste &amp; Waste water</strong></td>
<td>Portion of treatment of wastewater that reduces methane emissions (only if net GHG emission reductions can be demonstrated and if not a compliance requirement to meet, for example, a performance standard or safeguard requirement).</td>
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<tr>
<td></td>
<td>Portion of waste management projects which capture or combust methane emissions.</td>
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<tr>
<td></td>
<td>Waste to Energy projects.</td>
<td>Non-biodegradable matter excluded (e.g. plastics and tyres).</td>
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<td></td>
<td>Waste collection, recycling and management projects that recover and re-use materials and waste as inputs into new products or as a resource. Only if net GHG emissions are demonstrated.</td>
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<tr>
<td><strong>Transport</strong></td>
<td>Urban mass transit, bicycle and pedestrian transport.</td>
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<td></td>
<td>Transport oriented urban development including integration of transport and urban development planning leading to a reduction in use of passenger cars.</td>
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<td></td>
<td>Transport demand management measures dedicated to reduce GHG and other emissions, excluding general traffic management.</td>
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<tr>
<td>Transport (cont’d)</td>
<td>Inter-urban transport – rail or waterways transport ensuring a modal shift of freight and/or passengers from road or air, to rail or waterways. Waterways taken to include inland waterways and short sea shipping, excluding international shipping.</td>
<td>Excluding dedicated transport of fossil fuels.</td>
</tr>
<tr>
<td>Low-carbon technologies</td>
<td>Projects producing components, equipment or infrastructure for the renewable energy or EE technologies, or low carbon technologies.</td>
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<tr>
<td></td>
<td>Research and development for the renewable energy or EE technologies, or low carbon technologies.</td>
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<tr>
<td>Cross cutting issues</td>
<td>Support to national, regional or local policy through technical assistance or policy lending – climate change mitigation, renewable energy and EE, policies, planning, action plans; systems for GHG monitoring; efficient pricing of fuels and electricity; education capacity building; other policies and regulatory activities.</td>
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<tr>
<td></td>
<td>Financing instruments – carbon markets and finance.</td>
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<tr>
<td>Miscellaneous</td>
<td>Any other activity if agreed by Joint Multilateral Development Bank (MDB) Climate Finance tracking working group may be added to the joint activity list of mitigation when the results of ex-ante GHG accounting undertaken according to commonly agreed methodologies show emissions reductions that are higher than a commonly agreed threshold and consistent with a pathway towards low carbon development.</td>
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</tbody>
</table>
Climate Action: Climate Change Adaptation Activities

Climate change adaptation finance tracking - general provisions:

- Adaptation finance tracking follows a location-specific, case specific and process-based approach.
- Granularity: the specific costs of relevant components, sub-components, elements that contribute to increasing climate resilience are counted, rather than the cost of the entire project of which they are part.
- When a project has another main objective, adaptation finance is estimated based on the incremental costs related to climate change adaptation.

Project activities which fulfil the following three design process criteria. They:

- set out a context of climate vulnerability (climate data, exposure and sensitivity), considering both the impacts from climate change as well as climate variability-related risks;
- include a statement of purpose or intent to address or improve climate resilience to differentiate between adaptation to current and future climate change and normal good practice; and,
- must be linked to the context of climate vulnerability (e.g. socio-economic conditions and location) and contribute directly to climate resilience.

These three steps are explained in more detail, together with further information on the eligibility for Climate Change Adaptation activities, in the Joint MDB Methodology for Tracking Climate Adaptation Finance, as described in Annex B of the Joint Report on MDBs' Climate Finance 2016.