

TCFD Report 2023

In accordance with the recommendations
of the Task Force on Climate-related
Financial Disclosures (TCFD)



European
Investment Bank | Group

TCFD Report 2023

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EIB Group 2023 TCFD Report

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In nature, no organism exists without some relation to another one. Oxpeckers nourish themselves on the parasites they clean from the fur of a giraffe. A clownfish shelters among the tentacles of an anemone, while fertilising it with its waste. Plovers clean the teeth of the Nile crocodile and, in doing so, feed themselves. The covers of our reports highlight these symbiotic, natural relationships this year, because they mirror the different levels on which each European Investment Bank project operates. When we finance infrastructure or innovation, we seek also to ensure that the project bolsters climate action or environmental sustainability. By investing in startups or green energy, our public finance encourages private investment that might otherwise have been withheld. In a world where humanity seems so often to be at odds with itself, we hope these images of natural collaboration will inspire readers to cross boundaries and build new partnerships.

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2023 in brief

As the European Union's climate bank, the European Investment Bank (EIB) Group is a global leader in climate finance and one of the world's largest multilateral issuers of green and sustainability bonds. The Group's commitment to integrating climate considerations in all relevant aspects of its decision-making, governance, strategy and risk management underlines its position as a frontrunner in sustainable finance and climate action.

The EIB Group at COP28

- The EIB launched several new climate-related initiatives at COP28. This included a pioneering approach to support just transition and just resilience projects worldwide, such as EIB Global's investment in the capital city of Mauritania through the Urban Resilience Fund.
- Building on the announcements at previous COPs, the EIB Group signed two [Breakthrough Energy Catalyst](#) projects with Bill Gates and Ursula von der Leyen to accelerate the adoption of green technologies worldwide. It also signed a statement of intent to [formally join the Mission Innovation](#), a global initiative of 23 countries and the European Commission to catalyse clean energy solutions for all.
- Through the announcement of the [Global Green Bond Initiative](#) and the addition of the African Development Bank to that initiative, the EIB demonstrated that it is a key partner of the European Commission in mobilising finance to achieve the objectives of the European Green Deal and in strengthening EU climate diplomacy around the world through the Global Gateway.
- The EIB endorsed a [joint statement](#) of several multilateral development banks (MDBs), one element of which will be working better together as a system through country climate and development platforms. One concrete example of such a platform is the Just Energy Transition Investment Platform in North Macedonia, also supported by the EIB.
- The EIB also played a key role in the launch of the joint [MDB long-term strategy programme](#) that will be hosted by the Climate Support Facility at the World Bank.
- As co-chairs of the MDB working group on nature, the EIB presented the [Common Principles for Tracking Nature-Positive Finance](#). This was one of the key deliverables of the joint MDB statement on nature, people and planet, which was announced at COP26.

Approved in November 2020, the updated EIB Climate Strategy and the EIB Group Climate Bank Roadmap 2021-2025 detail the Group's approach to accelerating the transition to a low-carbon, climate-resilient and environmentally sustainable economy, while supporting a just transition for all. As part of this ambition, the Bank committed to gradually increasing its annual financing for climate action and environmental sustainability to over 50% by 2025, and the EIB Group committed to supporting €1 trillion of investment in climate action and environmental sustainability from 2021 to 2030.

Additionally, the EIB Group committed to aligning all its new operations with the goals and principles of the Paris Agreement by the start of 2020. Furthermore, in the EIB Adaptation Plan published in October 2021, the EIB also committed to growing the share of its climate action for adaptation to 15% of its overall climate finance by 2025, thereby tripling the share of climate action for adaptation.

Since 2021, the Group has made significant progress in the delivery of these objectives, as well as on other actions under the Climate Bank Roadmap.

- Since the start of 2021, all new EIB Group operations have been aligned with the principles and goals of the Paris Agreement, in line with the EIB Group Paris-alignment framework. Non-Paris-aligned projects for which appraisal had been initiated before 2021 had to be approved by the end of 2022 or were deemed no longer eligible for EIB Group financing.
- Since the start of 2022, the EIB Group has implemented its new Paris alignment for counterparties (PATH) framework. PATH aims to engage with, rather than limit support for, counterparties that are either already aligned with or are willing to align with the goals of the Paris Agreement. It particularly targets corporates in high-emitting sectors, those operating in a context of high climate vulnerability, and major financial intermediaries.
- In 2023, the EIB provided around €44.3 billion for climate action and environmental sustainability finance, representing 60% of its overall financing. This makes 2023 the third consecutive year in which the Bank has delivered results that outpace its commitment to exceeding 50% climate and sustainability financing by 2025. The European Investment Fund (EIF) delivered over €5 billion in climate action and environmental sustainability financing, constituting more than 34% of its committed funds. This support was channelled through intermediary networks offering venture capital, private equity, infrastructure funding, green securitisation and risk-sharing portfolio guarantees to various end beneficiaries.
- At €2.7 billion in 2023, EIB finance for climate adaptation made up 6.4% of its total climate action finance. Due to increasing climate action volumes for mitigation, in part driven by the EIB's ongoing support for REPowerEU, the adaptation target may prove more difficult than anticipated to reach over time. Despite the challenging environment, in which adaptation investments often do not generate sufficient revenue, the 2023 volumes nevertheless represent a 38% increase over 2022. Still, work remains to be done to achieve the 15% target by 2025.
- The cumulative level of climate action and environmental sustainability investment supported by the EIB Group between 2021 and 2023 reached €354 billion, putting the EIB Group on track to meet the €1 trillion target over the period 2021-2030.
- The EIB has consistently integrated climate considerations into investment decisions since 2015, resulting in its climate risk exposure being generally low to medium across most invested sectors, covering both physical and transition risks.

The EIB Group continues to support the Task Force on Climate-related Financial Disclosures as a leading framework to disclose climate-related information to end investors. It also supports TCFD reporting under the PATH framework, which requires screened-in financial intermediaries to disclose information in line with the TCFD recommendations. Further details can be found in the risk management pillar (pillar 3) of this report as well as in the [EIB Group PATH framework](#).

This is the fourth TCFD report published by the Group, presenting our current activities and future commitments in the climate field. This report follows the TCFD's four-pillar structure and a table provides mapping of specific disclosure recommendations.

This report should be read in conjunction with the [EIB Group 2023 Sustainability Report](#), which details the EIB Group's broader approach to sustainability, including and beyond climate considerations, the [EIB Group 2023 Climate Bank Roadmap Report](#), which looks at its annual progress in delivery of the EIB Group Climate Bank Roadmap, and the [Climate Bank Roadmap mid-term review](#), which shows that the Group has met its commitment to align new operations with the Paris Agreement, with green financing exceeding 50% ahead of schedule and a clear trajectory to support €1 trillion of green investment by 2030.

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TCFD Recommended disclosures map

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GOVERNANCE

Addressing the climate crisis is one of the key cross-cutting objectives of the EIB Group. It is therefore embedded in all aspects of its governance. To avoid duplicating information,¹ this report focuses on the most relevant features of the EIB Group's climate governance.

After explaining how the EIB Group has integrated climate-related risks and opportunities in its governance at a general level, this section will look at the key bodies that govern it at board and management levels.

The structure of the EIB Group

Established in 1958, the EIB Group is a policy-driven financial institution owned by the European Union's 27 Member States. Each Member State's share in the Bank's capital is based on its economic weight within the European Union (expressed in gross domestic product) at the time of its accession.

The EIB Group consists of the European Investment Bank (EIB) and the European Investment Fund (EIF). The EIF has a shareholding structure that combines public and private investors. As of 31 December 2023, and on the basis of the fully subscribed authorised capital of 7 370 shares, the shareholding breakdown is as follows:

- The European Investment Bank (59.8%)
- The European Union, represented by the European Commission (29.7%)
- Financial institutions from European Union Member States, the United Kingdom and Türkiye (10.5%)

A. Governing climate-related risks and opportunities

As the European Union's climate bank, the EIB Group considers climate action to be one of its key priorities. This is demonstrated by its commitment to align all its new financing activities with the principles and goals of the Paris Agreement and its increased ambitions for climate action and environmental sustainability, operationalised by the Group's Climate Bank Roadmap and its mid-term review.

To deliver on its ambitions, the Group has embedded the identification and management of climate-related risks and opportunities into its governance and organisational structure (Figure 1).

¹ For a detailed presentation of the EIB Group's governance, please refer to the EIB Group Corporate Governance Report 2023.

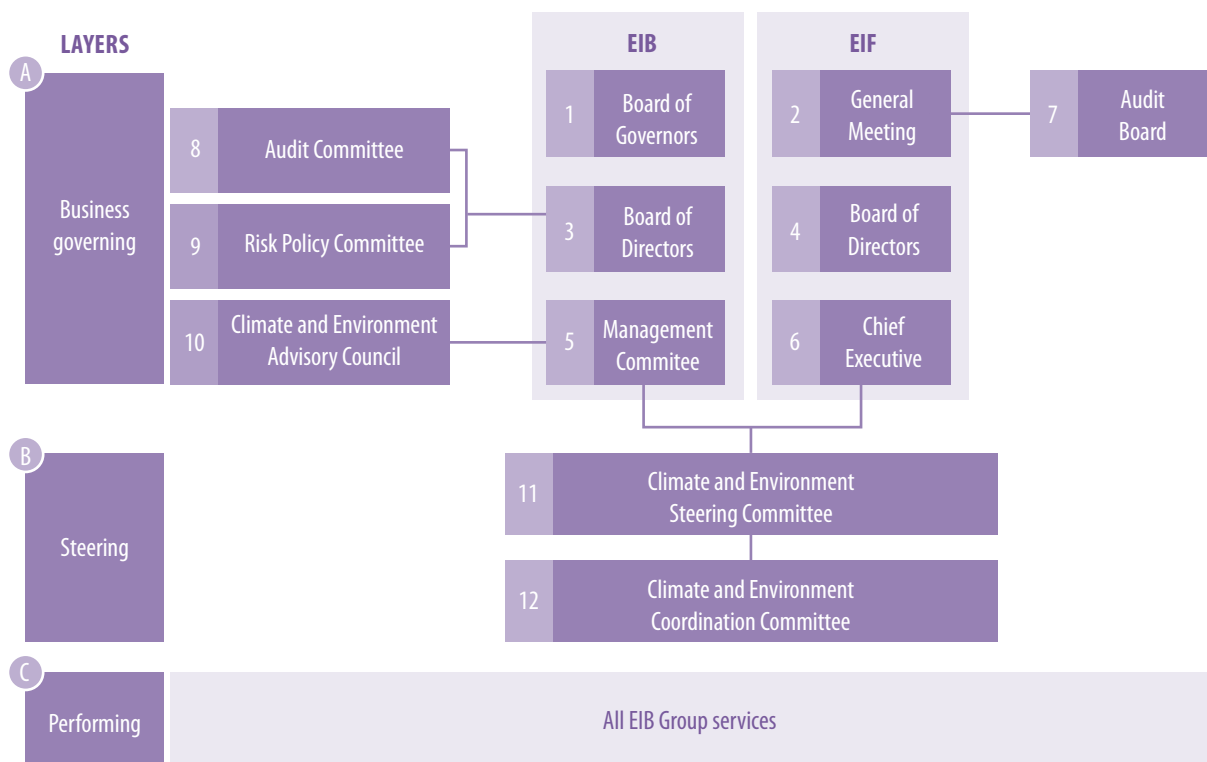


Figure 1: EIB Group governance of climate-related risks and opportunities.

The Group's internal governance structure has three layers.

- The “Business governing” layer oversees the Group’s vision and strategy in relation to climate, sets priorities among other large-scale initiatives and ensures that the necessary resources to deliver are in place.
- The “Steering” layer provides general direction and guidance, ensuring that the Group’s Climate Bank Roadmap remains focused on its objectives.
- The “Performing” layer is responsible for organising and executing the Climate Bank Roadmap’s implementation. It includes representatives from all relevant EIB Group services responsible for the delivery of the activities related to the roadmap.

B. Climate-related responsibilities at governing level

EIB governing bodies

1 Board of Governors

The [Board of Governors](#) is the EIB's highest governing body. It meets annually and is made up of ministers (usually finance ministers) designated by each EU Member State, the Bank's shareholders. The board lays down general directives for the EIB's credit policy in accordance with EU objectives, approves the annual accounts and balance sheet, decides on the Bank's participation in financing operations outside the European Union, and approves capital increases. It also appoints the members of the Board of Directors, the Management Committee and the Audit Committee.

3 Board of Directors

The EIB's [Board of Directors](#) is a non-resident board consisting of 28 directors and 31 alternate directors. One director is appointed by each Member State and another by the European Commission. The board meets not less than six times a year and is charged with ensuring that the Bank is properly run and managed in accordance with the provisions of the EU treaties, the EIB Statute and the general directives laid down by the Board of Governors. The Board of Directors is responsible for approving the operational plan, financial transactions (including operations supporting climate action and environmental sustainability objectives), and climate-related policies and strategic documents.²

5 Management Committee

The [Management Committee](#) is the Bank's permanent collegiate executive body. It meets weekly and consists of a president and eight vice-presidents appointed for a period of six years by the Board of Governors. The Management Committee is responsible for the current business of the Bank, under the authority of the President and the supervision of the Board of Directors.

In this capacity, it oversees the day-to-day running of the EIB, preparing decisions for directors and ensuring their implementation.

Members of the Management Committee are allocated different areas of oversight, including economic, environmental and social topics. A full list of these topics is available on the EIB website under each committee member. Vice-President Ambroise Fayolle's areas of oversight include the financing of the environment, climate action and the circular economy.

8 The Audit Committee

The [Audit Committee](#) is an independent body that reports directly to the Board of Governors. It consists of six members, appointed by the Board of Governors for a non-renewable term of office of six consecutive financial years. The Audit Committee checks that the Bank's activities are conducted in compliance with the formalities and procedures laid down by its Statute and Rules of Procedure, in particular with regard to risk management and monitoring, including climate risk. The Audit Committee is responsible for auditing the Bank's accounts and verifies the degree to which the Bank conforms to best [banking practice](#).

² By way of example, the Board of Directors approved the Bank's new energy lending policy in 2019 and the EIB Group's Climate Bank Roadmap in 2020.

9 Risk Policy Committee

A [Risk Policy Committee](#) made up of ten members of the Board of Directors facilitates the decision-making process by advising the board on the Group's risk appetite, tolerance and strategy. It does so by providing non-binding opinions and/or recommendations to the Board of Directors on whether the policies related to the identification, assessment and management of risks, including climate risk, are appropriate to the Bank's risk appetite. More specifically, it provides advice on the following high-level risk policy documents, upon proposal from the Bank:

- Group risk management charter
- Group capital sustainability policy
- Group risk appetite framework
- Group internal capital adequacy assessment process
- Group internal liquidity adequacy assessment process
- Group contingency funding plan
- Group recovery plan
- Group stress testing framework.

The Risk Policy Committee is regularly informed about the tools and processes that are being developed by the Group to incorporate climate risk into its frameworks, with a particular focus on stress testing, the risk appetite framework and the internal capital adequacy assessment process.

10 EIB Group Climate and Environment Advisory Council

The role of the [EIB Group Climate and Environment Advisory Council \(CEAC\)](#) is to bring external high-level expertise and strategic insight to the implementation of the Climate Bank Roadmap and the EIB Group's climate and environmental policy framework, in general, on a consultative basis.

The Climate and Environment Advisory Council is composed of ten members. It forms a balanced group of high-level experts and recognised leaders from European and international institutions, civil society organisations, academia and research, think tanks and the private sector. They provide a broad spectrum of skills and expertise to the EIB Group.

The CEAC meetings are convened by the Chair and the EIB Vice-President overseeing climate action and environmental sustainability. The CEAC holds, in principle, two meetings a year (the first time was in September 2021). It is currently chaired by the President of the European Central Bank, Christine Lagarde.

The CEAC met twice in 2023, on 24 April and 16 October. The topics discussed were broad in nature and included how to scale up climate finance for emerging economies and how to support small and medium-sized enterprises (SMEs) in greening their activities, especially at a time of tight budgets and high energy costs. A meeting was also held to focus on how the EIB Group can catalyse more private capital towards its policy goals, and consider how its Climate Bank Roadmap could develop for the post-2025 period.

EIF governing bodies

2 General Meeting

The [General Meeting](#) decides on proposals entailing greater strategic implications, including a change in the EIF's tasks and activities, an increase in the EIF's authorised capital, and the appropriation and distribution of net income.

It is also in charge of approving the EIF's annual report, balance sheet and profit and loss account.

It consists of one representative of the EIB, namely its President or a Vice-President, or another duly authorised

individual, one member of the European Commission representing the European Union, and a representative from each financial institution that is a shareholder of the EIF.

4 Board of Directors

The [EIF Board of Directors](#) consists of seven members and seven alternates, designated by the shareholders of the Fund and appointed by the General Meeting. It decides on the proposals submitted by the Chief Executive, determines the objectives and limits of the EIF's operations and approves and submits the annual report and annual accounts to the General Meeting. Furthermore, the Board of Directors approves the EIF's annual corporate operational plan and the thematic policy objectives' key performance indicator and targets, including those pertaining to climate action and environmental sustainability. Certain operations fulfilling specific criteria may be approved by the Chief Executive acting under a delegation from the Board of Directors.

6 Chief Executive

The [Chief Executive](#) is nominated by the shareholder with the largest number of shares (the EIB) and appointed by the Board of Directors. A new Chief Executive assumed the role as of 1 January 2023, and is responsible for the day-to-day management of the EIF and, within the policies and guidelines adopted by the Board of Directors, for deciding on the transactions, mandates, policies and strategic proposals presented to the board for approval. The Chief Executive also submits the EIF's operational plan, entailing operational, strategic and budgetary implications, to the board for approval.

7 Audit Board

The [Audit Board](#) is an independent body that reports directly to the General Meeting. Its role is to confirm that EIF operations have been carried out in accordance with the procedures laid down in the EIF Statutes and Rules of Procedure. The Audit Board has the statutory responsibility of auditing the accounts of the Fund and of verifying that the activities of the Fund are based on sound banking principles or other sound commercial principles and practices as may be applicable.

C. Climate-related responsibilities at steering levels

11 Climate and Environment Steering Committee

The Climate and Environment Steering Committee oversees the implementation of the Climate Bank Roadmap. It is made up of the Bank's Directors General and the EIF's Chief Executive and Deputy Chief Executive and is chaired by a member of the Management Committee, Vice-President Ambroise Fayolle. The committee meets once or twice a year, as required.

12 Climate and Environment Coordination Committee

The Climate and Environment Coordination Committee brings together all relevant departments across the EIB Group to ensure the coordination of various climate and environment-related work streams and to promote knowledge sharing. The committee meets on a weekly basis to discuss key topics.

D. Climate-related responsibilities at performing levels

In line with its climate bank commitments, including the alignment of all new EIB Group financing activities with the principles and goals of the Paris Agreement from 2021, climate change mitigation and adaptation considerations are considered across Group activities at performing level.

Within the **EIB**, different departments and committees are responsible for climate-related activities:

EIB DIRECTORATES AND THEIR ROLES		
<p>Operations and EIB Global</p> <p>Responsible for the origination and structuring of investments (including climate-related business), as well as financial advisory assignments.</p> <p>Performs the PATH assessment together with the Project Directorate.</p> <p>Climate Office: Operational and business development-related support for frontline colleagues.</p>	<p>Secretariat general</p> <p>Group Strategy: Facilitates strategy alignment to scale up climate action financing with global partners and in high-level international forums.</p> <p>Climate Bank Roadmap Project Management Office: Supports planning, monitoring, reporting and knowledge sharing related to the Climate Bank Roadmap.</p> <p>Corporate Responsibility Department: Sustainability-related reporting. Stakeholder engagement.</p>	<p>Projects</p> <p>Technical due diligence (environmental and social standards; climate action and environmental sustainability target; PATH Framework). Performs the PATH assessment together with the Operations directorate.</p> <p>Environmental, Climate and Social Office: Develops climate, environmental and social policies and procedures. Quality assurance of climate-related statements and helping shape the approach to sustainability-related reporting.</p>
<p>Risk management</p> <p>Develops and manages tools and processes to integrate climate risks into the Group's risk management framework and policies.</p>	<p>Finance</p> <p>Sustainability Finance Team: Develops and Manages Climate Awareness Bonds and Sustainability Awareness Bonds.</p>	<p>Portfolio management and monitoring</p> <p>Responsible for the financial monitoring of operations after contract signature, counterpart administration, and the restructuring, refinancing and repackaging of operations.</p>

Figure 2: EIB Group directorates and their roles.

At the **EIF**, the main departments involved in climate-related activities are as follows:

EIF DIRECTORATES AND THEIR ROLES		
<p>Climate and sustainability centre of expertise</p> <p>Leads the overall coordination of the Climate Bank Roadmap, including oversight of the climate action and environmental sustainability and Paris alignment implementation and criteria within EIF operations.</p> <p>Represents the EIF in the Platform on Sustainable Finance.</p>		
<p>Mandate management</p> <p>Sources new climate action and environmental sustainability-focused mandates and develops advisory tools in cooperation with EIB Advisory.</p>	<p>Equity investments and guarantees</p> <p>Leads the deployment of climate action and environmental sustainability-focused mandates and business development, due diligence, and the ESG assessment of financial institutions and potential climate action and environmental sustainability targets.</p>	<p>Operations and information management</p> <p>Leads portfolio inclusions, and the monitoring and reporting of climate action and environmental sustainability finance.</p>
<p>Risk management</p> <p>Leads the climate risk implementation.</p> <p>Acts as second line of defence for public policy goals and climate action and environmental sustainability target setting in equity investments.</p> <p>Coordinates the EIB Group Sustainability Report and Assurance on Agreed Procedures on non-financial disclosures.</p>	<p>Strategic planning and analysis</p> <p>Leads the annual EIF climate action and environmental sustainability target report and supports finance reporting and operational planning for financial and non-financial targets.</p>	

Figure 3: EIF directorates and their roles.

STRATEGY

The EIB Group is the lending arm of the European Union. In accordance with Article 309 of the Treaty of the Functioning of the European Union (TFEU), its task is to “contribute, by having recourse to the capital market and utilising its own resources, to the balanced and steady development of the internal market in the interest of the Union.”

The EIB Group does so by providing finance and expertise for economically, technically, financially and environmentally sound investment projects and operations that contribute to EU policy objectives and priorities. In practice, approximately 90% of the EIB Group’s investments are within the European Union and 10% are in the rest of the world.

The EIB Group differs considerably from commercial banks in that its activity is driven by public policy objectives. It is a not-for-profit financial institution that applies sound managerial practices as required by its triple-A credit rating status. As such, it does not have a specific target for return on equity, but rather aims to generate income that enables it to meet its obligations, cover its expenses and risks, and build up a reserve fund.

This means that for the EIB Group, the climate-related opportunities shaping the institution’s strategy are not profit maximising climate-related opportunities, but are financially viable activities that contribute to climate mitigation and adaptation policy objectives.

Therefore, when describing the materiality exercise that leads to the definition of the climate-related characteristics of the Group’s strategic approach, it is first necessary to understand its commitment to sustainable development, and more specifically to the climate-related public policy goal that guides its action and processes.

A. Climate change as a policy priority

As illustrated in the [special report on global warming of 1.5°C](#) and subsequent assessment reports by the [Intergovernmental Panel on Climate Change](#), the 2020s is the critical decade to meet the long-term temperature and climate resilience goals of the Paris Agreement and to address the environmental crisis. The first [Global Stocktake](#), concluded at COP28 in 2023, highlighted the need for further global ambition in reducing greenhouse gas emissions and building resilience, in order to limit global warming to safe levels.

Through the [European Green Deal](#), the European Union has become the first continent to endorse no net emissions of greenhouse gases by 2050 and has committed to building alliances with partner countries and regions worldwide. The Green Deal comprises a comprehensive package of policies designed to avert the dual threat that climate change and environmental degradation pose to Europe and the world.

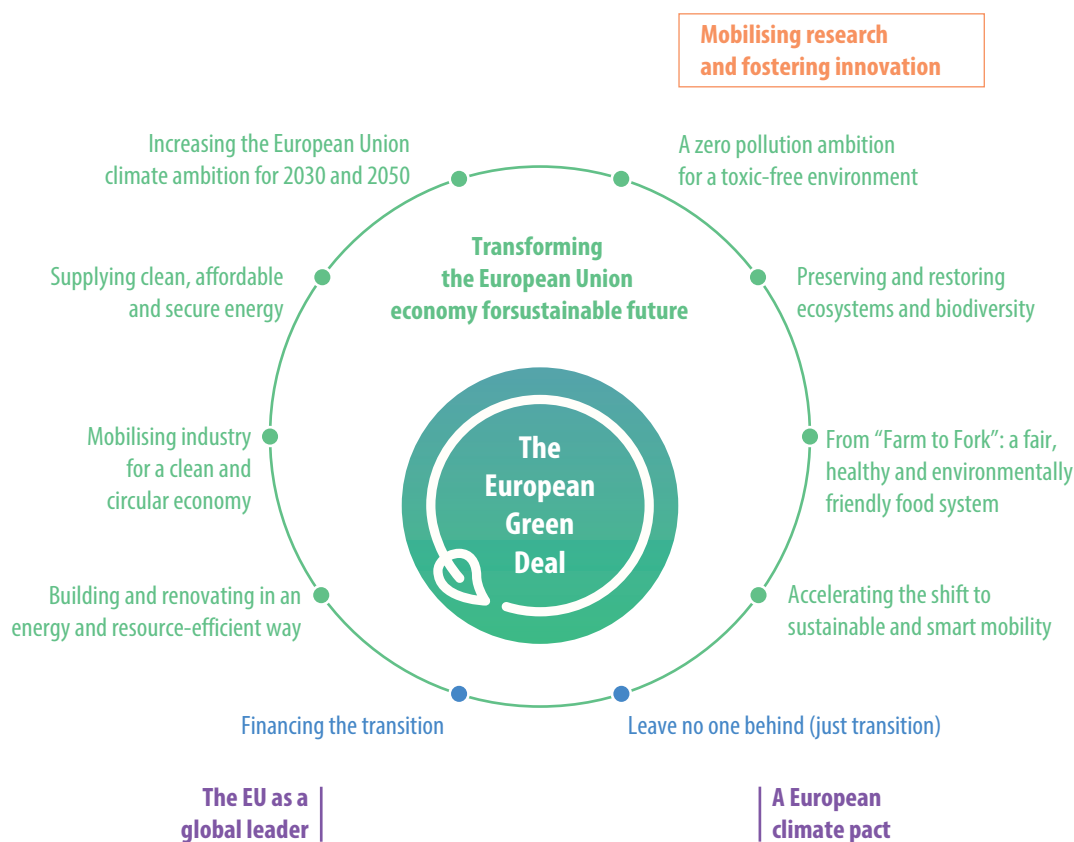


Figure 4: The European Green Deal.

As the climate bank of the European Union, the EIB Group leverages its position as one of the largest financiers of climate action to support investments in the main focus areas of the European Green Deal, as shown in Figure 4. These focus areas have adapted over time in response to economic shocks caused by the COVID-19 crisis and Russia’s invasion of Ukraine.

The Group recognises that we face a truly global development challenge. Climate change and environmental degradation result in adverse impacts undermining the ability of all countries to achieve sustainable development. Developing countries, particularly least developed countries and small island developing states, are among those most adversely affected and least able to cope with the current and anticipated shocks to their social, economic and natural systems.

These challenges require internationally coordinated solutions to help developing countries move towards low greenhouse gas emissions and climate-resilient and sustainable economies. Meeting the United Nations Sustainable Development Goals also requires sustained long-term investment to reduce physical capital stock emissions and ensure resilience to a changing climate, to preserve and enhance natural capital, and to train and reskill people to participate in the new green economy.

It is against this policy backdrop that the Group’s strategic approach to climate action should be understood.

Based on the European Union’s policy priorities defined in the [2021-2027 Multiannual Financial Framework](#), the Group’s increased ambitions as the EU climate bank and its ongoing contribution to the United Nations Sustainable Development Goals, both the EIB and the EIF have developed coherent public policy goal frameworks (Figure 5). These frameworks encapsulate the Group’s core priorities and ensure that its activities support EU and related global objectives.

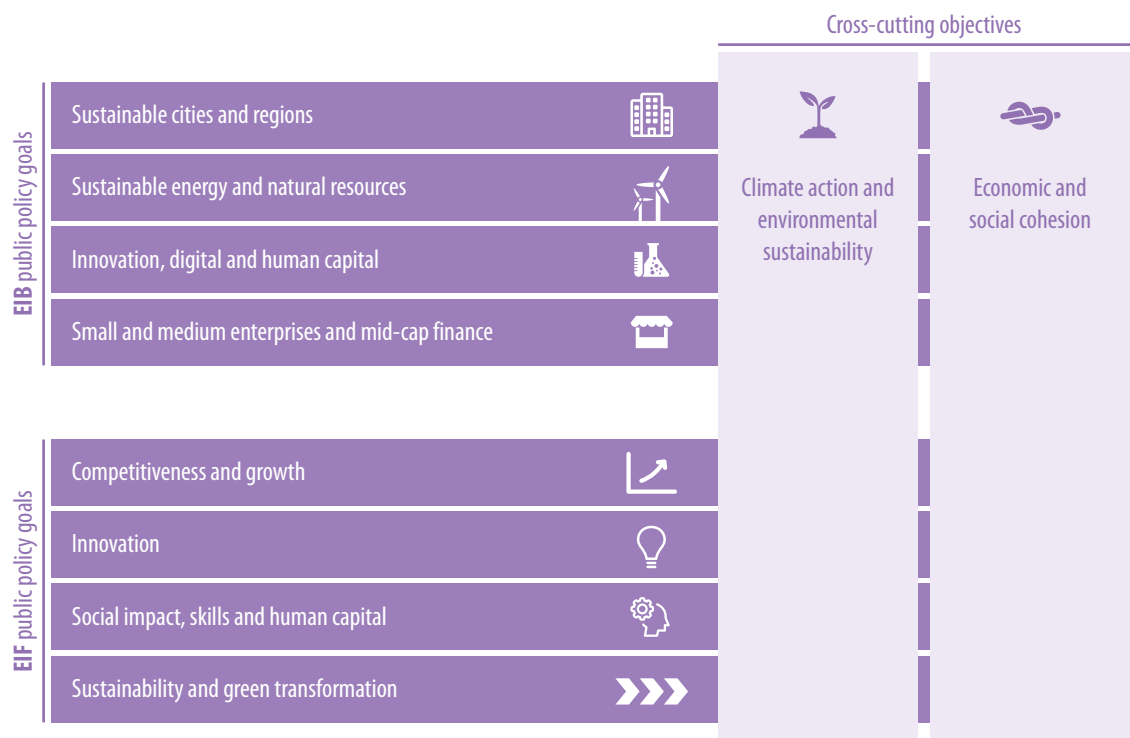


Figure 5: EIB Group public policy goals and cross-cutting objectives.

Climate action and environmental sustainability are grouped together in a single cross-cutting objective. The Group recognises their interrelation through the compounding risks posed by both climate change and environmental degradation. It is also a mutually reinforcing response opportunity, given the joint benefits of climate action and environmental sustainability.

B. The EIB Group’s strategic approach to climate action

The EIB Group recognised climate change risks and opportunities early on and developed a leading position among international finance institutions in the field of climate action.

In 2007, the EIB pioneered the green bond market by issuing the first green bond: [Climate Awareness Bonds](#), allocated exclusively to climate change mitigating activities in line with the European Union’s evolving legislation on sustainable finance.

Since then, the Group’s approach to climate action has evolved over time and has progressively been embedded into all its activities within and beyond the European Union.

In line with the political ambition behind the European Green Deal, the EIB and EIF Boards of Directors decided in 2019 and 2020, respectively, to raise the Group’s climate action and environmental sustainability objectives. This had far-reaching implications for the Group, effectively transforming it from “an EU bank supporting climate” into “the EU climate bank.”

Becoming the EU climate bank

The EIB Group has long been designing policies to fight climate change, including its [energy lending policy](#). In 2019, it announced new climate and environment commitments and revised its energy lending policy to phase out support for projects that rely on unabated fossil fuels. In 2020, the EIB Group completed the review of its [Climate Strategy](#) and developed the [EIB Group Climate Bank Roadmap 2021-2025](#) to put its new climate and environmental goals into action.

These two processes benefited from the input of external stakeholders,³ taking into account the ratified Paris Agreement, the latest developments in EU and international climate policy, and the latest scientific evidence on climate change. The roadmap was assessed again during the 2023 mid-term review, making relevant adjustments for the remainder of its implementation period.

The revised **EIB Climate Strategy** is now guiding the Bank's medium to long-term climate actions, focusing on three strategic areas:

- Reinforcing the impact of EIB climate financing
- Building resilience to climate change
- Further integrating climate change considerations across all the Bank's standards, methods and processes.

Approved in 2020, the **EIB Group's Climate Bank Roadmap** is based on the EIB's revised Climate Strategy and outlines the Group's response to the worsening climate situation.

Multilateral development banks (MDBs) have worked closely to develop a common approach to aligning their activities with the goals of the Paris Agreement. The Climate Bank Roadmap was built on this MDB framework, and while the two initiatives have been further developed in recent years, they continue to reinforce one another.

The Climate Bank Roadmap is firmly built on this framework, covering all six building blocks,⁴ and provides a first, comprehensive example of its application. However, the EIB Group's approach must be commensurate with its role as the EU climate bank and in line with EU policy, including relevant elements of the EU taxonomy. In some cases, this requires going a step further than the multilateral development banks' common approach.⁵

In June 2023, the multilateral development banks released the joint MDB methodological principles for the assessment of Paris Agreement alignment, providing a common technical approach for a range of financial instruments and financing types, such as direct investment lending, intermediated financing, general corporate purpose financing and policy-based lending. This represents progress, as the joint methodology creates a common baseline for multilateral development banks to align new operations with the Paris Agreement and enhance climate change resilience (blocks one and two of the MDB Paris alignment framework).

³ For more information, please refer to the [EIB stakeholder engagement hub](#), Climate Bank Roadmap outreach section.

⁴ For a mapping of the six building blocks with the workstreams of the Climate Bank Roadmap, please see Table 1.1 in Chapter 1 of the [EIB Group Climate Bank Roadmap](#).

⁵ As stated in the 2018 joint declaration on the MDB framework, the building blocks serve as the basis for a joint MDB approach towards alignment with the objectives of the Paris Agreement, while fully acknowledging each multilateral development bank's mandate, capability and operational model. Accordingly, different implementation methods and schedules are possible within robust common principles, frameworks, criteria and timelines.

The MDB Paris alignment framework

The MDB Paris alignment framework is based on six building blocks (see Figure 6) around which specific strategies for alignment can be developed.⁶ This holistic framework goes beyond new financing commitments to address all aspects of multilateral development banks' operations, mindful of their role in setting standards and good practices.

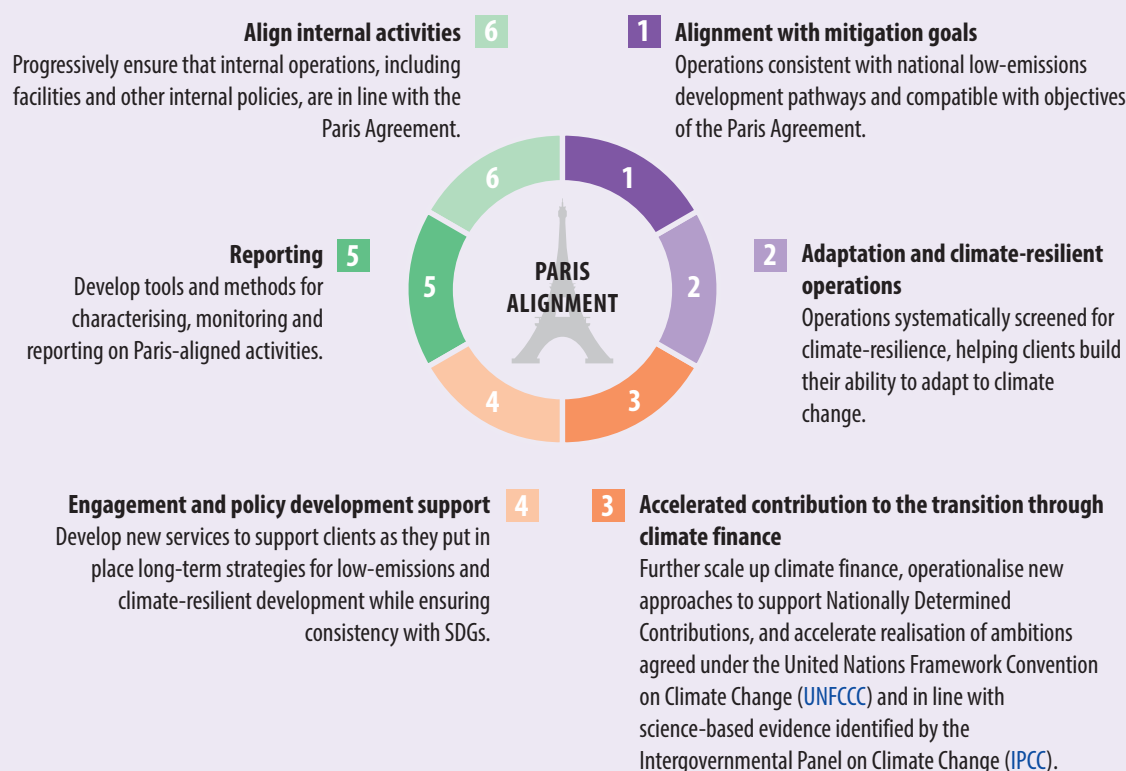


Figure 6: The MDB Paris alignment framework.

The operational plan provided by the Climate Bank Roadmap is structured around four key workstreams:

- **Accelerate the transition to a low-carbon, climate-resilient and environmentally sustainable economy** by investing and mobilising significant volumes of green finance in line with the goals of the Paris Agreement to support the achievement of the following targets:
 - › Gradually increase the share of the EIB's annual financing for climate action and environmental sustainability to at least 50% by 2025 and beyond.
 - › Support €1 trillion of investment in climate action and environmental sustainability between 2021 and 2030 at the Group level.
- **Ensure a just transition for all**, so that no people or places are left behind in the transition.
- **Align all new Group operations** with the principles and goals of the Paris Agreement from 2021.
- **Build strategic coherence and accountability** ensuring a coherent EIB Group approach across its policy framework; its transparency, accountability and quality assurance processes; and related institutional support.

⁶ For more details on this, please see the multilateral development banks' declaration on their [joint framework for aligning their activities with the goals of the Paris Agreement](#).

The Group's climate bank commitments are operationalised through the revised Climate Strategy and the Climate Bank Roadmap, following its mid-term review, and ultimately provide the basis for the business development targets presented in the [EIB Group Operational Plan 2023-2025](#) and the [EIF Operational Plan 2023-2025](#).

The first [EIB Climate Adaptation Plan](#), published in October 2021, builds on the Group approach to climate adaptation and resilience outlined in the Climate Bank Roadmap and establishes the additional target of growing the share of the EIB's climate action for adaptation to 15% of its overall climate finance by 2025. The plan also aims to increase the Bank's support for vulnerable countries and communities, and provides more access to advisory services and technical assistance to build greater resilience capacity in both the public and private sectors. Through this initiative, the EIB endorses the EU Adaptation Strategy for smarter, faster and more systemic adaptation within and beyond the European Union.

Recognising the importance of engaging with promoters for infrastructure investments early on as a lever to building project promoters' capacity to deliver adaptation projects, the [Climate Adaptation Investment Advisory Platform \(ADAPT\)](#) was launched in 2022. A one-stop shop for advisory support for project promoters in the European Union, the ADAPT platform facilitates access to EIB technical and financial advisory on all aspects of managing physical climate risk, building climate resilience and improving the quality and maturity of adaptation investment projects. Please see the text box "EIB Group advisory services for the green transition" for a summary of the EIB's advisory activities.

Alongside the EIB, the EIF also plays a significant role in supporting the green transition. Climate action and environmental sustainability is one of the EIF's key policy goals over the 2023-2025 planning period across all its product families, including through increased [REPowerEU](#) support under its Risk Capital Resources and Infrastructure and Climate Funds mandates managed on behalf of the EIB,⁷ and the [InvestEU](#) mandate managed on behalf of the European Commission.

The EIF has also developed a climate business development plan outlining how it will contribute to delivery of the Climate Bank Roadmap. It raised its 2022-2024 climate action and environmental sustainability commitment targets to 16% for 2022, 22% for 2023 and 25% for 2024%. Such constant progression demonstrates the EIF's strong commitment to contributing actively towards EIB Group and EU climate and environmental objectives.

The EIF exceeded the target of 22% in climate action and environmental sustainability contributions for 2023, instead reaching over 34%. This is a result of the EIF's increased involvement in the climate and sustainability ecosystem through greater activity in its network of funds across infrastructure, venture capital, private equity and private credit, with strong strategies in favour of the European Green Deal on the equity side. The EIF's increased commitments under the Invest EU Sustainability Guarantee also played a significant role, targeting green transition support for SMEs, mid-caps, natural persons, housing associations and green securitisations on the debt side. Now, it has raised its target for 2024 to 30%.

Operationalisation of the EU climate bank commitments

The EIB Group Climate Bank Roadmap provides a robust and comprehensive operational framework for the delivery of its climate action and environmental sustainability commitments in the period 2021 to 2025 across the four core workstreams presented in Figure 7 below.⁸

7 For more details about the EIB's support for REPowerEU, please see the text box on page 16.

8 Further information on delivery in respect of the Climate Bank Roadmap during 2023 can be found in the EIB Group 2023 Climate Bank Roadmap Progress Report. The Climate Bank Roadmap mid-term review, also conducted during 2023, takes stock of the progress made and presents adjustments to the EIB Group approach, responding to the evolving regulatory landscape and the application of lessons learnt during the first two and a half years of the roadmap's implementation.

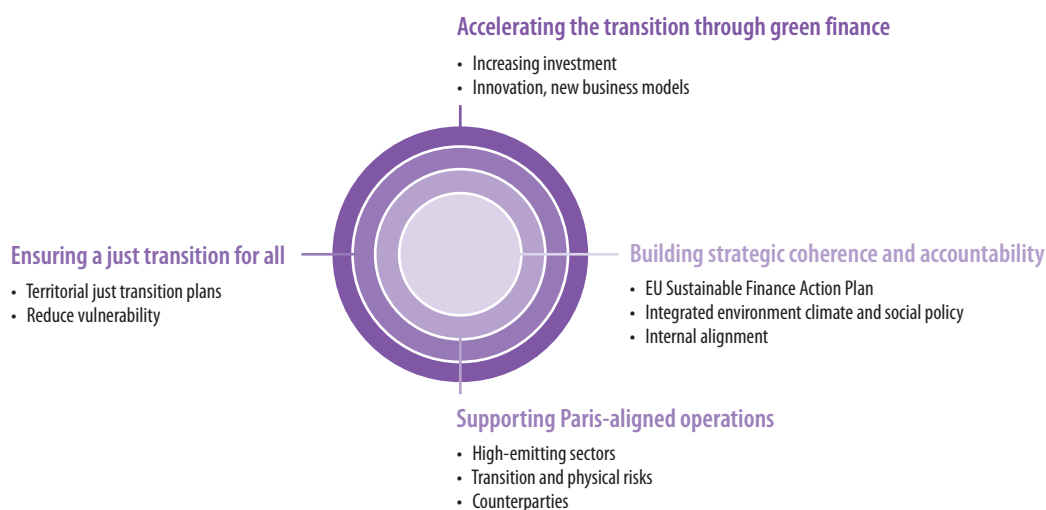


Figure 7: Main workstream of the Climate Bank Roadmap.

Accelerating the transition through green finance

The Group is continuing to develop a range of tools to support the focus areas identified under the European Green Deal presented in Figure 7, such as the deployment of large volumes of loan finance, the development of new and innovative products and the provision of advisory support, as outlined in more detail in the Climate Bank Roadmap, its annual progress reports and mid-term review.

In terms of **loan finance**, the EIB is stepping up efforts to support investment in areas that require large volumes of long-term and low-cost capital, such as public transport, renewable energy generation, the deployment of low-carbon technologies by industry, and power transmission. For instance, the Bank's commitment to allocate at least 50% of its annual financing to supporting climate action and environmental sustainability by 2025 has resulted in an increased emphasis on green business. This includes initiatives focusing on renewable energy, energy efficiency, electric vehicle charging infrastructure and green innovation. More climate windows are also being developed for EIB operations targeting small and medium enterprises and mid-caps through intermediated and framework loans, guarantee products, green securitisations and alignment with national green guarantee schemes.

As for **innovative instruments**, the EIB Group is increasing the impact of its funding activity to support emerging low-carbon technologies conducive to sectoral decarbonisation pathways (for instance, by supporting investment in the battery ecosystem and further development of new technologies in the renewable sector or in carbon capture and storage). Given the breadth and scale of its ambition, the Bank is also enhancing its product offering to generate increasing volumes of green funding and deliver additionality. Some of these are blending instruments, combining grant and loan finance to improve financing conditions (optimised allocation of risk and/or reduced cost of capital). These products include equity funds, layered risk funds and funds of funds. In addition, the EIB has developed joint instruments with the European Commission and other stakeholders, for example in energy efficiency and for the conservation of natural capital and adaptation measures.

Advisory services can also add value across the whole project cycle or to different types of counterparties, contributing to the Group's climate-related objectives. From helping counterparties identify, develop and implement viable green investment projects or develop decarbonisation and climate resilience plans for meeting Paris alignment goals, to guiding financial intermediaries in the origination and monitoring of EIB intermediated green loans, to supporting the development of new or enhanced green financing products, advisory services are integrated in the Bank's funding activities and help mobilise green investments.

EIB Group advisory services for the green transition

- The **Green Gateway advisory programme** supports the accelerated deployment of green finance in line with the EIB's climate action and environmental sustainability criteria. The online Green Eligibility Checker allows users to assess the eligibility of potential investments in the form of EIB climate multi-beneficiary intermediated loans. Within just two years of its launch, the Green Eligibility Checker has logged 22 085 visits from 130 countries and has been integrated into the IT systems of EIB financial intermediaries like the Strategic Banking Corporation of Ireland. In 2023, the checker won the Global Capital Covered Bond Award for Best Tech Provider.

From its launch to the end of 2023, our Green Gateway offering has generated 30 assignments (completed or ongoing) with EIB Group intermediaries, linked to approximately €6.5 billion of EIB intermediated financing.

- The **Climate Adaptation Investment Advisory Platform (ADAPT)** facilitates access to advisory services for physical climate risk and climate resilience. In 2023, the EIB, along with other partners, employed ADAPT to provide advisory support to a municipal water utility in Wrocław, Poland, to evaluate climate change adaptation options; to a port authority in Greece on climate adaptation investment planning; and to the island of Ischia in Italy on reconstruction measures in the wake of landslides and severe flooding in 2022.

In addition, through the JASPERS mandate, jointly implemented with the European Commission, the EIB provided advisory support on the climate adaptation and proofing of infrastructural investments. This support was extended to public authorities and project promoters involved in the preparation and implementation of projects co-funded by cohesion funds, including the Just Transition Fund and the Connecting Europe Facility. Finally, the EIB held several consultations with the EU Mission on Adaptation to increase mutual cooperation, and participated in several awareness-raising and capacity-building activities organised with the mission's signatories (EU regions and cities).

- **Innovation Fund Project Development Assistance (PDA)** and the **New Entrant Reserve (NER)** support early-stage innovative, low-carbon projects and technologies preparing for commercial roll-out (in sectors such as hydrogen, floating wind and solar, biofuels, heating/cooling and carbon capture and storage).
- The **Paris alignment for counterparties (PATH) framework** enables EIB Group counterparties in high-emitting sectors to receive technical assistance to develop credible decarbonisation strategies.
- The **Green Guide for Fund Managers** is a tool to help venture capital and private equity fund managers assess the climate action and environmental sustainability contribution of their funds and fund investments.

Outside the European Union there are several targeted platforms available:

- The **Africa Sustainable Cities Initiative** helps cities to access finance for their investment needs.
- The **City Climate Finance Gap Fund** helps cities in low- and middle-income countries plan how to prioritise and deliver projects focused on climate change mitigation and adaptation.
- The **Green Hydrogen Fund** helps identify the potential for green hydrogen.
- The **Financing Energy for Low-carbon Investment – Cities Advisory Facility (FELICITY)** provides expertise for low-carbon projects in urban infrastructure.
- The **Clean Oceans Initiative** supports sustainable low-carbon projects that reduce oceanic pollution.
- **JASPERS** advisory extends beyond the European Union through pre-accession assistance, which tripled in 2023, and the Eastern Partnership Investment in Connectivity (EPIC) mandate.

On the funding side, being the largest MDB issuer of green and sustainability bonds with dedicated use of proceeds (€85 billion issued in 23 currencies since 2007), the EIB aims to play a leading role in further supporting the growth and quality of the green bond market.

The EIB issues **Climate Awareness Bonds (CABs)**, allocated to projects that contribute substantially to climate change mitigation, and **Sustainability Awareness Bonds (SABs)**, allocated to projects that contribute substantially to further environmental and social sustainability objectives.

The EIB is taking steps to gradually integrate the evolving EU sustainable finance framework being established by the EU taxonomy into its tracking methodology for climate action and environmental sustainability finance.⁹ These steps on the lending side are being reflected in capital markets with the progressive extension of the eligibility criteria for [Climate Awareness Bonds](#) and [Sustainability Awareness Bonds](#), as illustrated by the latest CAB and SAB Frameworks.¹⁰

Climate Awareness Bonds and Sustainability Awareness Bonds are gradually being aligned with the provisions of the upcoming EU Green Bond Standard, which requires the alignment of the use of proceeds with the EU taxonomy. These frameworks are audited with reasonable assurance (ISAE 3000), the highest level of assurance provided by auditors in the green bond market.

Ensuring a just transition for all

The EIB Group's approach to the just transition established in the Climate Bank Roadmap aims to ensure that no people or places are left behind in the transition to low-carbon and climate-resilient societies. In 2022, the EIB Group published its [comprehensive proposal in support of the Just Transition Mechanism](#), a key element of the Sustainable Europe Investment Plan assisting the EU regions most affected by the transition challenge. Throughout 2023, the Group also tracked progress and engaged with authorities developing their territorial just transition plans.

Building on its experience in supporting the EU Just Transition Mechanism and the development of the [MDB Just Transition High-Level Principles](#), EIB Global published its [approach to supporting a just transition and just resilience](#) at COP28. With this approach, it seeks to build inclusive and sustainable societies in the regions most affected by efforts to decarbonise their economies, emphasising the importance of a just transition. It also aims to help develop inclusive climate-resilient societies by supporting climate adaptation actions in those countries and for those people most affected by climate change, emphasising the concept of just resilience.

Recognising how climate change, climate action, and social and economic development are intrinsically linked in various complex ways across the globe, the Climate Bank Roadmap places focus on gender equality, conflict and fragility, climate-induced migration and forced displacement, and a just transition globally.

To this end, in 2023 [the EIB financed 63 projects that significantly contributed to gender equality and women's economic empowerment](#) across the globe. €52 billion was invested in projects that support gender equality in the bioeconomy, digital, energy, health, mobility, urban development and water sectors, supplemented by €593 million in direct support of women's economic empowerment through financial intermediaries.

In 2023, EIB Global also supported seven important climate action projects in fragile contexts by enhancing access to climate-resilient water supply systems, financing low-carbon energy infrastructure, and expanding access to finance for green businesses, for a total EIB lending volume of around €600 million.

⁹ See the mid-term review of the EIB Group Climate Bank Roadmap. The EIB Group's climate action tracking for intermediated financing, including but not limited to that for micro, small and medium enterprises, will continue to be supported through simplified approaches.

¹⁰ CAB Framework 2021 and SAB Framework 2021.

Supporting Paris-aligned operations

Under the comprehensive alignment framework presented in the Climate Bank Roadmap and subsequent developments, the EIB Group committed to aligning new financing, advisory and treasury operations with both the temperature and resilience goals of the Paris Agreement from 2021 onwards.

It is important to note that the EIB Group's commitment to the Paris alignment of all its new financing activities does not include a commitment to reduce the greenhouse gas emissions or climate risks of its existing portfolio. The approach adopted, in line with the wider six building blocks of the multilateral development banks' Paris alignment framework, focuses on ensuring the Paris alignment of new operations while identifying and then managing climate risks in its existing portfolio.

The alignment framework, described in detail in the risk management section of this report, is applied at both the investment project and counterparty level.

At the investment project level, the alignment framework ensures that the EIB only supports projects that are aligned with a pathway to low-carbon and climate-resilient development. New projects with high transition risks are thus excluded by the Bank's low-carbon framework, defined in the Climate Bank Roadmap and its mid-term review. For physical climate risks, the financing decision is based on the EIB's climate risk assessment system, which involves detailed climate due diligence of the proposed direct investment projects. This system helps the Bank to identify material physical climate risks and adaptation solutions and assess the overall residual risk associated with a proposed project.

At the counterparty level, the EIB Group applies its Paris alignment for counterparties (PATH) framework. The main goal of this framework is to engage with and support counterparties that are aligned or willing to align with the temperature and resilience goals of the Paris Agreement, while ensuring that the Group does not finance new operations (save for some limited exceptions set out in the PATH framework) of organisations that are active in incompatible activities (such as coal mining, high-carbon oil production and others).

As part of the [mid-term review of the Climate Bank Roadmap](#) in 2023, a small number of adjustments were made to the EIB Group Paris alignment framework. In response to regulatory changes, the PATH framework's disclosure requirements for financial intermediaries were revised and a simplified approach to assess Paris alignment for microenterprises was introduced. The risk management section of this report provides further information on recent developments relating to the EIB Group Paris alignment framework.

REPowerEU

REPowerEU aims to transform Europe's energy system, ending EU dependence on Russian fossil fuels before 2030 and tackling the climate crisis. In July 2023, the EIB increased the October 2022 financing targets in support of REPowerEU by 50% to €45 billion in loan and equity financing over the following five years.

At the same time, in response to the European Commission's Green Deal Industrial Plan, the EIB expanded its eligibility criteria to facilitate financial support for the manufacture of state-of-the-art strategic net-zero technologies. This includes support for solar photovoltaic and solar thermal technologies, onshore and offshore wind power, battery and storage solutions, heat pumps and geothermal technologies, electrolyzers and fuel cells, sustainable biogas, carbon capture and storage, and grid technologies. Furthermore, investment in the extraction, processing and recycling of critical raw materials were made eligible for EIB financing. The additional financing from the EIB Group is expected to mobilise over €150 billion of investment in the sectors targeted.

To support REPowerEU, a temporary and exceptional extension of the exemption to the EIB Group's PATH framework was also introduced.

The exemption allows the Bank to work with companies involved in incompatible activities such as oil and gas, albeit only in the context of demonstration projects and early commercial deployment of low-carbon technologies with excellent innovation content. The temporary and exceptional extension to the exemption, currently running until 31 December 2027 (subject to a Climate Bank Roadmap review scheduled for 2025) covers support for renewable energy projects and electric vehicle charging infrastructure. The exemption's initial geographical limitation to EU investments within the European Union was lifted under the 2023 mid-term review of the Climate Bank Roadmap. This means that the exemption now also applies to projects outside the European Union that support the REPowerEU objectives of reducing dependence on Russian fossil fuels and diversifying energy sources. This will enable the EIB to finance a greater number of clean energy projects with a wider range of clients and utility companies that contribute to the European Union's climate objectives and energy security.

The PATH framework's low-carbon and resilience requirements continue to apply to screened-in counterparties.

Building strategic coherence and accountability

To deliver on the three workstreams above and in response to the rapidly evolving regulatory environment, the EIB Group is continuing to develop a coherent policy approach for supporting sustainable finance. This approach ensures robust and timely delivery of Paris alignment activities, and allows for monitoring, learning and improvement. It is based on three cross-cutting aspects.

First, the EIB Group ensures that its climate-related activities are progressively aligned with wider policy developments. This is illustrated by the 2023 mid-term reviews of the EIB energy lending policy and Climate Bank Roadmap. The Climate Bank Roadmap review resulted in updates to the EIB Group's integration of the EU taxonomy and in the refinement of its Paris alignment frameworks for projects and counterparties. 2023 also saw the publication of the [EIB Water Sector Orientation](#). Building on the 2020 Climate Bank Roadmap, 2021 Climate Adaptation Plan and 2022 Environment Framework, this orientation presents the EIB's strategic focus in this critical sector for climate resilience, emissions reduction, resilience building and wider environmental sustainability, such as the circular economy.

Second, the EIB Group is improving its climate, environmental and social risk management tools to harmonise its approaches with other international financial institutions and the European Union,¹¹ develop systems to track progress in delivery of its commitments, and report regularly on both Climate Bank Roadmap delivery and more broadly on its activities relating to climate action and environmental sustainability. The EIB Group remains focused on responding to evolving non-financial disclosure requirements in this domain.

Third, the EIB Group is implementing institutional support initiatives to complement and bolster its delivery of the Climate Bank Roadmap objectives. This entails aligning its internal operations with the goals and principles of the Paris Agreement by reducing its own carbon footprint,¹² sharing knowledge and experience, promoting transparency by engaging with strategic partners (as illustrated on the next page), and enhancing the management of its human resources needed to achieve its increased climate action and environmental sustainability ambitions.

¹¹ More details can be found in the risk management section of this report.

¹² Please refer to the EIB 2023 Carbon Footprint Report.

MAIN INTERNATIONAL AND INSTITUTIONAL INITIATIVES



The EIB and the EIF are appointed members of the [Platform on Sustainable Finance](#), an advisory body that provides recommendations to the European Commission on the implementation and usability of the EU taxonomy and the sustainable finance framework more broadly.



Since 2019, the EIB has been an observer of the [International Platform on Sustainable Finance \(IPSF\)](#), a forum for dialogue between policymakers, with the overall aim of increasing the amount of private capital being invested in environmentally sustainable initiatives.



The [European Financial Reporting Advisory Group \(EFRAG\)](#) is the association in charge of setting the European Sustainability Reporting Standards (ESRS) required under the Corporate Sustainability Reporting Directive (CSRD). The EIB is an observer of EFRAG's Sustainability Reporting Board (SRB) and its Technical Expert Group (TEG).



The EIB is an observer of the [Network for Greening the Financial System \(NGFS\)](#), a network of central banks and financial supervisors that aims to accelerate the scaling up of green finance. The EIB is represented in the NGFS Plenary and its different working groups, which develop recommendations and guidance for environmental and climate risk management in the financial sector, regularly update the NGFS climate scenarios, and mobilise mainstream finance to support the transition towards a sustainable economy.



Since October 2020, the EIF has been a signatory to the [Principles for Responsible Investment \(PRI\)](#), a United Nations-supported network.



The EIB Group is a Gold Community Member of the [Global Reporting Initiative \(GRI\)](#) and has been applying the GRI's standards since 2007.



Since 2021, the EIB Group has been a supporter of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) and publishes an annual report in line with these recommendations.



Since 2018 (first report in 2020), the EIB has been publishing sustainability disclosures in accordance with the [Sustainability Accounting Standards Board \(SASB\)](#) Framework.



Since 2018, the EIB Group has implemented an environmental management system in accordance with the [European Eco-Management and Audit Scheme \(EMAS\)](#), a voluntary environmental management instrument developed by the European Commission for organisations to evaluate, report and improve their environmental performance.

C. EIB Group’s approach to climate-related risks at portfolio level

Defining climate-related risks: The Group uses the classification provided by the European Commission in its Non-Financial Reporting Directive, which complements the TCFD’s definition.

<p>Physical risks</p>	<p>Acute physical risks arise from specific weather-related events such as storms, floods, wildfires or heatwaves. These extreme weather events may damage production facilities and disrupt value chains.</p> <p>Chronic physical risks arise from longer-term changes in the climate, such as temperature changes, rising sea levels, reduced water availability, biodiversity loss and changes in land and soil productivity.</p> <p>Physical risks cause damage to assets and disrupt operations and supply chains.</p>
<p>Transition risks</p>	<p>Policy risk results from policy and regulatory actions seeking to limit global warming or promote adaptation to climate change.</p> <p>Legal risk stems from climate-related litigation claims as organisations fail to mitigate the impacts of climate change, adapt to climate change or provide sufficient disclosure around material financial risks.</p> <p>Technology risk arises from new technologies making old systems prematurely obsolete, thus having a disruptive impact.</p> <p>Market risk is caused by supply and demand shifts for certain commodities, products and services taking into account climate considerations.</p> <p>Reputational risk comes from changing perceptions of an organisation’s impact on climate.</p>

Figure 8: Definitions of climate-related risks, as provided by the European Commission.

The EIB Group’s overall exposure to climate risks in the context of traditional banking risk categories

The Group considers the impact climate change will have on its financing activities across different time periods. **Up to five years is considered to be short term, from five to ten years is considered medium term, and more than ten years (until 2050) is considered long term.**

Across these time horizons, climate change may affect, to different degrees, the various traditional banking risk categories that the Group is exposed to. As shown in Table 1, credit risk is considered to be one of the risk categories most affected by climate change.















Risk type	Impact from climate risk	Time frame *	Level of impact	EIB Group's exposure
Credit risk	Stranded assets.			Historically, the Group has had stronger restrictions related to fossil fuel financing than the market. We no longer support projects that rely on unabated fossil fuels. Nevertheless, the clients that we are supporting in their decarbonisation efforts may be exposed to transition risk through parts of their business that we do not finance. This risk is assessed at the appraisal stage.
	Changing customer behaviours.			This risk could affect the Group's clients in the automotive industry or other high-emitting sectors.
	Business interruptions or damaged assets.			Although the Group assesses the climate resilience of its operations and counterparties, the unpredictable nature of physical climate events means that the risk cannot be entirely avoided.
Market risk	Sudden demand and supply shifts for financial instruments (due to changing investor preferences).			Interest rate and foreign exchange risks can be mitigated through hedging. Treasury assets can be liquidated more easily than loans and investments. EIB Treasury integrates environmental aspects in the decision-making process for long-term investments. In 2021, a methodology was developed specifically for financial markets under the principles of the EIB Group PATH framework, reducing exposure to climate risk.
Liquidity risk	Missing cash inflows from clients (credit risk). Reduction in the market value of liquid assets (market risk). Decrease in the liquidity of treasury assets (market risk supply and demand). Increase in refinancing/ funding risk.			The Group has a conservative risk management approach combined with ambitious climate policies and its financing relies significantly on Climate Awareness Bonds, which are earmarked for climate action.
Operational risk	Disruption of the Group's operations, either directly or through the operations of its suppliers.			Strong safeguards and business continuity measures are in place.
Reputational risk	The Group's failure to comply with its Climate Bank Roadmap, Climate Strategy and the European Green Deal when providing financing may result in a negative perception by its external stakeholders.			The Group is developing all the processes and tools necessary to deliver on its objectives, thereby limiting reputational risk.

Table 1: Types of risk across different time horizons (S: short-term; M: medium-term, L: long-term).

EIB Group’s exposure to physical and transition risks

From the credit risk perspective, the EIB Group has analysed its portfolio’s credit exposure to transition and physical risks based on the output of the internally developed climate risk screening tool that will be presented in more detail in the risk management section of this report.

The tool scores the physical and transition risk of counterparties on a scale of one (low risk) to five (high risk). In 2023, approximately 89% of the Group’s exposure was screened using the tool.

Figure 9 shows the overall exposure of the Group portfolio to climate risks at year-end. The scores are grouped in three equal intervals – low, medium and high climate risk.

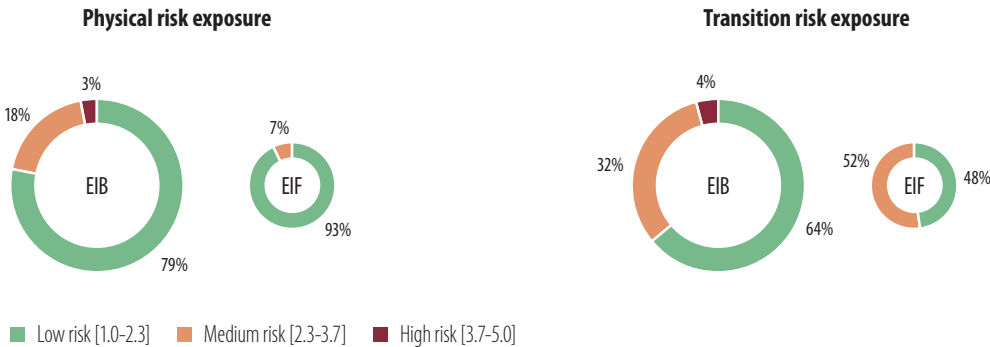


Figure 9: EIB and EIF exposure to climate risk at year-end 2023.

According to the screening tool, over a horizon of five to ten years the Group’s counterparties are considered to have limited exposure to physical risks. Exposure to transition risk is higher due to the traditional focus of the Group on energy and infrastructure activities, as reflected by the much higher share of exposure with medium risk. Exposure to these sectors will remain high given the climate bank’s role in supporting the decarbonisation of critical industries. Under the PATH framework, the Bank nevertheless ensures that screened-in corporate counterparties either have transition plans in place or develop and publish such plans to mitigate the risk.

Deep dive into the EIB Group’s exposure to physical and transition risks

With respect to climate risks, the EIB Group has analysed its portfolio’s credit exposure to transition and physical risks as of year-end 2023 based on the output of the climate risk screening tool mentioned above.¹³

13 A detailed presentation of the climate risk screening tool is available on page 29 of this report.

PHYSICAL RISK

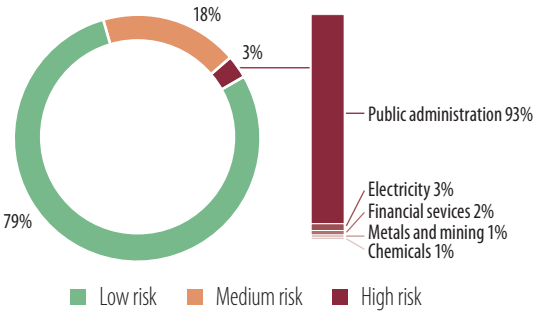


Figure 10: The Group's exposure to physical risk and high risk distribution by sector.

Overall, the Group's exposure to physical risk is relatively low. In fact, in the short to medium term, physical risk is expected to have a low material impact on the Group's risk profile. However, this risk is significant in the long term. Most of the Group's high physical risk exposure is concentrated in the public administration sector. This reflects the physical risk of countries outside the European Union, which tends to be higher.

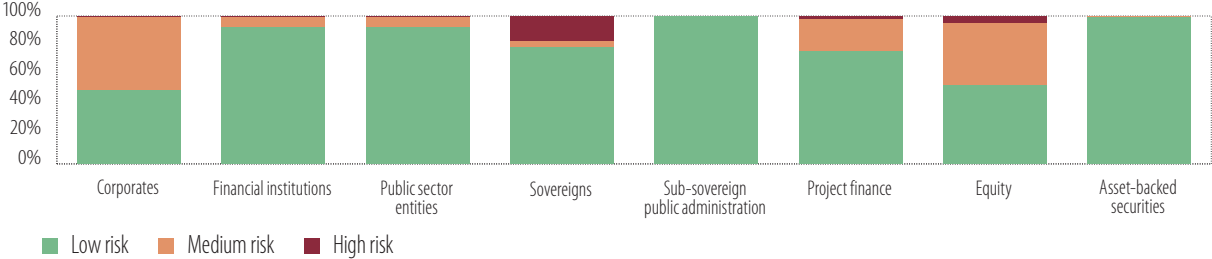


Figure 11: The Group's exposure to physical risk by credit segment.

The high proportion of low risk for sub-sovereign public administrations (SSPAs) is linked to the fact that European countries (to which the Group is highly exposed) generally have a high capacity to mitigate physical risk. A change of assessment of a number of countries has resulted in a higher risk exposure in the sovereigns credit segment, with the score shifting from a borderline position to a higher risk category, although the change was not significant. The corporates and project finance credit segments are more exposed to medium risk due to exposure to infrastructure sectors like regulated networks, transport and electricity, which are vulnerable to the physical effects of climate change.

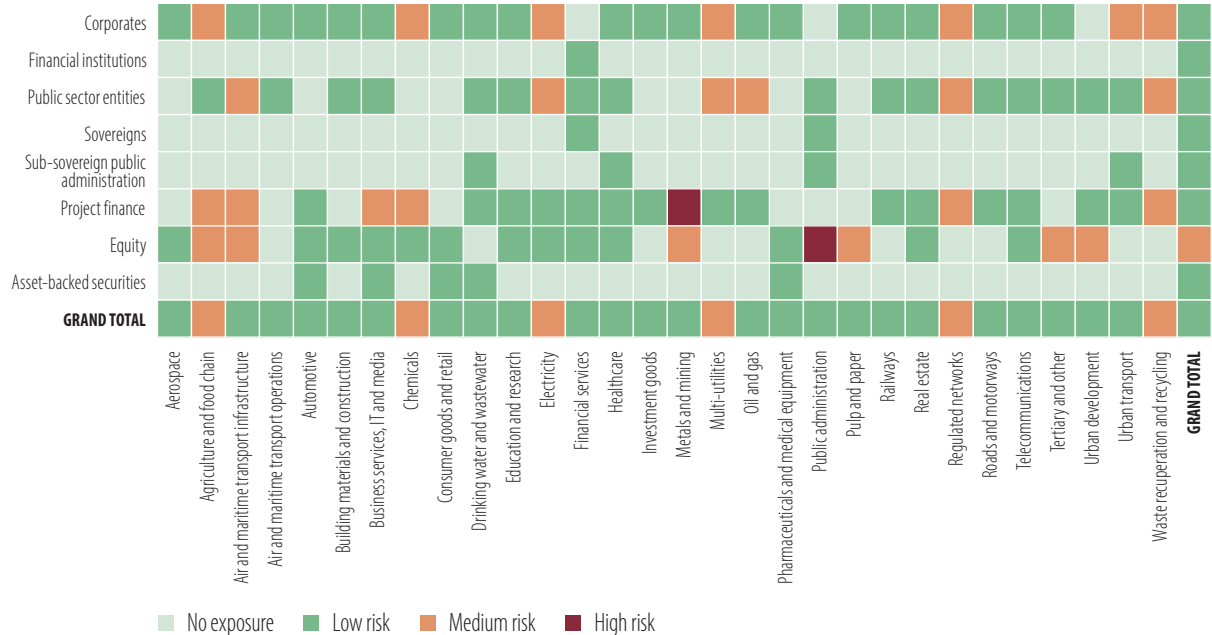


Figure 12: Physical risk — credit segment vs. economic sector (average weighted score).

TRANSITION RISK

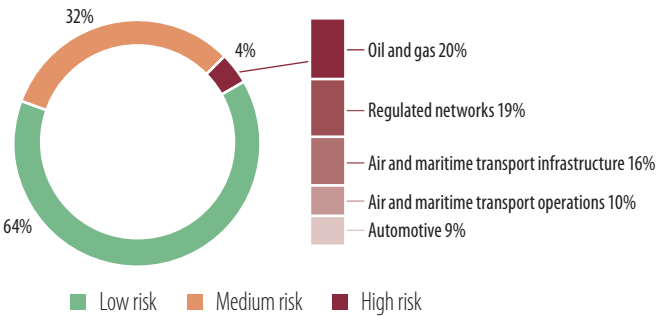


Figure 13: The Group's exposure to transition risk and high risk distribution by sector.

In the short to medium term, the Group's portfolio will be more sensitive to transition risk. The distribution of high risk exposure by sector shows that most of it is concentrated in oil and gas, regulated networks and air and maritime infrastructure and operations. The Group's exposure to the oil and gas sector is now predominant, as it is supporting many counterparties in their low-carbon transition. The medium risk exposure is concentrated in the public administration and financial services sectors. With financial services being exposed to multiple sectors, they reflect the average economic risk.

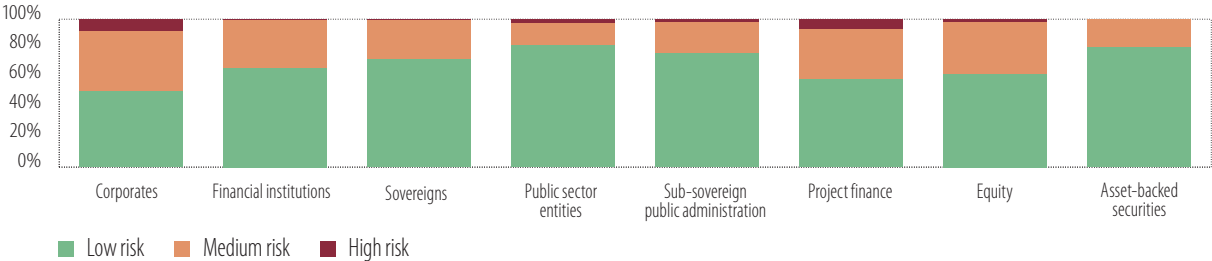


Figure 14: The Group's exposure to transition risk by credit segment.

Financial institutions are generally exposed to the overall economy, and therefore reflect the average transition risk. The predominant medium risk of sub-sovereigns is linked to the overall average transition risk of the geographies the Group is exposed to. The high risk for project finance is mainly linked to exposures to operations in air and maritime transport, roads and motorways, and legacy projects in mining and gas infrastructure.

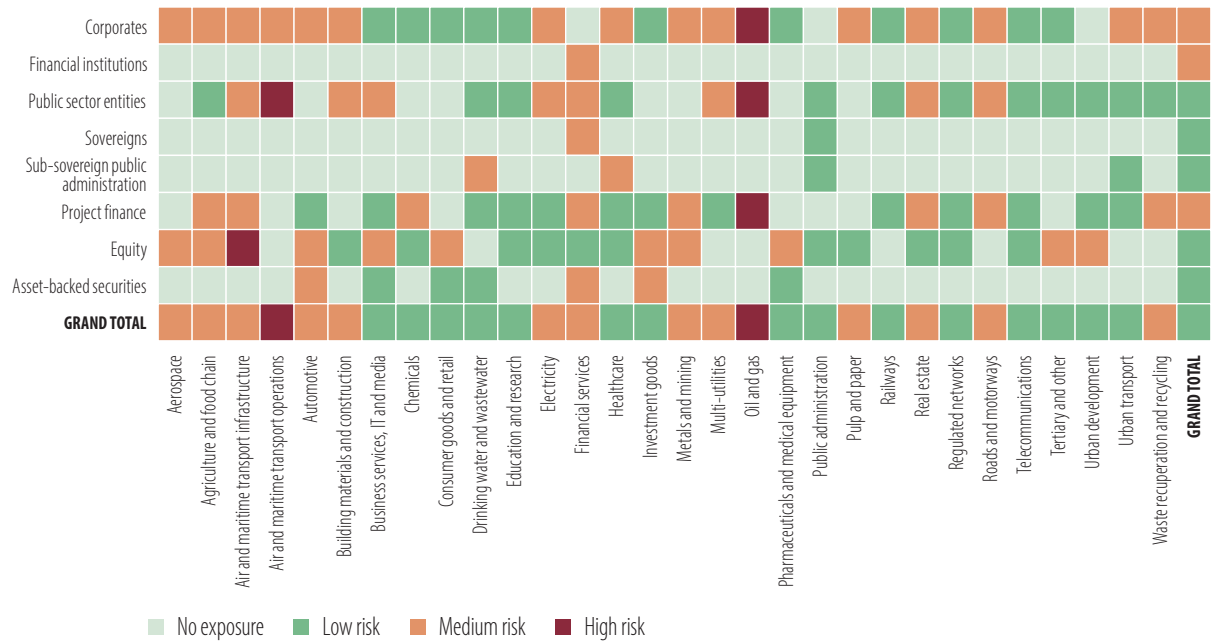


Figure 15: Transition risk – credit segment vs. economic sector (average weighted score).

Assessing transition and physical risk at country level

Alongside the climate risk screening tool (and feeding into it), in 2020 the Group developed an in-house model to assess the vulnerability of over 180 countries to physical risk and transition risk.¹⁴

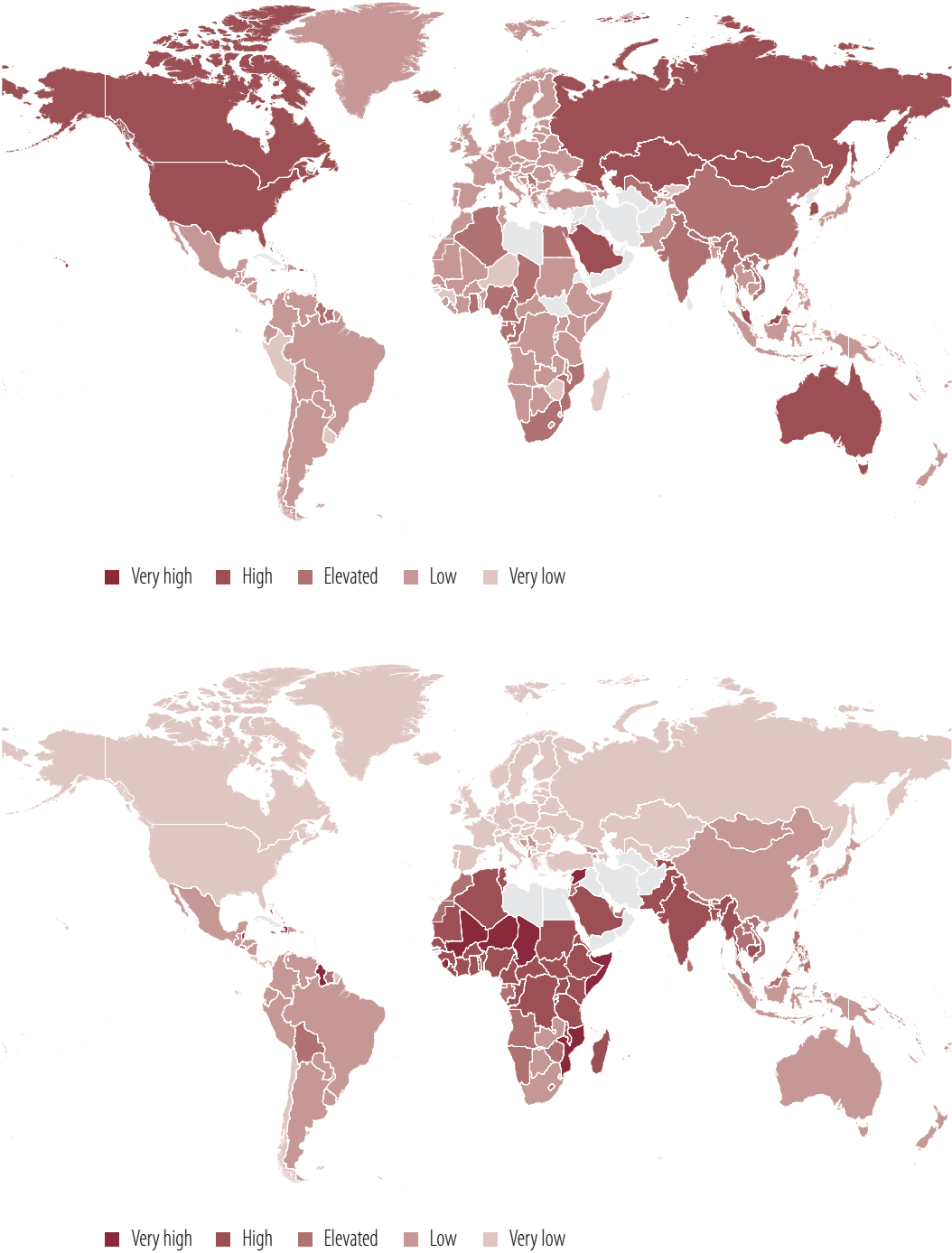


Figure 16: Maps displaying country climate transition risk scores (top) and physical risk scores (bottom). An average score was used for the 27 EU Member States (source: EIB Economics Department).

¹⁴ More information can be found in EIB Working Paper 2021/03 – Assessing climate change risks at the country level: the EIB scoring model. Please note that the model was updated in 2022.

The two maps representing transition and physical risks, respectively, show that there are stark differences across countries and regions, as well as a clear ranking trend. Caribbean and Pacific countries face very high physical risks, while Bahrain, the United Arab Emirates, Saudi Arabia, Qatar, Kazakhstan, and Trinidad and Tobago face higher transition risks.

Generally, poorer countries are more exposed to physical risks due to lower financial capacity to take adaptation measures or respond to shocks, whereas developed and fossil fuel-producing countries are more exposed to transition risks. However, specific sectors can be at high risk of transition or physical risk in whichever country they are located.

D. The resilience of the EIB Group's strategic approach

The Group's strategic approach to climate-related risks and opportunities as described so far has resilience built into its core.

The Group has specific policies that make it less exposed to some particularly risky sectors such as energy and transport, and it has strong mitigants in place against both physical and transition risks. At the heart of this is the alignment of all its new financing activities with low-carbon and climate-resilient pathways.

The Group's resilience to climate impact is supported by its focus on sound operations, as illustrated by the Bank's Adaptation Plan, as well as by the use of the low-carbon framework,¹⁵ the climate risk assessment tool and the PATH framework mentioned above and presented in more detail in the risk management section of this report.

The Group's resilience to climate impact is monitored in various ways. For instance, climate sensitivity analyses were initiated in 2020, using the output from the screening tool. In 2022, the EIB replicated the European Central Bank (ECB) climate risk stress test internally, albeit with some adaptations to reflect the specific nature of the institution. The replication of this exercise enabled the EIB to test its capability to perform supervisory climate stress tests and showed that the Group's climate risk framework development is broadly in line with commercial banks.

The Group's resilience to climate impact is monitored in various ways. For instance, the climate sensitivity analyses were initiated in 2020, using the output of the screening tool. The Group is not supervised by an external supervisory banking authority, but it aims to meet European Central Bank expectations with respect to climate and environmental related stress testing by year-end 2024.¹⁶

¹⁵ The exclusion of incompatible activities together with the application of the shadow cost of carbon are the main elements of a low-carbon framework applied at project level. More details are provided in the next section of this report.

¹⁶ Please review the guide on climate-related and environmental risks, section 6.5 "Scenario analysis and stress testing."

RISK MANAGEMENT

As a provider of long-term financing, the EIB Group is exposed to potential climate risk-related financial impacts. As an AAA-rated entity¹⁷ and in its capacity as the EU climate bank, the Group is fully committed to establishing a comprehensive and prudent climate risk management framework in line with prevailing regulatory requirements and best banking and market practices.

The EIB Group has several standards, tools and processes that enable it to identify climate risk, in both the lending and financing origination phase, as well as in the monitoring phase. The Group applies these climate risk assessment tools and processes at multiple levels: the financed operation (project/transaction level) and the financed entity (counterparty level).

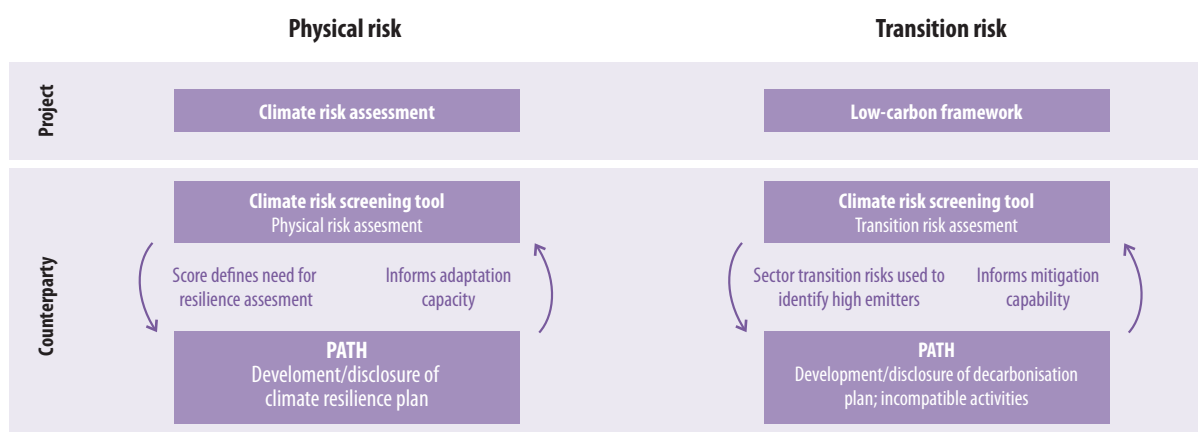


Figure 17: EIB Group climate risk assessment tools and processes at project and counterparty levels.

Through the Climate Bank Roadmap, the Group has committed to further developing these tools and processes and to embedding the climate risk-related procedures and appetite in its overall risk management framework.

A. Assessing and managing climate-related risks at project level

Projects directly financed by the Bank go through an in-depth sustainability due diligence process. This is to ensure that it only finances low-emission and climate-resilient projects. As illustrated in Figure 18, this process consists of applying the [EIB low-carbon framework](#) and a climate risk assessment focusing on the context-specific physical climate risk of an operation.

¹⁷ The EIB Group has a AAA rating from Fitch, Moody's and S&P. Please see Investor Relations (EIB) and Credit Rating (EIF) for further details.

Exclusion of incompatible activities or sectors

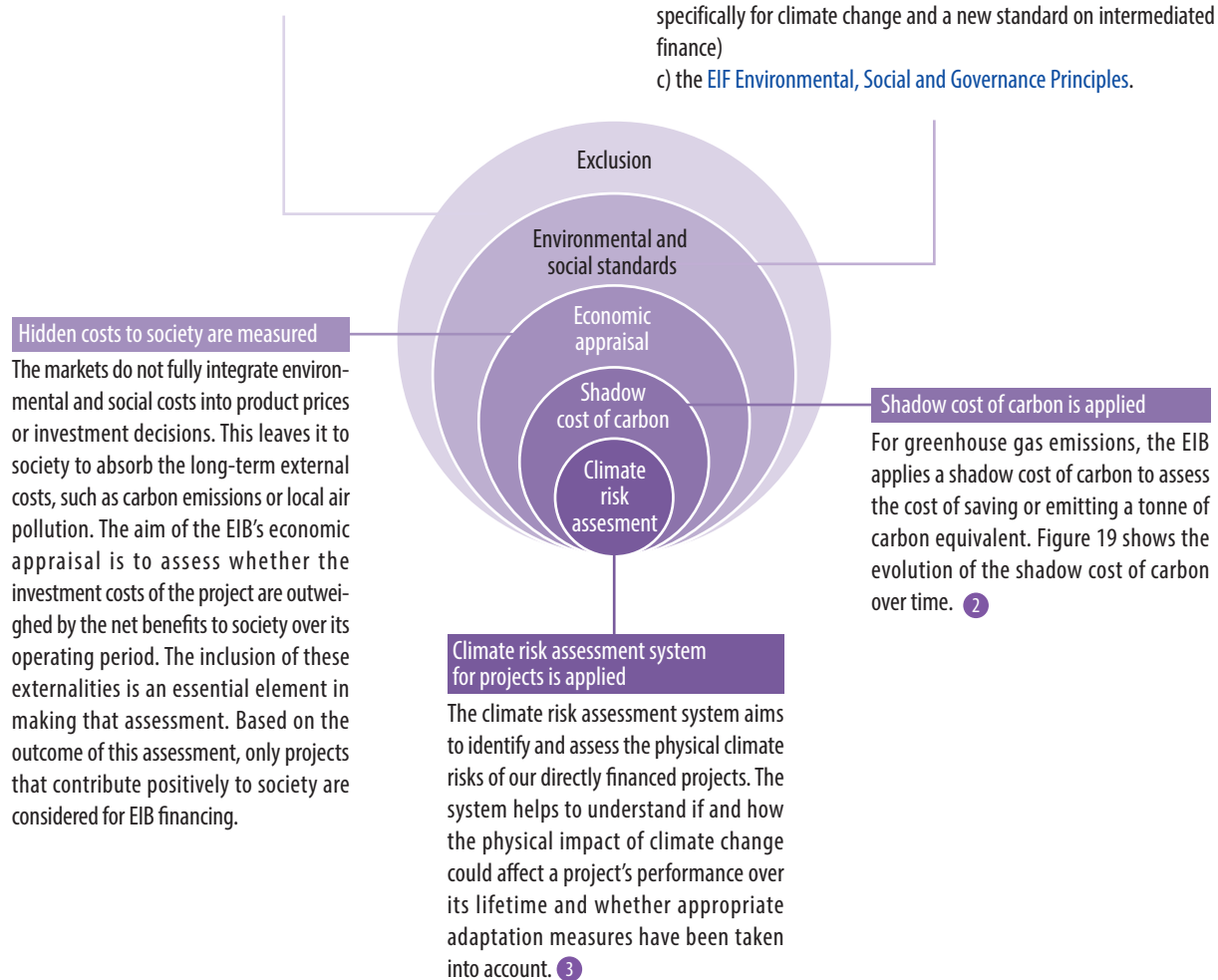
The Bank has **exclusions in place for certain activities or sectors** that are incompatible with the ethical, environmental and social principles of its public policy goals. In addition the EIB Group Paris Alignment framework – Low Carbon: Version 1.1 provides a list of activities supported and not supported by the EIB Group in the context of alignment of financed activities with the temperature goal of the Paris agreement. **1**

Implementation of environmental and social standards

The EIB applies a set of environmental and social standards, including climate-related ones, that must be met by potential projects in order to be eligible for EIB funding.

A new **Environmental and Social Sustainability Framework** was developed in 2021 following an **extensive public consultation**. It consists of:

- a) the **EIB Group Environmental and Social Policy**
- b) the **11 EIB Environmental and Social Standards** (including one specifically for climate change and a new standard on intermediated finance)
- c) the **EIF Environmental, Social and Governance Principles**.



Hidden costs to society are measured

The markets do not fully integrate environmental and social costs into product prices or investment decisions. This leaves it to society to absorb the long-term external costs, such as carbon emissions or local air pollution. The aim of the EIB's economic appraisal is to assess whether the investment costs of the project are outweighed by the net benefits to society over its operating period. The inclusion of these externalities is an essential element in making that assessment. Based on the outcome of this assessment, only projects that contribute positively to society are considered for EIB financing.

Shadow cost of carbon is applied

For greenhouse gas emissions, the EIB applies a shadow cost of carbon to assess the cost of saving or emitting a tonne of carbon equivalent. Figure 19 shows the evolution of the shadow cost of carbon over time. **2**

Climate risk assessment system for projects is applied

The climate risk assessment system aims to identify and assess the physical climate risks of our directly financed projects. The system helps to understand if and how the physical impact of climate change could affect a project's performance over its lifetime and whether appropriate adaptation measures have been taken into account. **3**

Figure 18: Sustainability assessment steps at project level.

- 1** The exclusion of incompatible activities and the application of the shadow cost of carbon are the main elements of a low-carbon framework applied at the project level. In addition, the EIB applies sector-specific policies to ensure that its investments contribute to the green transition. With respect to the energy sector, the Bank took a big step forward in 2019 with its new **Energy Lending Policy**, which effectively ended new financing for unabated fossil fuel energy projects. Similarly, in 2022 the EIB approved a new **Transport Lending Policy** for a safe, secure, accessible, green and efficient mobility system.

In May 2023, the EIB Board of Directors approved the **mid-term review of the EIB Energy Lending Policy**. This review confirms that the objectives of the policy remain valid in the context of the current energy crisis. As part of the review, the EIB revised the lending policy's technical Annex II. This decision seeks to reflect the adoption of the Taxonomy Climate Delegated Act and to provide further clarification of the policy's lending criteria after two years of implementation.

- 2 The Bank has been using the shadow cost of carbon for projects that undergo an economic assessment since the 1990s. To align with the Paris Agreement, the EIB reviewed the latest modelling evidence and agreed to increase these values. As shown in the graph below, the shadow cost of emitting one tonne of carbon equivalent will rise to €250 by 2030, and to €800 by 2050 (as measured in 2016 euros). Please see the 2023 CBR Progress Report for more information on the ongoing monitoring of the EIB shadow cost of carbon.

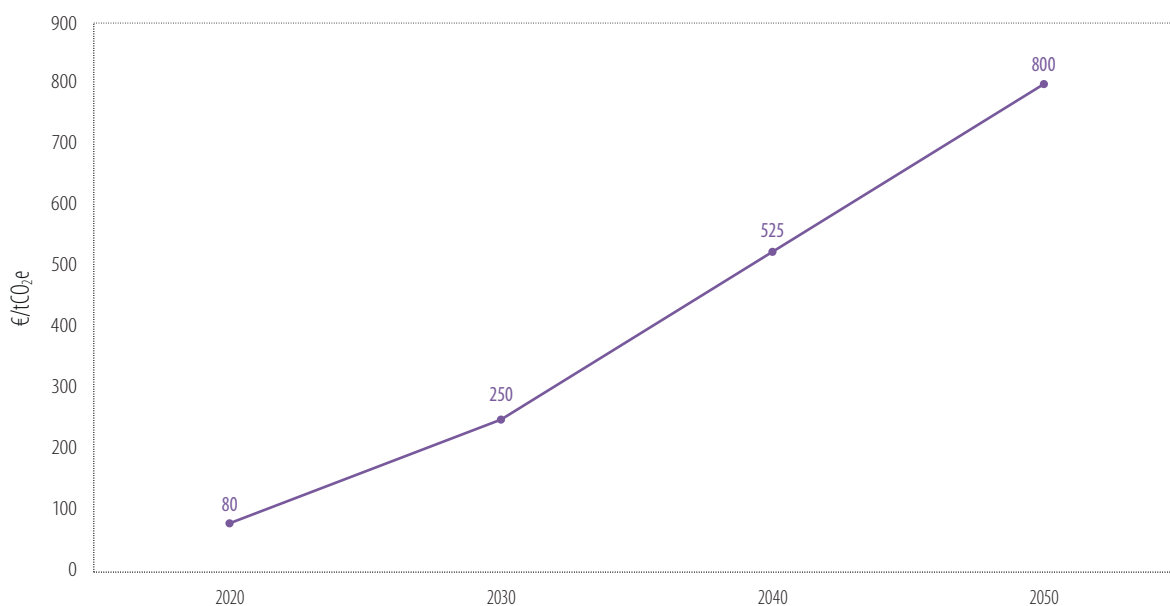


Figure 19: EIB shadow cost of carbon (in € per tCO₂e), as included in the Climate Bank Roadmap.¹⁸

- 3 In 2019, the EIB introduced a climate risk assessment system. This system is a bespoke business process fully integrated within the EIB's technical due diligence of direct operations. The climate risk assessment system starts with an automated initial screening based on conservative physical climate risk data for the country and industry of an operation. If the initial screening suggests a higher risk, the Bank performs a second screening using climate service tools based on climate projections and Geographic Information System data to identify vulnerabilities at the location of a project.

After the screening, if the project is associated with potential material physical climate risk, the EIB will engage with the client to obtain further information and may decide to ask its client to conduct a climate risk and vulnerability assessment and develop adaptation solutions, where appropriate. In certain cases, the Bank can provide technical support for performing this assessment. At the end of the climate risk assessment process, the Bank estimates the residual physical climate risk level for each project. This assessment enables the EIB to monitor the portfolio of projects, improve the understanding of sector and geography-specific physical climate risks in its operations, and support its clients in managing physical climate risks where necessary.

18 The EIB shadow cost of carbon is based on the estimated full cost to society of limiting the rise in global average temperature to 1.5°C above pre-industrial levels and helps to assess whether EIB financing is on track with this goal. This will be reviewed on an annual basis and the cost will be adjusted accordingly.

The EIF approach to climate-related risk at operations level

The EIF applies restrictions to its operations for certain sectors and activities (EIF Restricted Sectors). These restrictions apply to activities that are considered incompatible with the ethical, environmental and social principles of the Fund's public mission and/or do not comply with the European Union's or EIB Group's policies. The restrictions are reflected in the Guidelines on the EIF Restricted Sectors.

The EIF ESG Principles describe the EIF's key policies and processes with respect to environmental, social, governance and climate elements, including public policy goals and restricted sectors and activities. The Principles guide the EIF's business across all products (except infra-funds). In relation to infrastructure equity funds operations, at transaction level, the EIB's Environmental and Social Standards apply to these operations and the EIF cooperates with EIB services in the due diligence and monitoring processes.

B. Assessing and managing climate-related risks at counterparty and portfolio levels

Climate risk screening tool

In order to identify and quantify the exposure of the EIB Group's portfolio to climate risk, the Group developed a climate risk screening tool, which is applied at the counterparty level, to consistently assess the exposure to physical and transition risk.

The output of the climate risk screening tool enables the Group to map and monitor climate risks across the portfolio and is used for reporting. In addition, the tool provides the basis for climate risk sensitivity analysis, which helps the Group shape its climate risk management strategies.

The tool was developed for each of the EIB's main credit segments and for the EIF's equity and debt portfolios and separately assesses the transition and physical risk of each counterparty.

The roll-out of the screening tool started in July 2020 across the Group's existing lending and investment portfolios. Since then, use of the tool has expanded to the treasury and financial collateral portfolios.

The climate risk assessment is now performed for new counterparties at the appraisal stage and is updated on a yearly basis as part of the annual counterparty review process.

In 2023, the integration of the tool into the Group's IT platform was finalised, and work was started to expand the tool to cover other environmental risks, focusing first on biodiversity loss. Other developments of the tool will include the integration of internally produced industry physical risk scores and externally sourced climate data.

Methodology

The methodology captures the physical risk, transition risk and the mitigation/adaptation capacity of each counterparty, providing a climate score from one (low risk) to five (high risk). The scores are grouped into three levels — low, medium and high climate risk. The screening tool follows a process illustrated in Figure 20.

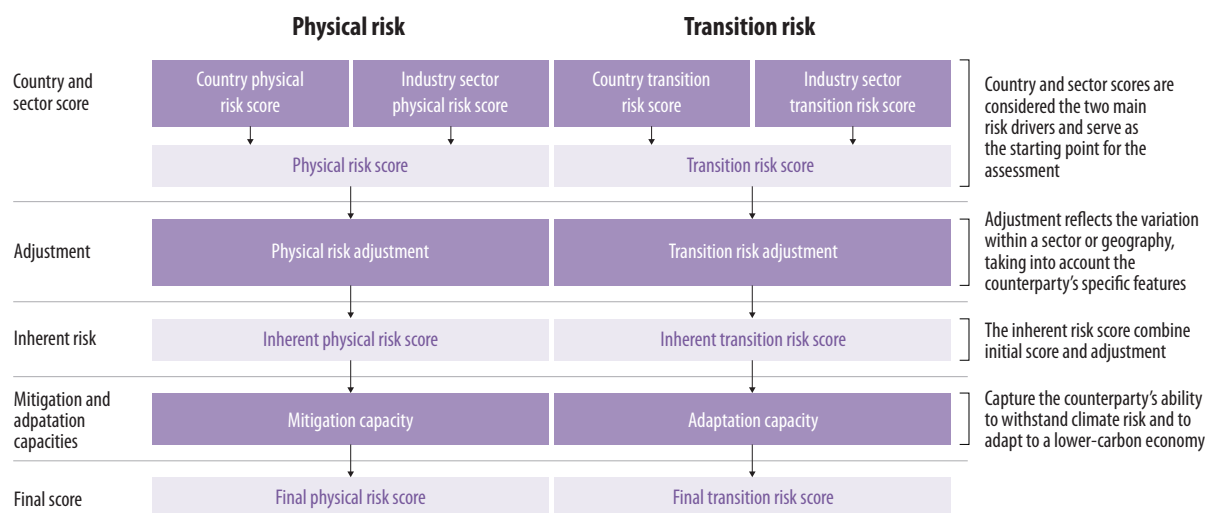


Figure 20: Overview of the climate risk screening tool for the corporate credit segment.

While the underlying assessment logic is consistent across all non-sovereign credit segments, tailored assessments are applied to corporates, financial institutions, public sector entities, sub-sovereign public authorities, project finance and (indirectly) equity to cover all counterparty types across the Group's portfolios.

The country physical and transition scores, as well as the industry transition scores, are developed in-house, based on the methodology described below.

Climate risk regional scores

Alongside the climate risk screening tool, in 2020 the Group developed an in-house model to assess the exposure of over 180 countries to physical risk and transition risk.¹⁹ The model is the result of in-depth research by EIB economists and builds on the most recent literature, combining various publicly available data sources. The scores are updated on a yearly basis and are adjusted by country experts (overrides) if necessary. The resulting climate risk country scores are then used for sovereign counterparties as the final risk scores, and for other counterparties as the country anchor scores for the screening tool.

To assess physical risk, indicators have been developed to capture the impact of:

- **Acute risks**, such as the damage caused by hydrological events (floods and landslides), meteorological events (extreme temperatures, fog and storms), and climatological events (droughts, wildfires and glacial lake outbursts).
- **Chronic risks**, which include the exposure to rising sea levels and the impact of changes in average temperatures or precipitation patterns (on agriculture, infrastructure and productivity).

Costs or losses due to these risks are expressed in terms of gross domestic product. The model then considers the country's adaptation capacity, assessed through fiscal strength and the quality of governance.

To assess transition risk at country level, a composite indicator has been developed capturing the following:

- **Exposure to carbon emissions**, based on the importance of fossil fuel rents in the economy and the overall dependence on carbon-emitting activities.
- **Mitigation activities**, based on the deployment of renewables, the pursuit of energy efficiency policies and future climate action commitments.

¹⁹ More information can be found in EIB Working Paper 2021/03 — Assessing climate change risks at the country level: the EIB scoring model. The model was updated in 2022.

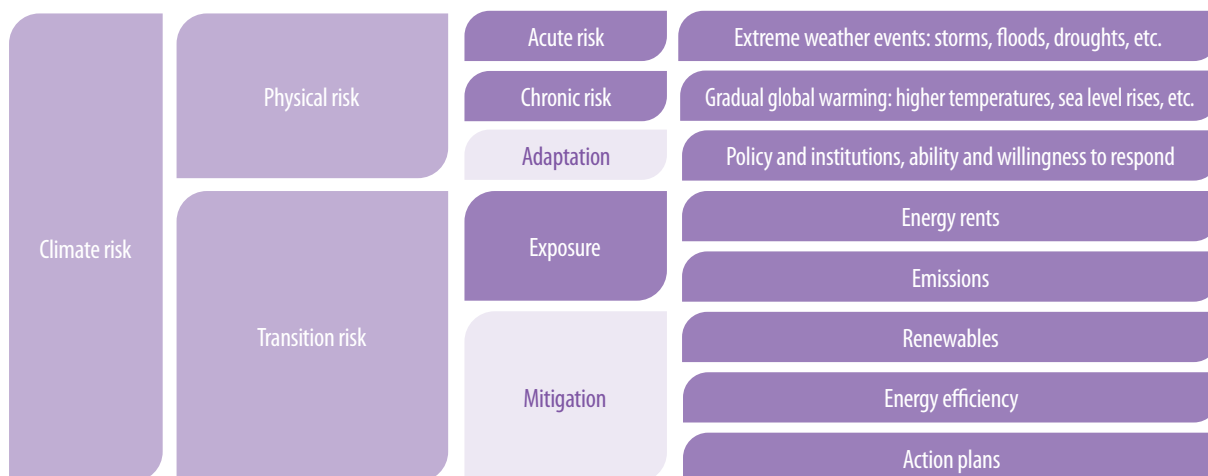


Figure 21: Climate risk country scores and underlying indicators.

The model brings these indicators to a common scale (normalisation), allowing for them to be partially compensated against each other, and selects the appropriate weights of the various climate risk dimensions based on the literature and econometric analysis.

Lastly, the assessment evaluates the current state and policy effectiveness of each country over the past five years in mitigating greenhouse gas emissions and becoming less energy intensive. It also evaluates its distance to the optimal global pathway to respect the objectives of the Paris Agreement.

Climate risk industry scores

In a similar manner, the Group has also developed a methodology to score industries according to their exposure to transition risk. The outcome of this exercise is presented in the strategy section of this report.

This methodology uses the Bank's new risk sector classification, which includes 30 risk sectors and 65 sub-sectors. Within these sub-sectors, industry experts identified more granular industry segments that are exposed to the same transition risks.

These segments are then scored taking into account their current emission levels, their ability to decarbonise, their exposure to regulatory and technology risk, and their resilience to potential changes in consumer behaviour. The resulting climate risk sector scores are then used as sector anchor scores for the screening tool.

The methodology is based on a mix of publicly available data and expert judgment. In view of the rapid developments in regulation, technology and market risk, the assessment is reviewed on a yearly basis.

The development of industry physical risk scores started in 2022 and is expected to be finalised and integrated within the climate risk screening tool in 2024.

Paris alignment for counterparties (PATH) framework

Since the beginning of 2022, the EIB Group has asked its relevant counterparties to comply with the [Paris alignment for counterparties \(PATH\) framework](#).

The overarching aim of the PATH framework is to engage with and support counterparties that are either aligning or willing to align with the goals of the Paris Agreement. The framework applies to corporate clients (both under private law and public law such as public sector entities) and financial intermediaries. For corporates, PATH focuses

on those clients that operate in high-emitting sectors and in a context of high vulnerability to physical climate risk. The framework ensures that these counterparties are taking steps to decarbonise their business activities and strengthen their resilience to the impact of climate change in line with the goals of the Paris Agreement. In the case of financial intermediaries, the PATH framework focuses on the major institutions globally,²⁰ requiring them to publicly disclose in line with the TCFD recommendations.

Part of the Bank's support is free technical assistance for parties that lack or have incomplete transition plans for decarbonisation or resilience, or those that have never done TCFD reporting. This assistance helps them fill these gaps. For treasury investments, which do not lend themselves to counterparty engagement, the EIB has developed a methodology specifically for financial markets based on the PATH framework principles, explained on the following page.

As the regulatory landscape is evolving fast, the EIB Group is committed to revising the framework in line with EU legislation, global climate policies, stakeholder expectations and lessons learnt. The first update in October 2022 included an additional paragraph (4.28) in support of the REPowerEU plan. The version published in November 2023 reflects changes based on the mid-term review of the EIB Group Climate Bank Roadmap, conducted during 2023. The changes include the option (where justified) to extend the deadlines to meet the reporting requirements of the PATH framework, the application of the REPowerEU exemption to countries outside the European Union, additional clarifications of which activities are incompatible, and the recognition that reporting that meets the requirements under Commission Implementing Regulation (EU) 2022/2453 will be deemed to meet the PATH framework requirements.

The results of the two years of implementation of the PATH framework are available under the metrics and targets section.

C. Assessing and managing climate-related risks at treasury level

Since 2022, treasury investments have respected the Paris Agreement goals laid out in the Climate Bank Roadmap. Treasury activities refer to the management of financial portfolios with different instruments and maturities to ensure that the EIB and the EIF hold sufficient liquidity to meet their lending commitments. As part of the Climate Bank Roadmap, environmental factors have been included in the Group's long-term treasury investments since mid-2020.

The EIB has developed a methodology adapted to financial markets under the principles of the PATH framework. This methodology applies to all treasury investments.²¹ It is based on the following assessment approach:

- Integrating into treasury decisions the assessment carried out on the lending side to meet the Paris Agreement goals.
- Relying on data from leading independent organisations to measure companies' alignment with the Paris Agreement.
- Quantitative assessment: appraising the actual reduction of companies' greenhouse gas emissions based on available data over the past three years, indicating whether a company is decarbonising in line with the goals of the Paris Agreement.
- Qualitative assessment: Reviewing companies' Paris alignment-relevant disclosures, which indicate whether a

²⁰ Financial institutions with more than €30 billion in total assets or which are among the three largest in their country, as well as fund managers with assets under management of more than €500 million, will be in scope. Sovereigns, sub-sovereigns, microfinance institutions, business angels and guarantee institutions are out of scope.

²¹ With the exception of securities issued by sovereigns or sovereign-related entities, and supranational institutions.

company is adequately acknowledging and preparing for the transition to a low-carbon and sustainable economy.

Investments in green bonds follow the same methodology. Such investments are only possible in instruments complying with the green bond principles of the International Capital Market Association (ICMA), or the European Green Bond Standard.

D. Integrating climate-related risks into the EIB Group's overall risk management

The Group's progress in integrating climate risk considerations into its global risk management approach is outlined in Figure 22.

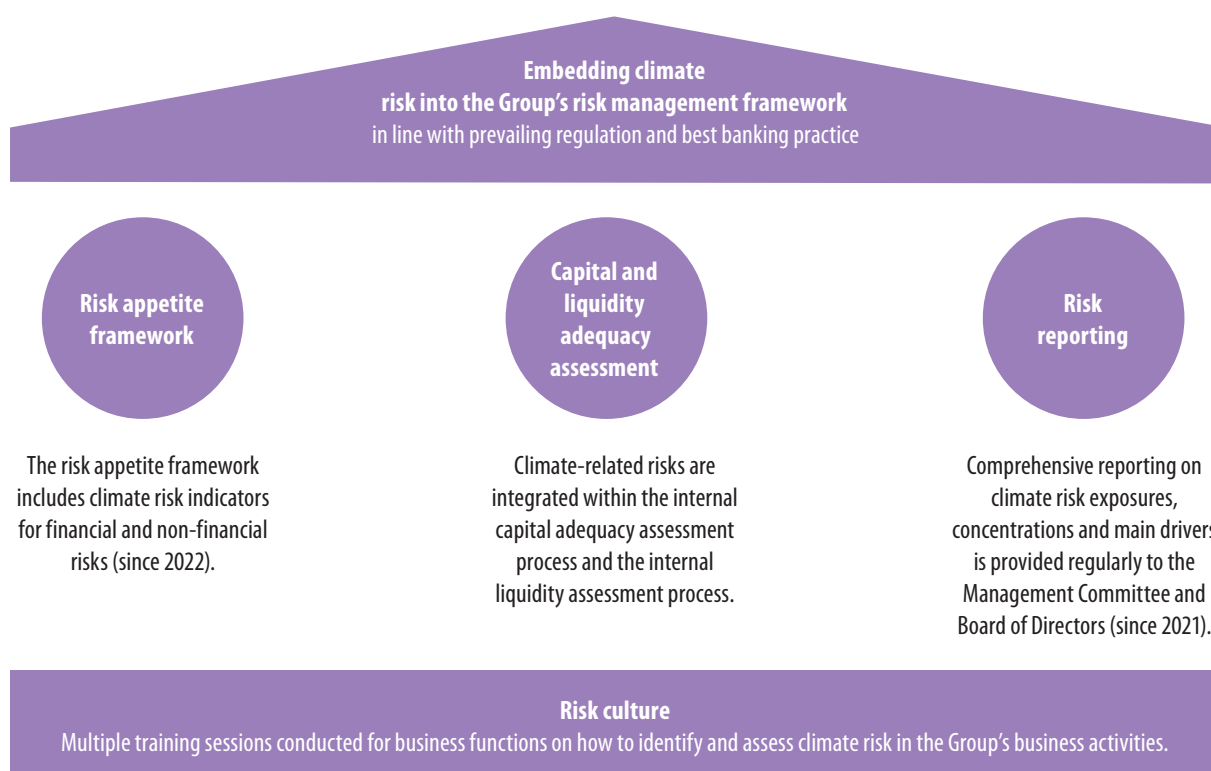


Figure 22: Embedding climate risk into the Group's risk management framework.

Risk appetite framework

The EIB Group's risk appetite framework formalises the level of risk that the Group is willing to take as part of its activities and objectives. The framework covers the major financial risks (including credit, liquidity, market and treasury risks) and non-financial risk categories (including operational, communication and technology, conduct and compliance, and reputational risks).

In 2022, the Group introduced new indicators to monitor climate risk from both a financial and a non-financial perspective, and started reporting on them in 2023. It also started to develop new indicators in 2023 that will be finalised in 2024.

Capital and liquidity adequacy assessment

As part of the EIB Group's best banking practice framework, an **EIB Group internal capital adequacy assessment process** has been established. The aim is to ensure that the Group identifies and is protected against all risks to which it is exposed, including credit, market, operational and other risks.

Climate change risk is considered in the assessment process. Where relevant, outcomes from climate scenario analyses and stress tests will be reflected in the assessment documentation. As climate risk is further integrated into the risk framework, the Group will assess the potential need to capitalise on climate risk, considering regulatory and supervisory expectations.

An **internal liquidity adequacy assessment process** has also been established as part of the Group's best banking practice framework. It recognises the climate change and environmental impacts on the Group's business in the form of transitional effects or the emergence of physical risks. Sensitivity analyses are used when assessing climate risk materiality from a liquidity risk perspective.

Climate risk reporting

The EIB Group has a fully operational reporting framework to track its climate risk exposure, based on the output of the climate risk screening tool. This framework includes:

- A quarterly synthesis report, with information on climate risk exposures across the Group portfolio. This is provided to the Management Committee, the EIB Board of Directors and the Audit Committee as part of the EIB Group Risk Report.
- A more comprehensive climate risk report is produced on a semi-annual basis, providing an overview of exposure to physical and transition risk for the existing portfolio and new operations – including operations under mandate – with breakdowns and deep dives into the credit segment, sector, geography and credit rating to better inform decision-making processes.

Integrating climate risk into the Group's three lines of defence framework

In line with the Group's general approach to managing risks based on the three lines of defence framework, we have applied the same principles for climate risks, with different roles for each directorate, as shown below.

First line of defence

Business functions

Identification and management of risks within an established set of limits and boundaries

The business functions identify new financing or investment operations in line with the Bank's climate risk and sector lending policies. In line with the Climate Bank Roadmap and its mid-term review, projects are assessed to ensure they are consistent with a pathway to low-carbon and climate-resilient development and are Paris aligned.

At counterparty level, the EIB Group assesses physical and transition risks through the climate risk screening tool.

The Group's Paris alignment for counterparties (PATH) framework aims to help counterparties to transition to a low-carbon and climate-resilient future. The Group's ambition is to help our counterparties in the transition to a low-carbon and climate-resilient world.

Second line of defence

Risk Management, Compliance, Financial Control and Legal functions

Maintenance, development and implementation of the risk management and control framework in line with policies and regulations

The Risk Management and additional second line of defence functions are responsible for controlling, monitoring and reporting on financial and non-financial risks to which the Group is exposed. Risk Management is responsible for integrating climate risk into the Group's risk management framework in accordance with prevailing regulatory requirements and best banking and best market practices. EIB Risk Management also reviews and approves the climate risk assessment of proposed counterparties at appraisal and during the annual review process. At the EIF, climate risks are calculated and updated automatically by the IT systems and validated by Risk Management. Risk Management also provides regular reporting to the Group's governing bodies on its climate risk exposure. Dedicated teams in the EIB and the EIF Risk Management Directorates are responsible for the development and continuous enhancement of the Group's climate risk assessment models.

Third line of defence

Internal Audit function

Independent review of risk management practices and the internal control framework

The Internal Audit function is responsible for examining and evaluating internal control systems and risk procedures. To that end, Internal Audit reviews the Group's climate risk policies and procedures and ensures that they are correctly applied.

The third line of defence at the EIF includes both internal and external audit activities that are coordinated by the Audit Board. Internal Audit (which is outsourced to the EIB's Internal Audit) examines and evaluates the relevance, design and effectiveness of the internal control systems and procedures within the EIF. In addition, the EIF cooperates with other independent control bodies such as the Internal Audit Service of the European Commission and the European Court of Auditors.

METRICS AND TARGETS

As part of its strategic approach to climate action, the Group has developed a results framework to assess, manage and monitor progress, and to evaluate and transparently report on the impacts and outcomes for its stakeholders of the implementation of the Climate Bank Roadmap.

This results framework enables the EIB Group to continuously improve its practices and policies over time, adapting its actions to take account of the lessons learnt, the changing political and legal requirements, best practices and scientific knowledge.

The framework is designed to trace the direct outputs of EIB Group roadmap activities, including green finance and advisory assignments, through to the outcomes of projects financed. It provides a substantive amount of information to monitor and assess the implementation of the roadmap.

The climate-related impacts of the roadmap are mainly measured in terms of savings of greenhouse gas emissions (climate change mitigation) and reduction of risks from current and future climate change (climate change adaptation). However, the results framework also provides insight into the contributions of EIB Group finance across the various dimensions of the European Green Deal.

This section of the report presents the EIB Group's progress in meeting its climate-related targets and the key metrics used to track these targets. These targets and metrics are presented in more detail in the [EIB Group 2023 Climate Bank Progress Report and the mid-term review](#).

A. On track to meet our climate-related targets

In 2019, the EIB Board of Directors approved a set of ambitious commitments for climate action and environmental sustainability. In 2020, the Climate Bank Roadmap provided the operational framework to put this ambition into practice. As a result, from the start of 2021, all new EIB Group operations have been aligned with the principles and goals of the Paris Agreement. The Group has also been tracking progress in the achievement of its quantitative commitments from 2021 to 2023, the first three years in which the Climate Bank Roadmap was implemented. These are presented in Table 2 below.

COMMITMENT INDICATORS	2021 RESULTS	2022 RESULTS	2023 RESULTS	TARGETS
1 Increase in EIB financing for climate action and environmental sustainability (CA&ES) to more than 50% of annual financing by 2025 and beyond	51%	58%	60%	More than 50% by 2025
2 EIB Group support for €1 trillion of investment in climate action and environmental sustainability in the critical decade to 2030 ²²	€75 billion	€190 billion	€354 billion	€1 trillion by 2030
3 Align all new EIB Group operations with the principles and goals of the Paris Agreement by the start of 2021	EIB Group Paris alignment framework applied to all new operations since start of 2021			

Table 2: High-level commitments.²³

The EIB committed to increasing the share of its annual financing for climate action and environmental sustainability to over 50% by 2025 and beyond 1. In 2023, the EIB provided €44.3 billion of climate action and environmental sustainability finance, a 21% increase on the €36.6 billion for 2022. This is equivalent to 60% of the Bank's own resource financing for 2023.

In addition to the Climate Bank Roadmap, under the EIB Climate Adaptation Plan in 2021 2, the EIB Board of Directors raised the target for adaptation finance to 15% of overall climate action finance by 2025. In 2023, this was 6.4%, compared to 5.4% in 2022. In terms of volumes, adaptation finance rose over 42%, from €1.9 billion in 2022 to €2.7 billion in 2023. To reach the target of providing 15% of EIB climate finance to adaptation by 2025, the EIB will continue to focus on delivering its Adaptation Plan. However, this remains challenging because the share of EIB finance allocated to climate mitigation, driven by the Bank's ongoing support for REPowerEU, is also increasing substantially.

Similarly to the EIB, the EIF committed to raising the share of its annual financing for climate action and environmental sustainability to 16% in 2022, 22% in 2023 and 25% in 2024. This target has already been exceeded, with the share of financing reaching over 34% in 2023.

The cumulative level of green investment supported by the EIB Group between 2021 and 2023 reached €354 billion. This puts the EIB Group well on track to meet the €1 trillion target for green investment supported over the period 2021 to 2030.

Finally, in terms of the third commitment 3 of aligning all new EIB Group operations with the principles and goals of the Paris Agreement, the Group has implemented a cohesive alignment framework across its new operations, covering a wide variety of financial products and counterparties across the globe. This has been conducted in a

²² Reported cumulatively to reflect the ten-year cumulative target. Review of data in 2023 identified an isolated error in the 2022 investment supported figure published in the previous Progress Report that has now been corrected.

²³ Targets determined in the roadmap and subsequent EIB Climate Adaptation Plan.

transparent manner, as widely acknowledged by stakeholders. The EIB Group has set a carbon emission reduction target to ensure long-term alignment of its internal activities with the goals of the Paris Agreement in the context of the Climate Bank Roadmap 2021-2025. The EIB Group aims to reduce absolute gross greenhouse gas emissions of its internal activities by approximately 30% by 2025, compared with a business-as-usual scenario. This corresponds to an absolute reduction of its annual gross greenhouse gas emissions of 12.4% by 2025 compared with the emissions and scope reported in 2018 (base year).

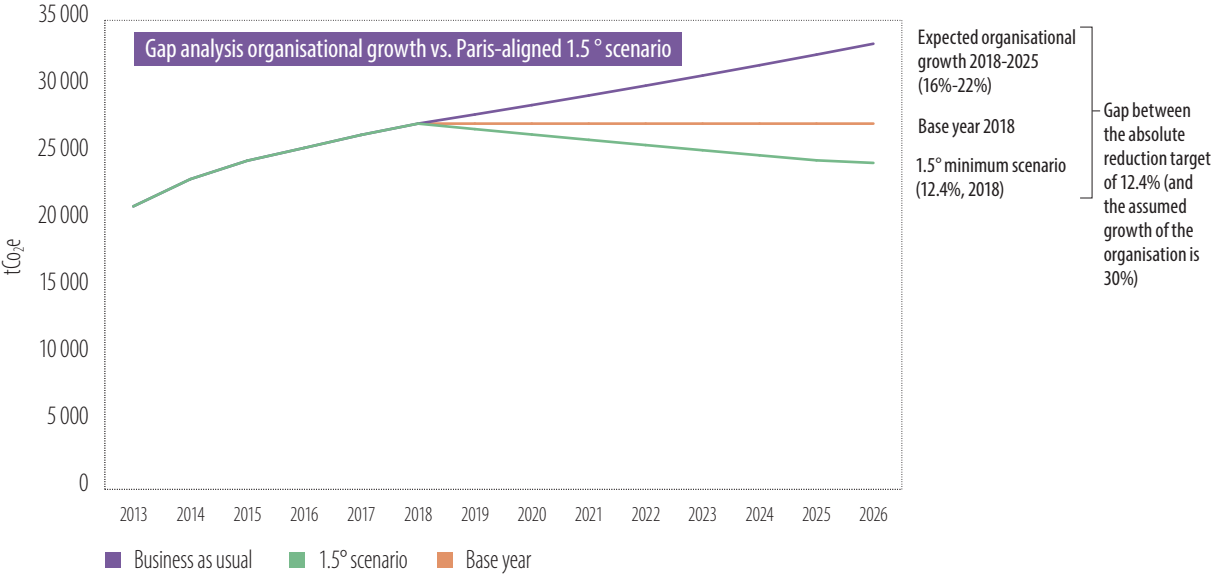


Figure 23: EIB Group’s emission reduction pathway for internal operations as first published in the EIB Group Climate Bank Roadmap 2021-2025. Emissions expressed as tonnes of carbon dioxide equivalent (tCO₂e).

2023 performance results: key highlights

In 2023, the EIB Group continued decoupling the growth of its greenhouse gas emissions from the growth of staff. It achieved a 18.4% reduction in annual gross emissions, despite a 27.6% increase in headcount between 2023 and the 2018 baseline year. This led to a 39.2% decrease in net emissions per employee (intensity).

	GROSS EMISSIONS (TCO ₂ E)	NET EMISSIONS (TCO ₂ E)	TOTAL EMPLOYEES	INTENSITY PER EMPLOYEE (TCO ₂ E)
2023	22 251	17 393	4 971	3.50
Vs. 2022 (restated) ²⁴	+1.3%	+3.4%	+7.0%	-3.3%
Vs. baseline 2018	-18.4%	-22.4%	+27.6%	-39.2%

Table 3: Gross emissions, net emissions, total employees and intensity per employee between 2018 and 2023. Emissions expressed as tonnes of carbon dioxide equivalent (tCO₂e).

24 In 2023, the EIB Group conducted an in-depth review of its internal carbon footprint to improve calculation methodologies and data accuracy and to correct errors. The Group also expanded its operational reporting boundary by adding scope 3 emission categories relating to emissions produced throughout the lifecycle of goods or services, for any type of energy consumed. As a result, and to consistently track the Group carbon footprint over time and enable meaningful comparisons, the Group 2022 internal carbon footprint was recalculated and restated with the same (revised) reporting perimeter and methodological parameters applied to calculate the 2023 carbon footprint. Details on the changes and their impact can be found in the Carbon Footprint Report 2023.

Between 2022 and 2023, the EIB Group's carbon emissions (gross and net) remained fairly stable despite a 7% increase in staff. By the end of 2022, business operations had nearly returned to pre-pandemic levels, following years of significant disruption. This return to normalcy resulted in a notable increase in emissions when compared to 2020 and 2021, although levels did not return to those seen before the pandemic. In 2023, emission trends show a stabilisation of absolute emissions at significantly lower levels than those observed before the pandemic. However, this stabilisation demonstrates the ongoing challenges in achieving further reductions in greenhouse gas emissions after the COVID-19 crisis.

In terms of medium-term progress, even as the number of employees increased by 27.6% from 2018 to 2023, gross emissions have decreased by 18.4% in absolute terms compared to the base year emissions (2018). When applying the same rationale to gross emissions per employee, the EIB Group achieved a reduction of 36.1% compared to the base year 2018. Thus, the EIB Group remains on track to meet its carbon emission reduction targets for 2025.

B. Scope 1, 2 and 3 emissions

The EIB Group calculates the greenhouse gas emissions of both its corporate activities (on a net and gross basis) and its lending business.

EIB Group corporate footprint

Since 2007, as reported in the [EIB Group Carbon Footprint Report](#), the Group has been calculating the greenhouse gas emissions of its corporate activities in Luxembourg.

The Group does this using the methodology of the [Greenhouse Gas Protocol](#) to ensure consistent reporting of its direct and indirect emissions. Under its corporate activities, the Group measures greenhouse gas emissions for the following scope 3 operational boundaries: business travel, mobility between EIB Group buildings, courier, water, waste, paper, data centres, staff commuting and staff homeworking.

As shown in Figure 24, in 2023 the EIB Group recorded a decrease of 18.4% in its total gross emissions compared to the baseline year 2018. However, compared to 2022 (restated), 2023 emissions increased slightly by 1.3% – mainly because of scope 3 corporate emissions, especially business travel. This effect was a combination of the last remaining COVID-related travel restrictions being loosened and an increase in staff headcount by 7.0% in 2023.

The EIB Group also measures its corporate net emissions intensity taking into consideration the number of employees. While corporate net emissions decreased by 25.0% in 2022 and 9.4% in 2023 compared to the base year 2018, this reduction was more pronounced for net emissions per employee, with 37.1% and 39.2%, respectively.



Figure 24: EIB Group gross emissions performance and trends (2022 and 2018 restated).

Despite the results achieved so far, carbon compensation also supports the EIB Group’s corporate climate goals strategy for internal operations. The EIB Group remains committed to offsetting its residual greenhouse gas emissions each year. In 2023, the EIB group tendered certified carbon credits for its 2021 residual emissions and for part of its 2022 net emissions. In 2024, the EIB group will tender for the remaining carbon credits. Details on the carbon credits purchased can be found in the [carbon footprint report](#) of the corresponding year.

The table below shows the evolution and breakdown of our emissions (gross and net) over the last ten years, as well as the encouraging trend in emissions per employee.

	SOURCE OF EMISSIONS	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022 (restd)	2023
Scope 1	Natural gas	297	-	24	28	28	24	20	10	12	3	3	-
	Company cars	75	69	58	70	62	51	58	32	30	21	21	19
	Fugitive emissions	-	-	-	-	-	-	-	-	-	-	12	3
Scope 2	Electricity	6 765	5 693	5 717	5 245	5 344	4 226	3 495	2 689	2 372	1 893	3 192	2 972
	Purchased steam	485	354	421	798	743	660	653	731	861	261	1 734	1 280
Scope 3	Business travel (flights and rail)	11 163	13 677	14 724	15 972	17 736	18 881	18 215	3 082	1 313	11 393	9 942	11 078
	Minibuses (incl. internal mail)	56	27	32	38	46	60	54	17	28	33	33	-
	Commuting	2 042	2 701	2 638	2 735	2 874	2 838	2 755	758	617	1 354	2 140	2 612
	Courier	70	70	70	74	72	62	61	37	33	34	34	34
	Rental cars	-	-	-	92	45	52	58	13	6	37	34	35
	Water	50	47	50	58	62	70	69	45	17	31	22	20
	Waste	10	13	11	11	10	17	15	6	8	8	8	11
	Paper consumption	106	73	105	107	109	130	98	37	31	43	53	60
	Data centres	-	422	405	290	277	189	139	152	177	96	253	308
	Homeworking	-	-	-	-	-	-	-	1 876	2 204	2 156	2 287	1 816
	Rail	-	-	-	-	-	-	24	13	0	4	4	5
Upstream emissions	from purchased electricity	-	-	-	-	-	-	-	-	-	-	1 909	1 778
	from steam	-	-	-	-	-	185	-	-	-	-	270	210
	from natural gas	-	-	-	-	-	4	-	-	-	-	1	-
	from fuel of company cars	-	-	-	-	-	16	-	-	-	-	10	9
Totals gross	Total scope 1	372	69	82	98	90	75	78	42	41	24	36	22
	Total scope 2	7 249	6 047	6 138	6 043	6 087	4 886	4 148	3 420	3 232	2 154	4 926	4 251
	Total scope 3	13 497	17 030	18 035	19 377	21 231	22 323	21 477	6 025	4 434	15 189	17 000	17 978
	Total gross emissions	21 119	23 146	24 255	25 518	27 408	27 284	25 703	9 487	7 708	17 367	21 962	22 251
	Gross emissions per employee	8.9	9.1	8.3	7.8	7.4	7.0	6.5	2.3	1.7	3.9	4.7	4.5
Net calculations	Electricity (green tariff)	-6 765	-5 693	-5 717	-5 245	-5 344	-4 226	-3 634	-2 841	-2 549	-1 990	-5 146	-4 858
	Purchased steam (biomass)	-	-	-	-	-	-577	-574	-651	-770	-	-	-
	Courier	-70	-70	-70	-74	-72	-62	-61	-37	-33	-34	-	-
	Total net emissions	14 284	17 383	18 468	20 199	21 992	22 419	21 434	5 958	4 356	15 343	16 815	17 393
	Annual variation	-13.1%	21.7%	6.2%	9.4%	8.9%	1.9%	-4.4%	-72.2%	-26.9%	252.2%	9.6%	3.4%
	Net emissions per employee	6	6.8	6.3	6.1	6	5.8	5.4	1.5	1	3.4	3.6	3.5

Table 3: EIB Group corporate emissions by scope, 2013-2023 (tCO₂e).

Footprint of EIB-financed projects

The EIB follows the International Financial Institution Framework for a Harmonised Approach to Greenhouse Gas Accounting²⁵ and the harmonised standards, adopted by the International Financial Institutions Technical Working Group on Greenhouse Gas Accounting,²⁶ to assess greenhouse gas emissions of projects where emissions are expected to be significant.

The EIB believes it is important to assess significant emissions and removals from all the sectors it funds. In measuring its annual carbon footprint, the Bank includes projects from energy generation and projects related to networks, energy efficiency, transport, industry, water and solid waste, agriculture and forestry.

In 2023, 80 of the projects in the EIB portfolio²⁷ had estimated emissions above the absolute or relative emissions thresholds²⁸ and were included in the 2023 carbon footprint exercise. They represent total EIB signatures or allocation approvals of €24 billion.

The related total absolute greenhouse gas emissions are estimated at 1.2 million tonnes of CO₂e per year. These emissions were offset by reduced or avoided emissions from the same financing, which are estimated at 5.2 million tonnes of CO₂e per year, in accordance with the carbon footprint methodology.

Data for projects included in the carbon footprint are reported in the Bank's environmental and social data sheets and published in its public register. Table 4 shows the results of the aggregate figures for the last ten years.

CARBON FOOTPRINT OF EIB FINANCING, 2013-2023											
	2013	2014	2015	2016	2017	2018	2019**	2020**	2021	2022	2023
Number of projects	67	70	73	70	55	68	96	99	86	91	80
Total EIB amount signed (in € billion)	13.8	15.1	11.2	17.7	9.4	9.5	13.6	14.4	15.6	16	24
Absolute emissions (in Mt CO ₂ e/year)*	3.2	4.9	5.6	2.4	5.2	2.2	3.9	5.2	2.3	1.6	1.2
Carbon sequestration from forestry (in Mt CO ₂ e/year)*	0	-0.2	-1	-3.5	-0.3	-2.8	-0.9	-0.3	0	0	0
Relative emissions (in Mt CO ₂ e/year)*	-2.4	-3	-3.1	-2.7	-2.9	-3.5	-2.9***	-3.7	-2.3	-4.6	-5.2
Absolute emissions per sector (in Mt CO ₂ e/year)*	2013	2014	2015	2016	2017	2018	2019**	2020**	2021	2022	2023
Industry	0.5	0.6	1.9	0.2	3.7	0.3	1	2.1	1.1	0.4	0.1
Energy	1	2.9	3	1.2	0.7	0.7	1.2	1.9	0.4	0.3	0.2
Mobility	1.6	1.4	0.6	0.8	0.7	0.7	1.5	0.7	0.7	0.5	0.6
Other (water, sewerage, forestry, food and agriculture)	0.1	0.1	0.1	0.2	0	0.6	0.3	0.5	0.2	0.5	0.2

25 <https://unfccc.int/climate-action/sectoral-engagement/ifis-harmonization-of-standards-for-ghg-accounting/ifi-twg-list-of-methodologies>.

26 Projects with a finance contract signed or large allocations approved in the year. Large allocations under signed framework loans include individual investment projects that have undergone a full individual project appraisal.

27 The applied adaptation finance tracking methodology can be found on the EIB website in the Joint Report on Multilateral Development Banks' Climate Finance published annually since 2011.

28 Namely emissions above one or both of the following thresholds: (i) absolute emissions (actual emissions from the project) > 20 000 tonnes of carbon equivalent (CO₂e) per year for a standard year of the project's operations; (ii) relative emissions (estimated increases or reductions in emissions compared to the expected alternative) > 20 000 tonnes of CO₂e per year.

Relative emissions per sector (in Mt CO ₂ e/year) *	2013	2014	2015	2016	2017	2018	2019****	2020**	2021	2022	2023
Industry	0	-0.2	-0.1	0	-0.3	0	-0.5	-0.1	-0.1	-0.1	-0.3
Energy	-2.2	-2.6	-2.5	-2.3	-2.4	-2.9	-1.9	-2.8	-1.7	-3.9	-4.5
Mobility	-0.2	-0.1	-0.2	-0.1	0-	-0.1	0.1	-0.2	-0.3	-0.2	-0.3
Other (water, sewerage, forestry, food and agriculture)	0	-0.1	-0.4	-0.2	-0.3	-0.4	-0.6	-0.6	-0.2	-0.4	-0.1

* Emissions and carbon sequestration are prorated to EIB lending volume prior to aggregation. Total project emissions (absolute) and savings (relative) would be significantly larger. Mt CO₂e = megatonnes of CO₂ equivalent.

** Note that a different threshold for absolute emissions and carbon sequestration from forestry applied from 2019 onwards (+/-100 tCO₂e/year); therefore, direct comparison with 2019 and 2020 for absolute emissions data is not possible.

*** The relative emissions figure for 2019 has been adjusted from the figure reported in the previous Sustainability Report (-3.1 Mt CO₂e/year) due to a correction in data.

Table 4: Carbon footprint of EIB financing, 2013–2023.

EIB approach to assessing the carbon emissions associated with its portfolio

In line with best practices, the EIB has been working to estimate and report on the total emissions associated with its entire portfolio of outstanding financed operations. This year, for the first time, we are providing quantified results. While these include most EIB operations, they do not yet cover the whole portfolio, as they do not include all EIB credit lines to banks and other financial intermediaries. The Bank is exploring how to best calculate or model the emissions of these operations.

At the end of 2023, the EIB operations assessed for portfolio emissions (around 8 000 finance contracts) were equivalent to roughly €380 billion in disbursed exposure. They are estimated to represent financed emissions of around 45 000 kilotons of CO₂ equivalent for 2023, of which approximately 50% are scope 1 (direct emissions from a project), 20% are scope 2 (emissions from generating the power used by the project) and 30% are scope 3 (upstream and downstream emissions from the project, for instance from the use made of it). As explained in Chapter 7 of the EIB Project Carbon Footprint Methodologies, a limited type of scope 3 emissions is calculated for certain projects.

Most emissions in the EIB portfolio come from transport (30%), energy (29%) and industry (21%). We finance many of these high-emitting projects to support energy efficiency or other emissions reductions. Through our finance, we help clients progress in their low-carbon transitions. The portfolio includes some fossil fuel projects financed before the Climate Bank Roadmap and energy lending policy were implemented.

This analysis was guided by the Greenhouse Gas Protocol Corporate Value Chain (scope 3) standard and the Global GHG Accounting and Reporting Standard for the financial industry developed by the Partnership for Carbon Accounting Financials.

About 48% of the portfolio-financed emissions are drawn from the carbon footprints estimated for projects since 2013 using the EIB Project Carbon Footprint Methodologies and included in the annual EIB project carbon footprint exercise. These project emissions have been prorated to the size of the outstanding loan amounts that have not been fully repaid (representing the emissions of the part of the project financed by the EIB that has been disbursed and not repaid).

The remaining projects covered by the assessment did not have a calculated or estimated carbon footprint, either because they were financed before 2013 or because they were considered below the thresholds mentioned in Chapter 5 of the EIB Project Carbon Footprint Methodologies. For these projects, emissions were generally estimated based on sectoral emission factors per million euros invested, derived from projects with a calculated/estimated carbon footprint, but capped at the thresholds applicable in the EIB Project Carbon Footprint Methodologies at the time of signature. For more information, see the 2023 TCFD report.

Estimating the financed emissions for such a large and diverse portfolio with projects dating back several decades encompasses uncertainty, and outcomes may vary depending on the assumptions and tools used. The 2023 estimates are a first step. The EIB will continue to work with other parties involved in this type of work, including users of portfolio-financed emission calculation tools, to improve the quality of the resulting figures.

C. Other climate-related metrics

EIB Group Climate Bank Roadmap results framework

The results framework was developed to facilitate progress monitoring and assessment of the implementation of the Climate Bank Roadmap. It includes metrics reflecting EIB Group outputs and outcomes in the delivery of the Climate Bank Roadmap, supporting the high-level metrics presented above, as well as the related outputs and outcomes of the investment projects supported. The results framework was presented in the 2021 Climate Bank progress report and annual updates to metrics monitored are published in subsequent annual reports.

Financing climate action

A key metric that the EIB has used for over a decade is the share of annual financing devoted to climate action. The share of climate action financing has increased significantly in recent years, reaching 56% (€41.8 billion) in 2023.

Climate action in and outside the EU

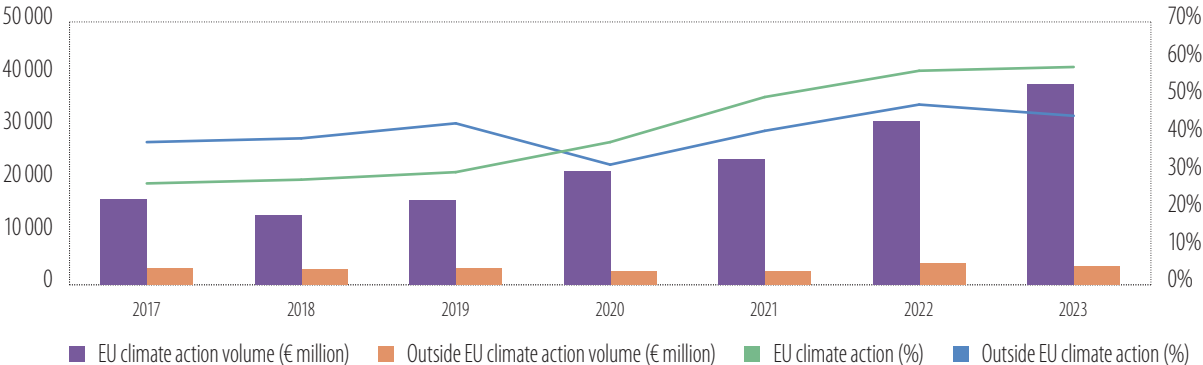


Figure 25: Total EIB climate action lending as a share of total EIB lending, 2013-2022.

In terms of methodology, the Bank follows the climate finance tracking approach that has been agreed with other multilateral development banks. In addition, the 2023 mid-term review of the Climate Bank Roadmap presented the EIB Group’s progress in integrating elements of the EU taxonomy of sustainable economic activities into its tracking methodology for climate action and environmental sustainability finance, as well as its plans for further integration going forward.

The EIB Group climate action definitions were updated in 2022 to incorporate the EU taxonomy’s substantial contribution criteria set out in the EU Climate Delegated Act. For sectors that were not covered, the EIB followed criteria, defined in the [Common Principles for Climate Mitigation Finance Tracking](#), agreed with other multilateral development banks and the International Development Finance Club. For climate change adaptation, the joint multilateral development bank methodology²⁹ was applied for sectors not covered by the EU taxonomy. The Climate Bank Roadmap mid-term review provided an update on progress made on the integration of the EU taxonomy in EIB Group criteria, including the incorporation of principles for do no significant harm to climate objectives into Paris alignment criteria. The mid-term review also highlighted ongoing work to engage with clients on implementation of the EU taxonomy, including do no significant harm and minimum safeguards.

The breakdown of climate action financing by type (Figure 26) shows an increase in the financing of renewable energy (up from €7.2 billion to €9.1 billion), lower-carbon transport (up from €10.1 billion to €13.3 billion), and climate change adaptation (up from €1.9 billion to €2.7 billion, accounting for 6.4% of total climate finance).

Climate action categories (€ million)

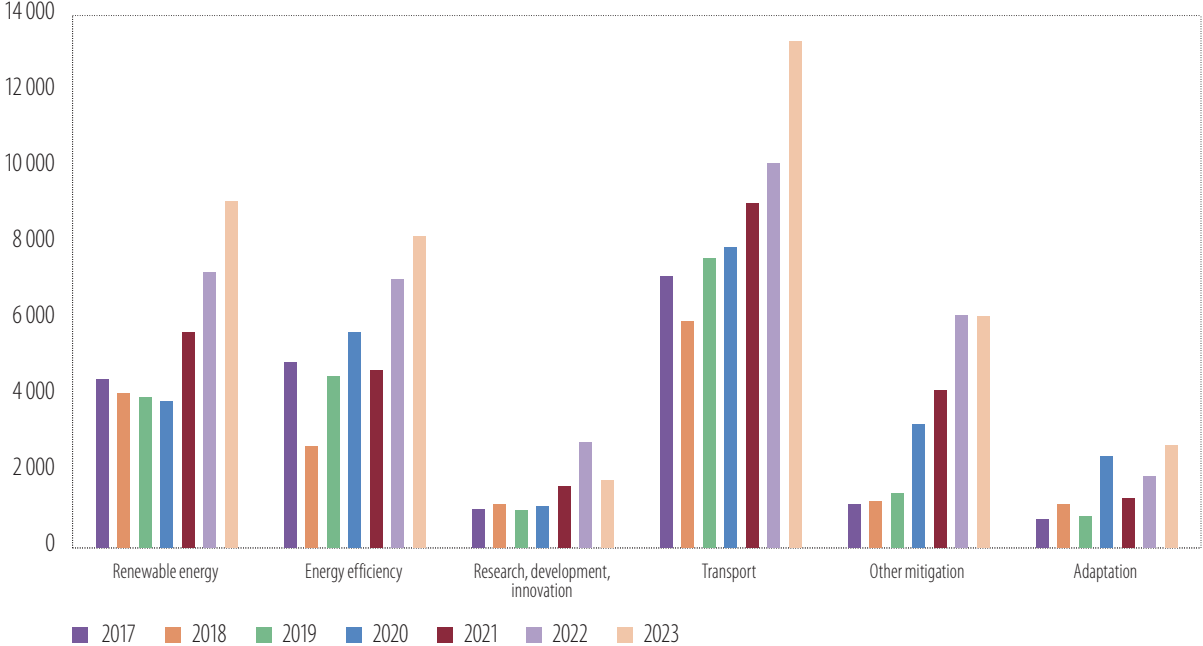


Figure 26: Total EIB climate action breakdown by area of intervention, 2013-2023.

EIB climate risk assessment system for physical climate risk in projects

In 2023, the EIB screened and assessed 100% of approved direct lending operations. Of these, 9.7% were screened out as not sensitive to climate change, 89.6% were assessed as low residual risk and 0.7% were assessed as medium residual risk.

²⁹ The applied adaptation finance tracking methodology can be found on the EIB website in the Joint Report on Multilateral Development Bank’s Climate Finance published annually since 2011.

PATH-related results

As described in more detail in the risk management section of this report, since the beginning of 2022 the EIB Group has been implementing the Paris alignment for counterparties (PATH) framework.

During 2023, 36% of EIB counterparties were screened in for further assessment of their alignment strategy and public disclosures under the PATH framework.³⁰ Following the assessment, 79% were deemed as meeting the PATH requirements. The remaining 21% agreed to produce and publish the required PATH-compliant plans and/or set of disclosures.

Portfolio-level assessment

The climate risk screening tool, which provides a counterparty-based assessment of climate risk, was rolled out across the existing portfolio in July 2020. Since then, the tool has been expanded to cover the whole portfolio, including new operations and treasury counterparties. We describe the results of the assessment above.

INDICATORS	2022 FIGURES ³¹	2023 FIGURES
EIB Group portfolio (signed exposure)	€666.9 billion	€683.7 billion
Share of overall EIB Group portfolio covered by climate risk screening tool, of which:	89%	89%
Share rated as medium- and high-risk for physical risk	19%	21%
Share rated as medium- and high-risk for transition risk	49%	38%

Sustainability funding

In 2023, sustainability funding – the issuance of Climate Awareness Bonds (CABs) and Sustainability Awareness Bonds (SABs) – reached €14.6 billion, representing a share of 29% of the EIB's total funding plan.

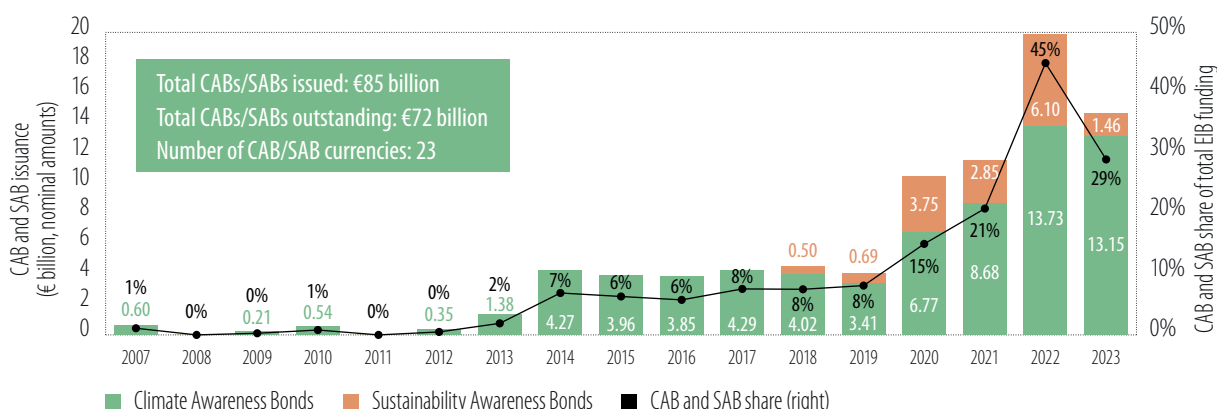


Figure 27: Evolution of Climate Awareness Bond and Sustainability Awareness Bond issuance and their share of total EIB funding.

This growth is the result of the gradual extension of the eligibility criteria for Climate Awareness Bonds and Sustainability Awareness Bonds (see Figure 27), and the increase of the eligible share of the Bank's disbursements in the context of the EIB Group Climate Bank Roadmap.

³¹ 2022 figures were restated for comparability purposes, because the scope of the Group portfolio has been increased recently to cover a larger part of the EIF portfolio.

	CLIMATE AWARENESS BONDS	SUSTAINABILITY AWARENESS BONDS	
	Environmental	Environmental (other than climate change mitigation)	Social
Objectives	<ul style="list-style-type: none"> Climate change mitigation (2007) 	<p>So far:</p> <ul style="list-style-type: none"> Sustainable use and protection of water and marine resources (2018) Pollution prevention and control (2018) Protection and restoration of biodiversity and ecosystems (2021) 	<p>So far:</p> <ul style="list-style-type: none"> Access to water and sanitation (2018) Natural disaster risk management (2018) Access to equitable and inclusive education (end 2019) Universal access to affordable health services (end 2019) Health emergency response and preparedness capacity (2020) Access to social and affordable housing (2021)
Activities	<p>Eligible activities:</p> <ul style="list-style-type: none"> Renewable energy (2007) Energy efficiency (2007) Electric rail infrastructure and rolling stock, and electric buses (2020) Research, development and deployment of innovative low-carbon technologies (2020) Further taxonomy-eligible low-carbon activities in the transport, manufacturing, waste and energy sectors (2022) 	<p>Eligible activities:</p> <ul style="list-style-type: none"> Water supply and management (2018) Wastewater collection and treatment (2018) Sustainable forest management (2021) 	<p>Eligible activities:</p> <ul style="list-style-type: none"> Water supply and management (2018) Wastewater collection and Treatment (2018) Flood protection (2018) Education (2019), including higher education (2020) Health (2019), including COVID-related activities (2020) Housing (2021)

Figure 28: Climate Awareness Bond and Sustainability Awareness Bond eligibility criteria.

List of acronyms

CAB	Climate Awareness Bond
COP	Conference of the Parties
CSRD	Corporate Sustainability Reporting Directive
ECB	European Central Bank
EFRAG	European Financial Reporting Advisory Group
EIB	European Investment Bank
EIF	European Investment Fund
EMAS	European Eco-Management and Audit Scheme
ESRS	European Sustainability Reporting Standards
GRI	Global Reporting Initiative
ICMA	International Capital Market Association
IPSF	International Platform on Sustainable Finance
MDB	Multilateral development bank
NGFS	Network for Greening the Financial System
PATH	Paris alignment for counterparties framework
SAB	Sustainability Awareness Bond
SASB	Sustainability Accounting Standards Board
TCFD	Task Force on Climate-related Financial Disclosures
UNPRI	United Nations Principles for Responsible Investment



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