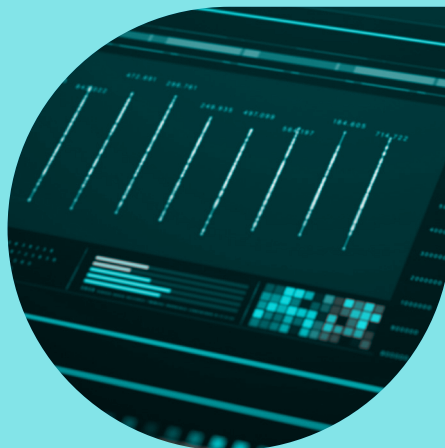
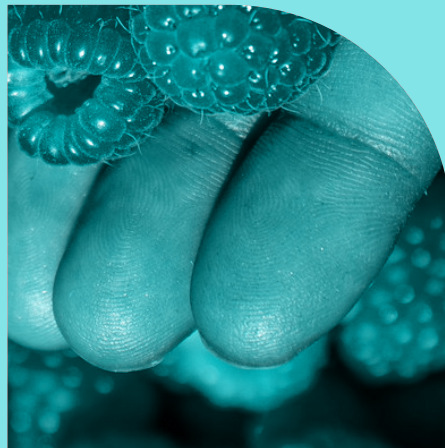
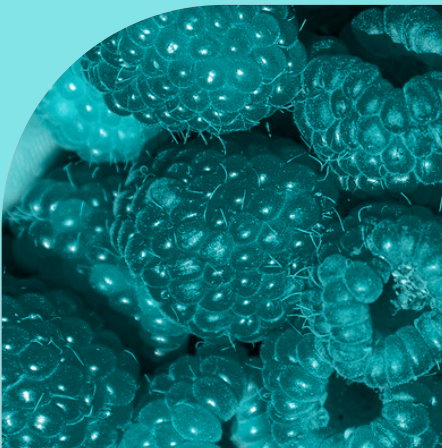




European Bank
for Reconstruction and Development

ISSB Report 2024



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Foreword

Following the integration of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) into the International Sustainability Standards Board (ISSB), the European Bank for Reconstruction and Development (EBRD; “the Bank”) is pleased to present its first ISSB-compliant report. This transition reflects the Bank’s ongoing commitment to upholding the highest standards in climate-related financial reporting and risk management. Though the disclosure landscape continues to evolve, the EBRD remains dedicated to ensuring its approaches remain rigorous and aligned with good market practices. Managing climate-related financial risks and seizing opportunities in the green economy will remain at the core of the Bank’s strategic priorities as it supports its investee economies in building a more sustainable and resilient future.

Climate remains a fundamental global priority, with efforts to counter negative climate impacts in 2024 challenged by escalating geopolitical tensions and economic uncertainties. Military conflict, trade disruptions and energy security concerns have further complicated the global transition to a low-carbon economy. Meanwhile, extreme climate events in 2024, ranging from record-breaking heatwaves to devastating floods, have underscored the reality that climate change is not a distant threat but a present challenge demanding immediate and sustained action. The world must simultaneously adapt to a rapidly changing climate while accelerating efforts to reduce greenhouse gas (GHG) emissions and keep global warming below 1.5°C. The EBRD continues to play a critical role in these efforts.

As a development bank with a unique mandate, the EBRD is well positioned to support its countries of operation in navigating these complex challenges. The EBRD remains at the forefront of financing the transition to a low-carbon, climate-resilient economy. The Bank continues to embed best practices across its investments, ensuring that climate considerations are mainstreamed into decision-making processes. For the fourth consecutive year, the EBRD has met its green finance targets and, since 2023, all new investments have been aligned with the goals of the Paris Agreement.¹ This progress reflects the Bank’s deep commitment to facilitating sustainable economic growth while addressing climate risks.

The Bank is also able to provide agile responses to acute climate-related challenges and has responded rapidly to climate and natural disasters across its regions of operation. In 2024, the Bank mobilised swift financial and technical assistance to communities affected by extreme weather events, reinforcing its role as a reliable partner in times of crisis.

In 2024, the EBRD also continued to refine and enhance its approach to climate risk management. Building on its growing expertise, the Bank further expanded its climate stress-testing capabilities, developing its ability to assess and manage climate-related financial risks effectively. The EBRD also deepened its assessment of financed emissions, extending its coverage to provide a more comprehensive view and demonstrating leadership among multilateral development banks (MDBs) in enhancing transparency and accountability in climate reporting.

This report also incorporates the Bank’s first materiality assessment under the ISSB, reflecting the growing importance of integrating climate-related risks and opportunities into strategic decision-making and considering the potential financial impact on the Bank’s prospects. The EBRD has thus strengthened the connection between climate-related risks/opportunities and their financial consequences, and is developing a more holistic approach to climate risk management.



Burkhard Kübel-Sorger

Vice President, Chief Financial Officer

European Bank for Reconstruction and Development

London, 12 September 2025

¹ Aside from certain projects excluded from Paris alignment assessment, as explained in detail in Section 5.4.

Acronyms and abbreviations

CDSB	Climate Disclosure Standards Board
CO₂e	Carbon dioxide equivalent
CRB	Climate resilience bond
CRO	Chief Risk Officer
CSD	Climate Strategy and Delivery team
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
ESB	Environmental sustainability bond
ESD	Environment and Sustainability Department
ESP	Environmental and Social Policy
EU	European Union
GET	Green Economy Transition
GHG	Greenhouse gas
GICS	Global Industry Classification Standard
GRI	Global Reporting Initiative
GTB	Green transition bond
IFI	International financial institution
IFRS	International Financial Reporting Standards
ISSB	International Sustainability Standards Board
KPI	Key performance indicator
MDB	Multilateral development bank
NACE	Statistical Classification of Economic Activities in the European Union
NBFI	Non-bank financial institution
NGFS	Network for Greening the Financial System
NPL	Non-performing loan
PBC	Performance-based compensation
PCAF	Partnership for Carbon Accounting Financials
PFI	Partner financial institution
SASB	Sustainability Accounting Standards Board
SCF	Strategic and Capital Framework
SRI	Socially responsible investment
TCFD	Task Force on Climate-related Financial Disclosures
tCO₂e	Tonnes of carbon dioxide equivalent

Executive summary

The EBRD has committed to reporting in compliance with International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards as issued by the ISSB. This inaugural *ISSB Report* builds on the Bank's previous reporting (since 2020) under the TCFD recommendations. In it, the Bank presents information on its material climate-related financial risks and opportunities and how these are taken into account in its strategy, policies and operations.

IFRS Sustainability Disclosure Standards give initial adopters a number of waivers to simplify the process of transitioning from TCFD reporting. One allows first-time adopters to focus solely on climate-related risks and opportunities, rather than disclose information on all sustainability-related risks and opportunities. The Bank has elected to avail itself of this option in this inaugural *ISSB Report*, which only discloses information on climate-related risks and opportunities.

The *ISSB Report 2024* shows how the EBRD continues to mainstream policies and procedures to meet its climate strategy and the expectations of shareholders and stakeholders in the economies where it operates. In line with the core IFRS Sustainability Disclosure Standards reporting pillars of governance, strategy, risk management, and metrics and targets, key highlights include the following:

- The Bank has completed its first climate-related materiality assessment, identifying the climate-related risks and opportunities that could potentially have a material financial impact on the Bank's prospects.
- All EBRD activities are aligned with the Paris Agreement approach agreed by MDBs², and green finance³ accounts for more than 50 per cent of the Bank's annual investment.
- Every EBRD investment is assessed for climate risk. The assessment, review and monitoring process will continue to improve in line with good risk management practice.
- The Bank continues to refine its methodologies and procedures for assessing and managing transition and physical climate risks for all types of Banking counterparty.
- The transition stress-testing exercise covers banking book portfolio exposures for loans and equity positions vis-à-vis corporate and sub-sovereign customers using both a long-term Network for Greening the Financial System (NGFS) scenario and an in-house short-term scenario.
- As well as measuring and monitoring its own emissions, the breadth of the Bank's financed emissions measurement has been enhanced and expanded from 20 per cent to 39 per cent (see annex to this report).

The progress the EBRD is making puts it in a strong position to further embed and enhance the management of climate risks and opportunities, to continue piloting assessments of other potential hazards (such as threats to nature and biodiversity), and to report in line with evolving industry standards. The Bank supports its clients in developing and delivering credible transition plans and is establishing a level of appetite for sustainability-related reputational risk. As sustainability risk practices continue to develop, the availability of sophisticated tools and comprehensive datasets is increasing, and as regulatory frameworks become more established, the EBRD will continue to develop its own approach in line with evolving expectations and guidance.

This report demonstrates the EBRD's commitment to supporting the low-carbon and climate-resilient transition of its clients and investee economies, while ensuring its own financial resilience and stability in the face of growing climate challenges.

2 Aside from certain projects excluded from Paris alignment assessment, as explained in detail in Section 5.4.

3 Financial flows directed towards climate change mitigation, climate change adaptation or other environmental activities, as defined in the EBRD's green finance tracking methodology. This term is used interchangeably with the term "Green Economy Transition (GET) finance".

Basis of preparation

This report has been prepared in accordance with IFRS Sustainability Disclosure Standards as issued by the ISSB.⁴

The report has been prepared by the Bank on a voluntary basis to provide more decision-enabling information to stakeholders. In doing so, the Bank makes use of the proportionality mechanisms available to voluntary appliers of the standards.⁵ One of the key proportionality mechanisms is the option to disclose qualitative (rather than quantitative) information in circumstances where quantitative information is not readily available without undue cost and effort.

Accordingly, this report includes both quantitative and qualitative disclosures on the financial effects of the Bank's material climate-related risks and opportunities.

The following standards, guidance and material have been applied in this report:

Standard/guidance/material	Content	Application
IFRS S1	General standard for sustainability-related risks and opportunities, materiality definition, structure and proportionality mechanism	Sustainability standard
IFRS S2	Climate-related disclosure standard, comparable to IFRS S1	Climate-related standard
Educational material for voluntary appliers	Guidance for voluntary appliers of the IFRS Sustainability Disclosure Standards, providing proportionality mechanisms (for example, for qualitative disclosures or in respect of stress-testing scenarios)	See table below
IFRS guidance on materiality	Defines the process to identify sustainability-related risks and opportunities and to determine materiality based on quantitative and qualitative factors	Qualitative factors for the EBRD's materiality assessment

The proportionality mechanism for voluntary appliers has been used as follows:

	Information use limited to what is reasonable, supportable and available without undue cost or effort	Qualitative approaches allowed if a company lacks skills, capabilities or resources	Section
Determination of anticipated financial effects	Yes	Yes	1, 3, 4
Climate-related scenario analysis	Yes	Yes	4
Identification of risks and opportunities	Yes	-	1, 3, 4
Determination of the scope of the value chain	Yes	-	1
Calculation of metrics in some cross-industry categories	Yes	-	5

This report covers the EBRD and its wholly controlled subsidiary, the EBRD Shareholder Special Fund (SSF), consistent with the Bank's financial statements. To calculate GHG emissions, the EBRD uses the approach established by the Greenhouse Gas Protocol, as required by IFRS S2, where applicable. The EBRD includes all Scope 1 and Scope 2 (market-based and location-based) emissions from operations and assets over which it has operational control. Any other emissions generated in the EBRD's value chain are reported as Scope 3 emissions (see annex; outside scope of assurance). The EBRD has operational control over its subsidiary, and its emissions are classified as Scopes 1 and 2 (market based and location based).

⁴ See IFRS Foundation (n.d.).

⁵ The EBRD is a voluntary applier of the IFRS Sustainability Disclosure Standards.

This report should be read in conjunction with the Bank's annual financial statements, prepared in accordance with IFRS accounting standards. It covers a 12-month period for the year ended 31 December 2024, which is aligned with the reporting period of the related *Financial Report 2024*.⁶

The information derived from the statement of financial position is presented in euros at the closing exchange rate, as described in the *Financial Report*. All other information is translated into euros at the average annual exchange rate.

Metrics

This report publishes a number of metrics, detailed definitions of which can be found in Section 6.

Deloitte LLP has provided independent third-party limited assurance in accordance with the International Standard for Assurance Engagements 3000 (Revised) (ISAE 3000 Revised) and Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), both issued by the International Auditing and Assurance Standards Board (IAASB), for this IFRS Sustainability Disclosure Standards report, including selected metrics denoted with an asterisk (*) in Section 5, "Metrics and targets".

Parts marked with an "(E)" are excluded from the scope of the assurance, including capital market finance and participation metrics in Section 5.4 and climate-related targets and performance in Section 5.5.

Deloitte LLP's full unqualified assurance opinion, which includes details of the selected metrics assured, can be found at the end of the report.

⁶ See EBRD (2025a).

Significant estimates and critical judgements

Preparing the *ISSB Report* in line with IFRS Sustainability Disclosure Standards requires the Bank to make judgements and estimates that affect its materiality assessment, including the magnitude and likelihood of financial effects, its GHG emission calculations, emission reductions and climate scenario analysis. During the reporting period, estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates are highly dependent on a number of variables that reflect the economic environment and financial markets of the economies in which the Bank invests. Details of significant estimated and critical judgements in the preparation of this report, as well as amounts that are subject to a high degree of measurement uncertainty, are included in the relevant sections of this report, as noted in the following overview:

Significant estimates and critical judgements	Section
Materiality assessment – magnitude and likelihood	1
Anticipated financial effects	1, 3, 4
Climate scenario analysis	4
GHG emission calculations	5
GHG emission reductions	5
GHG-related metrics	5

1. Materiality

This report provides details on the Bank's assessment of its material climate-related risks and opportunities – in other words, climate-related risks and opportunities that could reasonably be expected to have an impact on the Bank's prospects. It also provides information to EBRD investors that the Bank considers “material” in an IFRS Sustainability Disclosure Standards context. These disclosures are grouped into four main pillars for the purposes of this report: governance, strategy, risk management, and metrics and targets.

1.1. Key terms

Table 1. Key terms

Key term	Explanation
Climate-related risks	Climate-related risks refer to the potential negative effects that climate change – and societal responses to climate change – could have on an entity.
Climate-related opportunities	Climate-related opportunities refer to the potential positive effects arising from climate change for an entity. Efforts to mitigate and adapt to climate change can also produce climate-related opportunities for an entity.
Transition risks	Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market (including changes in customer behaviour) and reputational risks. These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations.
Physical climate risks	Physical climate risks arise as a direct consequence of climate change and can be event driven (acute physical risks) or due to longer-term shifts in climatic patterns (chronic physical risks). Acute physical risks arise from weather-related events such as storms, floods, droughts or heatwaves. Chronic physical risks arise from longer-term shifts in climatic patterns, including changes in precipitation and temperature.
Sustainability-related risks and opportunities	<p>The distinction between those risks and opportunities that are sustainability related and those that are not is left undefined by the IFRS Sustainability Disclosure Standards. Rather, entities reporting under the standards are encouraged to refer to other sustainability reporting frameworks and the sustainability-related risks and opportunities disclosed by other entities to identify sustainability-related topics for potential disclosure.</p> <p>For example, a comprehensive list of “sustainability matters” can be gleaned from the European Sustainability Reporting Standards.⁷ These matters are grouped as follows:</p> <p>Environment</p> <ul style="list-style-type: none">• climate change• pollution• water and marine resources• biodiversity and ecosystems• circular economy <p>Social</p> <ul style="list-style-type: none">• own workforce• employees in the value chain• affected communities• consumers and end-users <p>Governance</p> <ul style="list-style-type: none">• business conduct <p>In assessing the array of risks and opportunities that are sustainability-related, the EBRD uses a range of sources, including the European Sustainability Reporting Standards.</p>

1.2. Definition of materiality

The definition of materiality and the methodology for assessing the materiality of identified sustainability-related risks and opportunities is a fundamental building block in producing comprehensive sustainability reporting in accordance with IFRS Sustainability Disclosure Standards. Though similarly based on financial impacts, the Bank does not consider materiality for sustainability reporting purposes to be identical to materiality for financial reporting purposes.

⁷ See European Commission (2022).

In the context of sustainability-related financial disclosures, information is considered material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general-purpose financial reports make on the basis of those reports (with such information including financial statements and sustainability-related financial disclosures, and reports that provide information about the Bank). Disclosures are also considered material if they are identified as decision-useful based on qualitative factors. Consequently, while the Bank considers climate-related credit risks to be immaterial from the sole perspective of financial reporting based on current methodologies and available data, as disclosed in the *Financial Report 2024*, these risks are considered material in the context of the *ISSB Report*, which assesses materiality from a sustainability-related financial reporting perspective that takes into account short-, medium- and long-term time horizons.

The Bank considers that, as a result of its status as a climate finance leader and the broader emphasis in society on sustainability-related matters, there is a different materiality threshold when disclosing sustainability-related risks and opportunities, and that its materiality assessment for the purpose of sustainability-related financial disclosures should encompass not only quantitative financial impacts, but also qualitative factors.⁸

1.3. Materiality assessment for 2024

The Bank's 2024 materiality assessment for climate-related financial reporting was conducted taking into account the short-, medium- and long-term time horizons in which these effects could materialise. The assessment built on the processes previously adopted for the Bank's TCFD reporting on climate-related risks and opportunities. With the TCFD recommendations now integrated into the IFRS Sustainability Disclosure Standards, the Bank has used and expanded on the knowledge and processes in place for identifying climate-related risks and opportunities in the EBRD's business model and value chain.

The EBRD's primary business model is the provision of financial products (mainly loans, equity investments and guarantees) to predominantly private-sector clients with the goal of achieving transition⁹ impact through project completion. The EBRD's value chain, therefore, consists of: its sources of funding, through which it gathers the finance it then deploys; its own operations in deploying finance to projects that meet its objectives; and its clients, who are the recipients of the finance. The sources of funding for the EBRD are its shareholders (through the provision of capital contributions), its investors (who purchase EBRD-issued debt instruments) and its donors (who contribute donor funds deployed in support of EBRD-funded projects). EBRD clients are predominantly private-sector firms located in economies in which the Bank invests and, to a lesser extent, the sovereigns of those economies. Each component of the EBRD's value chain has been considered as part of the Bank's materiality assessment.

The Bank's process for identifying sustainability-related topics commenced with an analysis of relevant standards and frameworks, focusing only on climate-related topics. The list of topics assessed was based on:

- IFRS Sustainability Disclosure Standards 1 and 2¹⁰
- Sustainability Accounting Standards Board (SASB) industry-specific metrics and targets for commercial banks¹¹
- the Climate Disclosure Standards Board (CDSB) framework, with a focus on environmental and climate-related topics¹²
- topics disclosed in the sustainability reporting of peer institutions.

The list of topics was mapped to climate-related risks and opportunities identified in the Bank's value chain and business model, creating a longlist of potentially material risks and opportunities for further assessment.

The Bank then considered the potential financial impacts of the identified topics and the mapped risks and opportunities, taking into account both the potential magnitude of the impact and the likelihood of its occurrence. The assessment focused on those financial effects that the Bank assessed as having the potential to materially alter one or more of (i) its

⁸ See IFRS Foundation (2024).

⁹ The EBRD's transition concept relates to the development of the economies in which it invests across a number of qualities, which is explained in detail at <https://www.ebrd.com/home/who-we-are/ebrd-values/ebrd-transition.html>.

¹⁰ See IFRS Foundation (2023).

¹¹ See SASB (n.d.).

¹² See IFRS Foundation (2022).

cash flows, (ii) access to finance or (iii) the cost of capital. The assessment was conducted from both a quantitative and a qualitative perspective. In cases where the magnitude or likelihood could not be quantified due to the undue costs and effort involved, the assessment adopted a qualitative approach. In cases where a quantitative approach could be used, no qualitative assessment was needed. Some of the climate-related risks or opportunities disclosed in this report have been identified as material even though the Bank cannot currently quantify the magnitude of the potential effects.

To standardise the materiality assessment, each potentially material risk or opportunity was assigned a score based on predefined scales for both the magnitude and likelihood of financial effects. These were then combined to produce a weighted score for each risk and opportunity, resulting in a final list of material topics. The assessment was tailored to maximise the use of in-house expertise on particular topics, with risks and opportunities being assessed by those teams within the Bank that had the most relevant expertise in that area. The final scores assigned to each risk and opportunity allowed them to then be sorted according to their relative materiality.

The final step in the assessment required the Bank to determine an appropriate threshold to divide the list of risks and opportunities into those considered material and those considered immaterial. The determination of this threshold was a critical judgement that gave due consideration to the detailed quantitative and qualitative assessments made in the earlier stages of the assessment.

Table 2 summarises the material risks and opportunities identified in the Bank’s 2024 materiality assessment. In accordance with the requirements of IFRS S2, climate-related risks have been grouped into climate-related physical risks and climate-related transition risks:

Table 2. Material climate-related risks and opportunities in 2024

Physical risks	Transition risks	Climate opportunities
Credit risk	Credit risk	Demand for climate-related financial products
Market risk	Market risk	Climate investment and donor funding
	Reputational risk	

The Bank’s assessment of the financial impacts of the material risks and opportunities is split into (i) those where the Bank has the means to produce a quantitative analysis of the potential impact and (ii) those where a quantitative analysis is not possible without undue cost and effort, so only a qualitative assessment is available. The Bank is currently able to produce a quantitative analysis of the scale of its financial exposure to climate-related credit risk (physical and transition risk). This is described in detail in Section 4.

Qualitative information on the current and projected financial effects of other climate-related risks and opportunities identified as material is summarised in Table 3. More detailed qualitative assessments of the material climate-related risks and opportunities, including the assessed materialisation over the short, medium and long term, are included in Section 3 (in the case of opportunities) and Section 4 (in the case of risks) of this report. Disclosure requirements were determined based on qualitative factors with reference to IFRS guidance on materiality.

Table 3. Overview of anticipated financial effects of climate-related risks and opportunities identified as material

Material climate risks and opportunities	Summary of information about projected financial effects on the Bank’s prospects ¹³
Physical climate risk	The Bank is chiefly exposed to potential financial losses from physical climate risks through an increase in expected credit losses (credit risk) on its portfolio of loans held at amortised cost, and through negative fair valuation adjustments (market risk) on its portfolio of loans and equities held at fair value through profit or loss. This is discussed in greater detail in Section 4.1.
Transition risk	Similarly to physical climate risks, the Bank is chiefly exposed to potential financial losses from transition risks through an increase in expected credit losses (credit risk) on its portfolio of loans held at amortised cost, and through negative fair valuation adjustments (market risk) on its portfolio of loans and equities held at fair value through profit or loss. This is discussed in greater detail in Section 4.1. Damage to the Bank’s reputation (reputational risk) as a result of sustainability-related matters is an overarching risk that could impact any of the Bank’s relationships with clients, stakeholders and other third parties. Consequently, the

¹³ The EBRD discloses mainly qualitative information about (projected) financial effects based on IFRS guidance for voluntary appliers (see IFRS Foundation, 2024).

range of possible financial impacts is broad and is discussed in detail in Section 4.6. Political risk factors form an important part of transition risk.

Demand for financial products and services	As a Bank with a strong sustainability focus, an increasing societal emphasis on reducing and mitigating the impacts of climate change could lead to an increase in demand for the Bank's sustainability-related financial products, potentially increasing revenue. This is discussed in greater detail in Section 3.4.
Climate funding and investments	As a Bank with a strong sustainability focus, an increasing societal emphasis on reducing and mitigating the impacts of climate change could lead to an increase in interest from investors and donors to provide the Bank with funding (especially the Bank's themed bond issuance) and grants. This is discussed in greater detail in Section 3.4.

2. Governance

At the end of 2024, the EBRD was owned by 74 countries, the European Union (EU) and the European Investment Bank (EIB).¹⁴ The Board of Governors, which represents the Bank's members, delegates the exercise of much of its authority to the Board of Directors, while retaining overall authority. The EBRD's governance structure is embedded in the Bank's organisational chart.¹⁵

2.1. Board of Directors

The Board of Directors comprises 23 directors and is chaired by the President of the Bank. It approves the EBRD's high-level policies, as well as its country, sectoral and thematic strategies, and has ultimate responsibility for the oversight of climate-related matters. Documentation for projects submitted to the Board of Directors for approval includes relevant information on financial risks associated with climate change.

The Board of Directors has established three committees, each of which meets monthly, to assist with its work:

- The **Audit and Risk Committee** oversees all risk-related issues and reporting, including climate risk and the Bank's ISSB disclosures. The Audit and Risk Committee receives quarterly reports on the evolving risk profile of the Bank and conducts annual reviews of the risk management function. Quarterly reports cover the Bank's performance against its institutional objectives, including its exposure to and management of climate-related financial risks.
- The **Financial and Operations Policies Committee** is responsible for reviewing and exercising oversight of the EBRD's financial and operating policies, including those relating to climate issues.
- The **Budget and Administrative Affairs Committee** assists the Board of Directors in fulfilling its responsibilities in relation to the approval and oversight of the Bank's budgetary, staff and administrative resources, including those required for the management of climate-related risks and opportunities.

2.2. Management

The President is elected by the Board of Governors and is the legal representative and chief of staff of the Bank. Under the guidance of the Board of Directors, the President oversees the day-to-day business of the EBRD. Management's prioritisation and delivery of business activities are guided by the Bank's strategies and policies.

Several committees advise the President or members of the Bank's Executive Committee directly on the management of climate-related risks and opportunities, among other matters. These committees take into account climate-related risks and opportunities when overseeing the EBRD's strategy, investment decisions, risk management processes and related policies. Table 4 lists the committees and shows how often these committees are informed about climate-related risks and opportunities, as well as the frequency of meetings through which these committees are informed.

Table 4. EBRD management committees relevant to climate-related risks and opportunities

Management committee	Chair	Purpose	Meeting frequency
Executive Committee	President	Advises the President on all aspects of Bank-wide strategic significance, including issues related to climate risks and financially sound climate-related business opportunities and the setting of targets for climate-related risks and opportunities; monitors progress towards those targets.	Fortnightly
Asset and Liability Committee	Vice President, Chief Financial Officer	Considers matters related to the oversight and management of the Bank's balance sheet position and associated risks, within the limits of the approved risk appetite. It focuses on the management of the Bank's capital adequacy, liquidity resilience and other structural balance sheet risks.	Quarterly

14 On the date of the approval of this report, 8 September 2025, the Bank had 79 shareholders, comprising 77 countries plus the EU and the EIB.

15 See EBRD (n.d.b).

Management committee	Chair	Purpose	Meeting frequency
Operations Committee	First Vice President and Head of Client Services Group	Considers matters related to the Bank's projects, including climate-related risks and opportunities, on an individual project basis.	Weekly
Strategy and Policy Committee	Vice President, Policy and Partnerships	Considers matters that fall within the overall responsibility of the Vice President, Policy and Partnerships and certain matters within the responsibility of the Chief Economist, focusing primarily on (i) strategy and policy work, (ii) country, industry, sector and thematic strategies, and (iii) policy-related research, including climate-related matters.	Fortnightly
Risk Committee	Vice President, Chief Risk Officer	Responsible for matters related to Bank-wide risks, including credit and operational risk, with associated follow-up actions; oversees risk aspects of the EBRD's portfolios, approves risk policies and risk reports, and considers new products; reviews the Bank's climate risk principles, approves the <i>ISSB Report</i> , and considers other pertinent climate risk issues throughout the year.	Fortnightly

2.3. Managing climate-related risks and opportunities

In its day-to-day operations, the EBRD manages risks, including climate-related risks, using its “three lines of defence” model (see Figure 1). Each line of defence is independent, to provide greater objectivity of assessment, review and oversight of investment decisions and risk management. This approach ensures that controls and procedures are in place to support the oversight of climate-related risks and opportunities and are well integrated into internal functions.

Figure 1. The “three lines of defence” model

First line	Second line	Third line
Client Services Group Industry sector and country Banking groups* Climate Strategy and Delivery (CSD)	Risk Group Environment and Sustainability Risk Management	Internal Audit

* The EBRD's Banking sector groups include Financial Institutions, the Sustainable Infrastructure Group and Corporate Sector.

The Bank's organisational arrangements are designed to facilitate the coordinated management of climate-related risks and opportunities.

The EBRD's governance bodies aim to balance climate-related credit risks and growing demand for the Bank's climate-related financial products and services by weighing risk exposure against strategic growth opportunities. This involves managing credit and market risks associated with clients in high-carbon sectors while expanding financing for low-carbon and sustainable investments. By integrating climate risk assessment into lending decisions, Bank management can enhance portfolio resilience while capturing new market opportunities in green finance.

Trade-offs between climate-related credit risks and growing demand for the EBRD's climate-related products are considered by the Bank's relevant governance bodies. On a strategic level, the Executive Committee considers trade-offs in the development of sector and country strategies. On a project level, the Operations Committee aims to balance risk appetite with growth opportunities.

First line of defence

Within the first line of defence, the Climate Strategy and Delivery (CSD) team provides operational and centralised support for all frontline activities involving green strategy and policy engagement. CSD works across the EBRD's Banking sector groups to support project origination, integrate climate risk mitigation measures into project designs, provide technical assistance and foster policy dialogue with respect to climate-related business activities under the Bank's Green

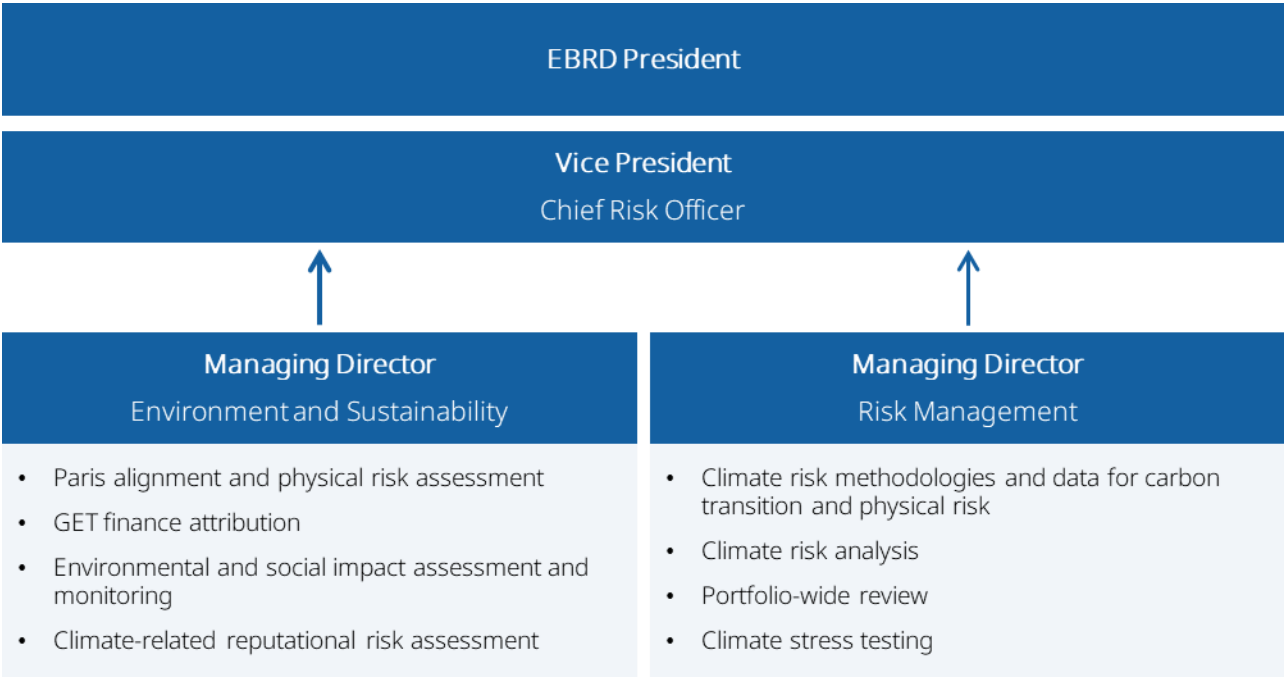
Economy Transition (GET) approach.¹⁶ CSD is also responsible for proposing the alignment of individual projects with the Bank's climate objectives, including the economic assessment of projects with significant GHG emissions. In addition, it analyses, researches and proposes quantitative inputs and approaches to the Bank's climate risk methodologies.

Second line of defence

Within the second line of defence, the Vice President, Chief Risk Officer (CRO) has overall accountability for the formulation, communication and implementation of the EBRD's risk management strategy and policies, including for climate-related risks. This includes accountability for the final determination of Paris alignment and assessment of the climate risk of the Bank's clients (see Figure 2). The CRO, who reports to the President, is a member of several management committees, including the Executive Committee, and engages directly with the Board of Directors.

The Risk Management Department has established a dedicated Climate Risk team to manage the systematic integration of climate risk across the Bank. It acts as the coordinating function for the financial assessment of climate risks. This includes developing, testing and recalibrating climate risk methodologies and overseeing their implementation across the Bank's projects. The Climate Risk team also drives and controls the requisite data collection and analysis, as well as the formulation of new procedures for project screening. The Head of the Climate Risk team reports to the Managing Director, Risk Management.

Figure 2. Management coordination and second line of defence accountability



Risk Management is responsible for:

- **ownership of climate risk methodologies and key data inputs** – the independent definition of climate risk and ownership of the methodologies for assessing the financial impact of climate risks; reviewing, challenging and approving data inputs provided by other teams; scoring, reviewing and overseeing the assessment process
- **climate risk analysis** – independent challenge, review and overall confirmation of the acceptability of EBRD clients' climate-related financial risk
- **portfolio-wide reviews and stress-testing** – assessing and proposing ways to manage climate risks arising from correlations and concentrations within the Banking portfolio; climate scenario analysis and stress-testing exercises.

¹⁶ See Box 1 in Section 3.1 for further information on the Bank's GET approach.

Among other things, the Environment and Sustainability Department (ESD) is responsible for:

- **determining Paris alignment¹⁷** – final validation of project alignment with the goals of the Paris Agreement for both climate change mitigation and adaptation based on project documentation provided by the first line of defence; this includes final verification of physical climate risk assessments for counterparties performed by the first line
- **confirming GET finance¹⁸ attribution** – final verification of green (GET) finance attribution, based on the contribution a project makes to climate action and other environmental benefits based on project documentation provided by the first line
- **environmental and social safeguards** – identification and management, as custodian of the Bank's Environmental and Social Policy (ESP),¹⁹ of potential environmental and social risks and impacts associated with the projects financed by the EBRD, aiming to avoid, mitigate and minimise adverse impacts while promoting better outcomes for people and the environment
- **environmental and social monitoring** – monitoring of the environmental and social performance of projects during and after project implementation, through client reports, site visits, independent audits and a post-signing monitoring approach for green investments, ensuring the delivery of GET goals and climate commitments.

The Finance Department is responsible for preparing the *ISSB Report*, including the review of narratives and metrics prepared by other departments of the Bank to fulfil the reporting requirements of the applicable IFRS Sustainability Disclosure Standards, and the coordination of the annual financial materiality assessment.

The Bank has formed a Climate Risk Group as an important cross-Bank coordination group to disseminate information and foster debate on climate-related financial risks. The group comprises senior representatives from key internal functions, including the Client Services Group, ESD, Finance, and the Office of the General Counsel. The group meets periodically and is chaired by the Managing Director, Risk Management.

The Bank has also formed a Sustainability Reporting Standards Committee, reporting to the Risk Committee and chaired by the Managing Director, Finance. This committee is a cross-Bank coordination group for the production of assured sustainability reporting at the EBRD. Among other responsibilities, it coordinates and approves the Bank's annual sustainability-related materiality assessment and the production of the *ISSB Report*.

Third line of defence

Within the third line of defence, the Internal Audit Department independently assesses the effectiveness of the processes within the first and second lines of defence. The Internal Audit Department reports to the Audit and Risk Committee on a quarterly basis and is an observer at Risk Committee meetings.

2.4. Skills and remuneration

The Bank is committed to the highest standards of corporate governance. Responsibilities and related controls throughout the Bank are properly defined and delineated, with specific teams – several of them specialised in sustainability-related matters – bearing clear responsibility for the various elements of the Bank's sustainability architecture. Transparency and accountability are integral elements of its corporate governance framework. This structure is supported by a reporting system, with information appropriately tailored and disseminated to each level of responsibility, to enable checks and balances on the EBRD's activities and allow it to function effectively.

To fulfil the highest standards of corporate governance, the Bank has designed a market-oriented staff reward policy within the constraints of its status as an international financial institution (IFI). Rewards should:

- be competitively positioned in order to attract and retain high-calibre employees with relevant expertise from the wide range of Bank regions

¹⁷ See EBRD (2024c).

¹⁸ Financial flows directed to climate change mitigation or climate change adaptation or other environmental activities as defined in the EBRD's green finance tracking methodology. The term is used interchangeably with the term "green finance".

¹⁹ See EBRD (2019a).

- promote a culture of consistently high performance and behaviours that reflect EBRD values, in which competencies are recognised and rewarded
- facilitate mobility in support of business objectives and continued staff development
- deliver a high-quality package of benefits on a global basis to provide an appropriate level of security and be relevant to a diverse employee base
- engage with employees through an open and transparent overall reward process.

To help comply with these principles, the Bank uses market comparators to evaluate its staff compensation and aims to ensure that salary and performance-based compensation awards are merit-based. Market comparators for the Bank are primarily private-sector financial institutions in each of its locations, plus other IFIs.

Board

The remuneration of EBRD Board Directors, as representatives of the Bank's shareholder governments and organisations, is fixed and not linked to specific organisational objectives or corporate climate-related performance.

President and Vice Presidents

The President and Vice Presidents typically receive a fixed-term contract of four years, with fixed annual salaries that are not linked to specific organisational objectives, including climate-related performance. They are also ineligible for performance-based compensation awards.

Senior management and staff

The Bank's performance is assessed annually as a basis for a proposed performance-based compensation (PBC) budget to be released for payment to eligible staff. This assessment is done relative to each of the Bank's scorecard parameters, in accordance with the current framework.

In determining the Bank's overall PBC pool, the Board of Directors considers the quantitative assessment of the Bank's performance against the different elements of the scorecard, in combination with a qualitative assessment, which is focused on contextual and exogenous factors impacting the Bank's performance.

The Bank's target of dedicating at least 50 per cent of Annual Bank Investment (ABI) to green finance²⁰ is one of the six transition impact dimensions²¹ central to the Bank's development mandate. The share of green investment in the volume of ABI has a weight of 15 per cent in the quantitative assessment of overall Bank performance.

Once the PBC pool has been approved by the Board of Directors, the PBC awards are used to recognise and reward high levels of performance by staff. All Banking teams, including support functions, have specific objectives to fulfil the Bank's green finance target. The level of PBC awarded to eligible individual staff members, including senior staff members, such as directors and some managing directors, is based on their performance against role-specific objectives, which may vary in terms of their sustainability components.

Senior leaders have dedicated objectives when it comes to ISSB reporting and designing processes for the systematic assessment of climate risk. Their performance against these objectives impacts part of their remuneration. Furthermore, in the Risk Management Department, for example, these objectives cascade down to junior staff to ensure that climate risk is at the forefront of considerations when critically assessing projects.

The EBRD's Board and senior management team comprise highly experienced individuals who, depending on their specific role within the Bank, are highly skilled in overseeing climate-related risks and opportunities for the Bank.²² EBRD senior managers are required to take internal and external training specific to their roles on an annual basis.

As the EBRD's Board and senior management team are responsible for approving the Bank's climate-related processes and strategies, such as GET, Paris alignment and climate risk assessment, on a recurring basis, they are required to keep their climate-related skills and competencies current through relevant training, conference attendance and ongoing peer-group exchange.

²⁰ Please see Section 5 on metrics and targets.

²¹ For more on the Bank's six transition qualities, see <https://www.ebrd.com/home/who-we-are/ebrd-values/ebrd-transition.html>.

²² For more information, see <https://www.ebrd.com/home/who-we-are/our-organisation/ebrd-governance-leadership.html>.

3. Strategy

As described in Section 2, the Bank has identified a number of climate-related risks and opportunities that are material in the context of sustainability reporting.²³ This section includes information on how the Bank addresses climate-related risks and, in particular, the material opportunities identified:

- **Demand for climate-related financial products** offered by the Bank to its clients. The Bank offers a number of financial products that are either specifically designed to achieve climate-related objectives by funding projects aligned with those objectives or by offering finance on terms that incentivise clients to achieve climate-related objectives. There is a material opportunity for the Bank to expand its business in these areas, generating additional cash flows.
- **Climate investment and donor funding.** The Bank already receives investment from both (i) investors keen to emphasise green objectives through its issuance of themed bonds (see Section 5.4) and (ii) donors who wish to provide financial assistance to projects aimed at delivering green objectives. The Bank has a material opportunity to obtain greater volumes of finance in these areas, further enhancing its capacity to deliver green projects.

3.1. Overview

The promotion of environmental sustainability has been at the core of the EBRD's mission since its creation in 1991, with a mandate from its founders to promote "environmentally sound and sustainable development" across its full range of activities.²⁴ "Green" is also one of the Bank's six transition qualities.²⁵

The Bank's strategies relevant to climate considerations include the following:

- The Strategic and Capital Framework (SCF),²⁶ the EBRD's primary planning instrument, is approved every five years by the Board of Governors. At the EBRD's 2020 Annual Meeting, Bank shareholders unanimously approved the SCF 2021-25, which includes supporting the transition to a green, low-carbon economy as one of its three strategic themes.
- The GET approach,²⁷ launched in 2015 and re-approved in 2020 for the 2021-25 period, sets out the EBRD's climate and environmental objectives. Key targets are for green finance to account for at least 50 per cent of ABI by 2025 and for the Bank to achieve a net annual GHG emission reduction in the range of 25-40 million tonnes of CO₂e over the 2021-25 period.
- At the EBRD's 2021 Annual Meeting, the Board of Governors resolved that all new activities from the start of 2023 should align fully with the goals of the Paris Agreement,²⁸ thus accelerating the Bank's support for ambitious low-carbon and climate-resilient pathways in the economies where it operates. All new activities²⁹ since January 2023 have been aligned with the goals of the Paris Agreement.³⁰
- Country strategies cover individual economies in which the EBRD invests and are revised every five years according to country-specific timetables. The strategies identify areas where the Bank can assess, manage and deliver on its climate-related objectives, taking into account the country's economic context and risk profile, as well as the Bank's mandate and risk appetite. Throughout 2024 all of its country strategies incorporated green transition priorities into at least one of their strategic priorities.

²³ For further information on the difference between financial materiality and material topics identified for disclosure in this report, see Section 1.

²⁴ See EBRD (1990).

²⁵ For more details, see <https://www.ebrd.com/transition/green.html>.

²⁶ See EBRD (2020b).

²⁷ See EBRD (2020a).

²⁸ See Box 1 for more information.

²⁹ Aside from certain projects excluded from Paris alignment assessment, as explained in detail in Section 5.4.

³⁰ See EBRD (2022a).

- Sector strategies are revised every five years. For example, the Energy Sector Strategy 2024-28, approved in December 2023, aims to scale up renewables and accelerate a just transition away from fossil fuels.³¹ Other key sectoral strategies approved by the Board include: (i) the Food and Agribusiness Sector Strategy 2025;³² (ii) the Infrastructure Sector Strategy 2024-29, approved in 2024;³³ (iii) the Real Estate Sector Strategy 2025-29, approved in 2025;³⁴ (iv) the Financial Sector Strategy 2021-25, approved in 2021;³⁵ and (v) the Mining Sector Strategy 2024-28, approved in 2023.³⁶
- The EBRD engages with stakeholders to support policies that accelerate the green transition. For example, as at the end of 2024, the EBRD had supported auctions in nine countries that had awarded 7.5 GW of renewable generation capacity and mobilised more than €10 billion in private capital. All of these auctions were the first of their kind, helping to create mechanisms to replicate their success. In six of the nine countries – Albania, Azerbaijan, Bulgaria, Moldova, Romania and Serbia – the Bank supported the country's first-ever renewable energy auction. The Bank also collaborated with other MDBs to develop country sector platforms to step up climate action³⁷ and recently introduced climate-resilient debt clauses for sovereign and municipal loans.

Box 1. Focus on the EBRD's core climate-related strategies

Green Economy Transition approach

The EBRD's GET approach supports a systematic transition to low-carbon and resilient economies, by:

- ensuring that all projects are aligned with the mitigation and adaptation objectives of the Paris Agreement
- enhancing policy engagement for the development of long-term, low-carbon strategies and the greening of financial systems
- scaling up green investments across a set of thematic intervention areas that cover the entire economy, including greening the financial sector, energy efficiency, natural capital, energy systems, industrial decarbonisation, cities and infrastructure, sustainable food systems, green buildings and sustainable connectivity.

Under its GET approach, the Bank's policy engagement and investments aim to create an enabling regulatory and market environment that can attract green finance at scale, particularly from the private sector. The GET approach uses the EBRD's full range of financial instruments. The Bank also works closely with donors such as the Climate Investment Funds, the EU, the Global Environment Facility and the Green Climate Fund. In addition, the Bank has developed a range of dedicated programmes to promote green investments.³⁸

Alignment with the Paris Agreement

In putting into practice its Paris alignment commitment, the EBRD is guided by the goal of limiting the world's temperature increase to 1.5°C above pre-industrial levels.

The EBRD's approach to aligning its own activities with the Paris Agreement is integral to its support for climate action. Since 1 January 2023, all new Bank investments have been subject to assessment and confirmation of Paris alignment.³⁹

The Paris alignment of the EBRD's financial flows is anchored in Article 2.1 of the Paris Agreement to make "finance flows consistent with a pathway towards low GHG emissions and climate-resilient development".⁴⁰ Alignment of finance, therefore, relates to the alignment of the EBRD's financial flows with both the mitigation and adaptation goals of the Paris Agreement.

31 See EBRD (2023a).

32 See EBRD (2025c).

33 See EBRD (2024d).

34 See EBRD (2025d).

35 See EBRD (2021a).

36 See EBRD (2023b).

37 See EBRD (2023c).

38 For more details on the Bank's GET approach, see <https://www.ebrd.com/what-we-do/get.html>.

39 Aside from certain projects excluded from Paris alignment assessment, as explained in detail in Section 5.4.

40 See UNFCCC (2016).

The EBRD's Paris Alignment Methodology sets out how the Bank determines whether an investment or technical cooperation activity is "aligned" or "not aligned" with the mitigation and adaptation goals of the Paris Agreement.⁴¹ This relates to the first and second building blocks of the MDBs' joint framework for alignment with the objectives of the Paris Agreement.⁴²

The methodology aims to ensure a clear approach to alignment determination for all project types, covering the full suite of available financial instruments. It consists of three parts: (i) directly financed investments; (ii) indirectly financed investments; and (iii) other investment types, including equity and funds.⁴³ The methodology is also supported by sector-specific guidance on energy (fossil-fuel projects and district energy), buildings, transport (including roads and aviation), waste and agribusiness.

Although the Paris alignment of projects does not necessarily mean that the transactions have low climate-related financial risk, the Paris alignment approach is likely to contribute to a lower level of climate-related financial risk as a result of its primary focus on low GHG emissions and climate-resilient projects.

The development of the Bank's strategy is informed by the potential impact of climate-related risks and opportunities. For example, the Energy Sector Strategy 2024-28⁴⁴ emphasises accelerating the energy transition through actionable themes, such as scaling up renewable energy, upgrading power networks, promoting zero-carbon fuels and phasing out unabated fossil fuels. In line with the Energy Sector Strategy, the EBRD will not finance thermal coal mining or coal-fired electricity generation capacity and will not invest in the upstream oil and gas sector.



Regional transition and physical climate risks and opportunities shape the Bank's country strategies, which aim to enhance mitigation, adaptation and resilience efforts in the regions where the EBRD operates.

In addition, climate-related risks inform the EBRD's Risk Appetite Statement,⁴⁵ which is updated annually and reviewed periodically by the Audit and Risk Committee.

3.2. Strategic priorities in the short, medium and long term

Table 5 summarises the EBRD's climate-related strategies and commitments, with specific objectives over various time horizons. These time horizons are defined as short term (less than one year), medium term (one to seven years) and long term (more than seven years). While some climate commitments are immediate priorities, with specific near-term targets, other strategic priorities are implemented continuously over time. Opportunities identified as material are embedded in the Bank's climate-related strategies and commitments, listed in Table 5, and are, therefore, allocated to the time horizons in which they could reasonably be expected to occur. Some of these strategic priorities have related metrics and targets, which are disclosed in Section 5 of this report.

Table 5. Strategic priorities over different time horizons

Strategy/ commitment	Time horizon	Objective	Potential impact
Paris alignment		From 1 January 2023, all new EBRD investments and activities must be aligned with the goals of the Paris Agreement. ⁴⁶	Accelerate the sustainable transition of the Bank's clients and the economies in which it operates. Reduced emissions and expenditures from the Bank's own consumption of electricity, gas, water, travel and procurement.
GET finance		Green finance to account for at least 50 per cent of the Bank's annual investment by 2025. Achieve a net annual GHG emission reduction of at least 25 million tonnes of CO ₂ e by the end of the five-year period (2021-25).	The EBRD finances the transition to a low-carbon alternative for the activities of high-emitting clients, which can result in a temporary increase in balance-sheet volumes for some high-emitting clients. Shift in balance sheet focus to lower-emitting sectors over time and support for transition projects and activities following low-carbon strategies and initiatives.

⁴¹ See EBRD (2024c).

⁴² See ADB, AfDB, AIIB, CEB, EBRD, EIB, IADB, IsDB, NDB and World Bank Group (2018).

⁴³ See EBRD (2024c).

⁴⁴ See EBRD (2023a).

⁴⁵ See EBRD (2024a).

⁴⁶ Aside from certain projects excluded from Paris alignment assessment, as explained in detail in Section 5.4.

Strategy/ commitment	Time horizon	Objective	Potential impact
Mobilisation of climate-related finance	M	The absolute volume of annual mobilised investment classified as green to reach €1 billion by 2025.	Increased mobilisation of private-sector climate finance.
Country strategies	M	Inclusion of climate risk and opportunity considerations. Encourage and finance low-carbon transition in economies where the Bank operates.	Reduction in the climate risk exposure and improvement in the climate resilience of the Bank's clients. More climate-resilient client balance sheets, client selection and engagement, with the ability to sustain transition risk and mitigate expected material physical climate hazards. In addition, EBRD policy engagement helps mitigate the risk at country level.
Support transformation of clients	L	Support client transition and decarbonisation activities. Engage with partner banks to develop effective climate-related business practices through their transition planning approaches.	Gradual transformation of the corporate sector to identify, manage and assess climate-related opportunities and risks. Support partner banks in allocating capital in a climate-informed way, with the aim of lowering adverse climate-related financial and economic impacts.

Specific strategic initiatives

The Bank engages in various initiatives to promote the green transition and investment, a selection of which are highlighted below.

Country sector platforms

Country sector platforms are country led and, with MDB participation, can mobilise private finance for the transition to a low-carbon and climate-resilient economy. A country sector platform combines:

- country leadership for ambitious national climate planning
- regulatory frameworks to promote private investment
- concessional and grant finance for public goods and technical assistance, including for just transition
- catalytic MDB finance
- pipeline development and private-sector mobilisation.

For example, the Bank supported Egypt in launching the energy pillar of the Nexus on Water, Food and Energy platform, which aims to develop 10 GW of new private renewable energy capacity by 2028 and retire 5 GW of inefficient fossil-fuel capacity by 2026. North Macedonia, supported by the EBRD, launched its Just Energy Transition Investment Platform at the COP28 climate conference, which aims to phase out coal entirely in the electricity sector and deploy 1.7 GW of renewable energy by 2030, primarily through private-sector mobilisation.

Renewable energy auctions

The EBRD's renewable energy programme helps the economies where the Bank invests to develop enabling policy frameworks and implement competitive bidding processes for renewable energy auctions. The Bank is currently working in 18 countries and has already directly supported auctions for over 1,600 MW of capacity in Albania, Egypt, Kazakhstan, Serbia and Uzbekistan. An additional 5,000 MW of capacity is in the pipeline in both these countries and others, including Azerbaijan, Bulgaria, Moldova, Montenegro and Romania.

Low-carbon pathways

The EBRD aids governments and industries in developing and implementing low-carbon pathways for carbon-intensive sectors such as energy, aluminium, cement and steel. Low-carbon pathways help industries reshape their operations towards an economically advantageous and more sustainable future. They outline the industry's climate performance and current emissions, and identify key policy actions and investments for decarbonisation.

EBRD Green Cities

The EBRD Green Cities programme provides an investment framework of more than €5 billion in Bank and donor support for cities in the EBRD regions, in the form of targeted investment, policy actions and capacity building to facilitate cities' transition to green, low-carbon and resilient futures.

The programme, launched in 2016, consists of three central components: (i) the delivery of strategy and policy support through Green City Action Plans; (ii) the facilitation and stimulation of Green Cities infrastructure investments; and (iii) capacity building, technical assistance and knowledge sharing for city administrators and local stakeholders.

Green Economy Financing Facilities

The EBRD's Green Economy Financing Facilities support businesses and homeowners wishing to invest in green technologies. They operate through more than 180 local financial institutions in 28 countries, supported by more than €6 billion of EBRD finance. They have enabled more than 130,000 clients to collectively avoid over 9 million tonnes of CO₂e emissions per year.

Capital market development

Capital markets provide a critical source of funding, contributing to financial resilience and sustainable growth. The EBRD undertakes policy dialogue in the economies where it operates to ensure that green taxonomy standards are uniform and aligned with globally recognised principles. Furthermore, the Bank helps prospective issuers to prepare for their inaugural green issuance (for example, by improving their ability to identify, monitor and track green assets), thus increasing the supply of green assets over time.

Issuance of themed bonds

The EBRD strives for a high standard of sustainable development in all of its operations, as reflected in its mandate, its ESP and its commitment to aligning all of its operations with the goals of the Paris Agreement. Consequently, all of its bonds may be considered socially responsible investments (SRIs). In 2010, in response to demand from SRI-focused investors, the Bank began issuing green bonds. The Bank has been a member of the Green Bond Principles since their inception in 2014.

The EBRD issues three different types of green bond: environmental sustainability bonds (ESBs), climate resilience bonds (CRBs) and green transition bonds (GTBs). All of the Bank's green bonds are underpinned by projects that have been scrutinised by ESD for alignment with the framework established for each bond programme. New eligible projects are required to comply with the strict selection criteria of the relevant framework and must also clear specific hurdles under the GET approach. The EBRD's green bonds can take the form of Eurobonds, global bonds and domestic issues in selected markets, similar to the Bank's general debt issuance. Further information on climate-related opportunities and targets can be found in Section 5.

3.3. Effects on the EBRD's business model and value chain

The EBRD's business model and value chain are predominantly exposed to climate-related risks through its investment activities, particularly as a result of the Bank's GET approach, which supports a systematic transition to low-carbon and resilient economies. The Bank's mandate to develop the economies in which it invests, especially to facilitate a low-carbon transition, increases its exposure to clients at risk from this transition. These risks, and how they could evolve, have the potential to impact the Bank's business model and value chain in terms of investment returns and concentration of risk.

By their nature, climate-related risks are likely to be concentrated in specific sectors and regions. The Bank's investments in infrastructure, energy and agriculture can be particularly susceptible, for instance. These sectors face both physical risks from climate change and transition risks from shifting to low-carbon technologies and regulatory environments. The concentration of the Bank's sectoral and geographical exposure to both transition and physical climate risks is detailed in Section 5.3. More broadly, the Bank's business model also exposes it to climate-related reputational and political risk.⁴⁷

To manage these risks, the EBRD has implemented various measures, as detailed in Section 4 of this report. They include enhancing climate-related risk assessment and monitoring capabilities, as well as aligning all new investments with the

⁴⁷ See Section 4.

goals of the Paris Agreement.⁴⁸ Investments in physical assets and infrastructure, especially in high-risk areas, are subject to increased scrutiny for climate resilience. The Bank's climate risk screening and assessments extend to sovereign and equity investments, ensuring that investments in physical assets are evaluated for their vulnerability to climate impacts.

Climate-related considerations will continue to influence the EBRD's investment decisions. The Bank is committed to refining its climate-related risk assessment and monitoring capabilities to better manage these risks and support the transition to a low-carbon economy.

At the same time, the Bank's business model and value chain also give rise to climate-related opportunities, particularly given the increase in demand for climate-related financial products offered by the Bank and the expansion of climate-related investment and donor funding as sources of finance for the Bank. As part of its mandate to support sustainable economic development, the EBRD is well positioned to capitalise on these opportunities to enhance its financing activities, investment returns and market presence.

The growing demand for green financial products, such as green bonds, sustainability-linked loans and renewable energy financing, is shaping the Bank's investment strategies and product offering. This shift aligns with global trends favouring low-carbon transitions and environmental, social and governance (ESG)-focused investments, driving new revenue streams and strengthening relationships with private- and public-sector stakeholders. In its overall planning, the Bank is targeting growth in its portfolio of development-related assets – at least 50 per cent of which will be driven by green financing – in the context of its GET target, as described in more detail in Section 5.

In addition, the availability of climate-focused funding from investors, donors and institutional partners enhances the EBRD's financial capacity, enabling it to mobilise larger capital flows into sustainable projects. This funding expansion supports co-financing mechanisms, blended finance structures and risk-sharing initiatives, increasing the Bank's ability to scale up climate-aligned investments while maintaining financial resilience.

These opportunities, however, may also influence sectoral and regional investment priorities, as certain industries and regions may benefit more from green financing trends and climate-focused funding mechanisms. The Bank's exposure to infrastructure, energy and industrial decarbonisation projects is likely to evolve as climate-related investment opportunities continue to shape financial markets.

To capitalise on these opportunities, the EBRD is actively enhancing its climate finance capabilities, expanding its portfolio of green financial instruments, and strengthening partnerships with donors, multilateral institutions and private investors. Climate-related opportunities will remain a key driver of the Bank's investment strategies, reinforcing its role in supporting the transition to a low-carbon and climate-resilient economy.

3.4. Climate-related opportunities

Demand for financial products and services

As the EBRD facilitates the transition to a low-GHG and climate-resilient economy in support of the green objectives of its clients and shareholders, it may potentially stand to benefit financially from the increase in demand for climate-related products and services. This shift may be driven by a number of factors, including macroeconomic trends, regulatory incentives, changing legislation and investor preferences, potentially enhancing both revenue growth and financial stability.

The expansion of climate-related financing products, such as green bonds, renewable energy financing and sustainability-linked loans, presents new income opportunities for the EBRD. A market shift towards sustainability is increasing demand for low-carbon infrastructure financing, climate adaptation projects and green credit lines, potentially leading to higher lending volumes and revenues. By supporting businesses, municipalities and financial institutions transitioning to greener models, the EBRD can expand its client base and enhance its long-term growth prospects.

⁴⁸ Aside from certain projects excluded from Paris alignment assessment, as explained in detail in Section 5.4.

Expanding investments in climate resilience, nature-based solutions and circular-economy financing not only diversifies income streams, but also reduces exposure to carbon-intensive sectors. Global policy shifts towards carbon neutrality and climate resilience create sustained demand for EBRD-backed green financing, ensuring long-term financial sustainability.

The transition to a low-carbon economy adds to demand for green financial products and services, of which the EBRD is a leading provider. Regulatory alignment with the Global Reporting Initiative (GRI) and ISSB reporting, as well as national climate policies, enhances the attractiveness of low-carbon infrastructure, sustainable real estate and renewable energy investments.

The EBRD’s Green Cities programme and Green Economy Financing Facilities are two examples of how the Bank is seizing such opportunities.

Effect	Relevant line items in the EBRD’s consolidated financial statements
Increased demand for products and services	Income statement: interest income from Banking loans Balance sheet: loan investments

Climate investments and funding

As the EBRD expands its climate finance strategy, increasing the mobilisation of private-sector climate finance and donor support can enhance its financial position and impact. By securing additional funding sources, leveraging blended finance and scaling up investments in green projects, the EBRD can drive higher returns while aligning with global sustainability goals.

The EBRD can raise funding by issuing green bonds and sustainability-focused financial instruments, attracting institutional investors seeking low-carbon investments. Accessing EU Green Deal funds, the EU Just Transition Mechanism and concessional finance from the Green Climate Fund will allow the Bank to derisk investments and crowd in private capital. In addition, growing commitments from sovereign donors, impact investors and corporate sustainability initiatives will provide new opportunities for co-financing and risk sharing in climate projects.

Blended finance plays a crucial role in unlocking private investment. By combining donor capital, guarantees and concessional finance with commercial investments, the EBRD can make green projects more attractive to private-sector financiers. Public-private partnerships (PPPs) further support this strategy by enabling collaborations with governments and institutional investors, expanding the Bank’s climate project pipeline while reducing investment risk for private players. Combining sovereign funding with private-sector lending through sector-specific cross-funding strategies allows the EBRD to scale up financing for renewable energy, sustainable infrastructure and industrial decarbonisation.

By expanding climate-related financial products, securing ESG-aligned capital and capitalising on regulatory trends, the EBRD can achieve sustainable revenue growth, increase financial resilience and strengthen market positioning, all while driving the green transition in its regions of operation.

Effect	Relevant line items in the EBRD’s consolidated financial statements
Increased demand for climate investment and funding	Income statement: interest expense and similar charges Balance sheet: debts evidenced by certificates

3.5. Climate resilience and transition plan

As part of its commitment to enhancing climate risk management and strategic decision-making, the EBRD uses both long- and short-term scenarios for transition stress-testing to assess the potential financial and economic impacts of climate change on its portfolio, as described in Section 4.3. These efforts support the Bank’s strategy to integrate climate considerations into its investment and risk management frameworks, ensuring alignment with evolving regulatory and market expectations.

The Bank’s approach to climate is mainstreamed throughout the Bank’s key strategic documents. While it is not captured in a “transition plan” based on the Transition Plan Taskforce Disclosure Framework, the Bank has aligned its operations towards climate transition and continues to develop and refine its climate-related work to deepen its impact in the context of its mandate.

The Bank is committed to helping its clients develop their own transition plans to integrate climate considerations into their business practices. For example, as part of its Paris-aligned transition-planning approach, focused on transactions with partner financial institutions (PFIs), the EBRD provides guidance on internal risk management processes and promotes PFIs' disclosure of climate-related financial information.

In line with its climate-related mandate, the Bank resources its climate strategy and decision-making from dedicated budget allocations. Climate-related risks and opportunities are identified in internal assessments, led by specialised climate and risk teams. The adaptation of the Bank's business model and strategy are supported by the development of green and transition finance products, aligned with the Bank's climate goals. Climate-related targets are monitored using internal governance processes, with performance overseen by cross-functional teams and supported by the Bank's investment in environmental data and systems.

4. Risk management

4.1. Integration of climate considerations into risk management processes and frameworks

The EBRD identifies and manages climate-related risks through its existing risk management framework, underpinned by its independent “second line of defence”, as described in Section 2.3. The core elements of the Bank’s risk management framework include processes for identifying, assessing and managing credit risk, market risk, liquidity risk and operational risk, as detailed in and in line with the EBRD’s *Financial Report 2024*.⁴⁹

The Bank considers climate-related risks to be cross-cutting risks that impact financial credit risk in particular, but also other risk categories, including reputational risk. The links between these types of risk and climate risk are summarised in Table 6.

To assist in coordinating the Bank’s response to these cross-cutting climate risks, the Bank’s assessment of these risks focuses on physical climate risk and transition risk factors.



Physical climate risk

Physical climate risks arise as a direct consequence of climate change, for example through more frequent and intense acute climate hazards (such as storms, droughts and floods) and shifts in long-term climatic patterns (such as average precipitation, average temperature and sea-level rises). There is a risk of physical climate risk factors affecting the Bank’s investments. The principal ways in which these risks can impact the Bank financially are (i) through an increase in expected credit losses (credit risk) on its portfolio of loans held at amortised cost and (ii) through negative fair valuation adjustments (market risk) on its portfolio of loans and equities held at fair value through profit or loss.

Transition risk

Transition risks arise from efforts to transition to a lower-carbon economy. The Bank is chiefly exposed to potential financial losses from transition risks through (i) an increase in expected credit losses (credit risk) on its portfolio of loans held at amortised cost and (ii) negative fair valuation adjustments (market risk) on its portfolio of loans and equities held at fair value through profit or loss. The Bank is also exposed to reputational risk and political risk factors.

Table 6. Impact of climate risk on the EBRD’s existing risk management framework

Risk type	Time horizons	Impact of climate risk	Response
Credit risk Potential loss to a portfolio resulting from the default of a counterparty or the deterioration of its creditworthiness.		<ul style="list-style-type: none">Counterparty or project assets could become stranded in the low-carbon transition, particularly in a disorderly transition.A counterparty’s financial performance could deteriorate as a result of changing demand for its products and services or emission costs.Counterparty revenues, expenses or assets could be impacted by damage resulting from the changing probability of physical climate events or changing long-term weather patterns.	<ul style="list-style-type: none">Identify, assess and manage climate-related risks in the process of conducting due diligence, and preparing and structuring individual transactions.Consider how to mitigate climate risk through climate-resilient investments or structures.Involve Risk Management as part of standard due diligence in reviewing and challenging where appropriate.Systematically screen for climate risks faced by counterparties.Exposure limits are defined and reviewed based on the counterparty’s probability of default.
Market risk Potential loss resulting from adverse market movements, primarily driven by: (i) interest rate		Sudden fluctuations in demand for and supply of financial instruments, changes in rates (exchange rates, interest rates and so on), equity prices and commodity	<ul style="list-style-type: none">The equity portfolio is subject to equity and foreign exchange risk. The methodology used is independent of that for climate-related risk, but any risks affecting equity index observables (including climate-related risks) are taken into account.

49 See EBRD (2025a).

Risk type	Time horizons	Impact of climate risk	Response
risk, (ii) foreign exchange risk, (iii) equity risk, and (iv) commodity price risk.		indices as a result of physical climate change or disruptive transition.	<ul style="list-style-type: none"> With the exception of the risks for the equity portfolio, the Bank seeks to maintain very low residual market risk on the majority of its Banking transactions, as well as its Treasury assets and liabilities. This is achieved by, among other things, hedging foreign exchange and interest rate risk. The maximum amount of market risk accepted in this context is set out in the Bank's Treasury Authority and Liquidity Policy. In the event of climate-related market volatility, the Bank can either further hedge its treasury exposure or carry the increased risk temporarily, thanks to the moderate base level. The Bank's Treasury portfolio is monitored using a value-at-risk model. Risk-factor scenarios are calibrated to recent market-data time series, and any implicit climate-related risks affecting market observables are taken into account.
Operational risk All aspects of risk-related exposure other than those falling within the scope of credit, market and liquidity risk, including risk of loss (financially or to the Bank's reputation) resulting from inadequate or failed internal processes, people and systems, or from external events.	M L	<ul style="list-style-type: none"> Bank operations may be disrupted by physical climate events. 	<ul style="list-style-type: none"> The assessment of risks under this framework considers external events and changes to the Bank's operational risk profile arising from climate change, including the impact on its facilities, infrastructure, vendors and business supply chains. For example, extreme weather may force office closures, disrupt resource distribution or damage crucial resources, such as communication and data centres. The Bank maintains a framework for the continuous identification, monitoring and control of its exposure to operational risks, as well as backup facilities for such eventualities.
Reputational risk Risks associated with the perceptions of various stakeholders, including debt and equity investors, customers and external groups, regarding the Bank's commitment to achieving its stated goals and their ability to rely on that fact.	S M	<ul style="list-style-type: none"> The Bank's operations may be impacted by reputational risk arising from perceived non-conformity with its climate-related pledges. 	<ul style="list-style-type: none"> The Bank assesses transactions that have the potential to create reputational risk, including those related to climate change. Transactions are reviewed for consistency with the Bank's goal of Paris alignment and climate risk management practices. Fossil-fuel transactions, in particular, are reviewed against the Bank's approach to fossil-fuel investments, as described in the Energy Sector Strategy,⁵⁰ for their alignment with the goals of the Paris Agreement⁵¹ and for risks that financing assets may become stranded, to assess potential reputational risk.
Liquidity risk Risk associated with the ability to maintain a prudent level of liquidity.	S M	<ul style="list-style-type: none"> Acute physical climate events or natural disasters may result in reduced cash inflows from counterparties and lower liquidity of treasury assets (including bonds) in certain sectors. Access to wholesale funding markets may be disrupted as a result of the Bank's activities, creating a barrier to finance from institutional investors. 	<ul style="list-style-type: none"> The Treasury portfolio is diversified, comprising mainly short-term instruments issued by highly rated financial institutions. The Bank actively manages its liquidity position on a daily basis and has prudent liquidity management policies in place, requiring compliance at all times with specified short- and medium-term liquidity coverage limits. The Bank has implemented climate risk screening and adopted the Paris Alignment Methodology.
Political risk Risks associated with changes to the Bank's profitability as a result of legal and regulatory changes prompted by political factors.	S M L	<ul style="list-style-type: none"> See "Transition risk – political risk factors" below. 	<ul style="list-style-type: none"> The EBRD works to increase government and economic preparedness for the low-carbon transition and changes to the physical climate in the economies in which it operates. Through continuous monitoring of climate risk-related impacts and a focus on financing climate-related opportunities, the Bank helps to lower the political risk that may be linked to climate change. The EBRD also engages in regular climate-related policy dialogue, develops country strategies that incorporate climate-related priorities, supports programmes for a just transition, and reviews both

50 See EBRD (2023a).

51 Lower-emission substitutions, for example.

Risk type	Time horizons	Impact of climate risk	Response
			physical and transition risk as part of sovereign risk considerations.

In 2024, the Bank reaffirmed its inclusion of climate-related financial risk in its Risk Appetite Statement.⁵² That statement highlights the EBRD's intention to manage exposure to high-emitting industries, encourage the transition to a low-carbon economy and strengthen the climate resilience of its clients and the economies in which it invests. The Risk Appetite Statement is updated annually and is reviewed periodically by the Audit and Risk Committee.

In the Bank's 2024 financial materiality assessment, climate-related credit and market risk were identified as material. The key drivers and anticipated financial effects are outlined below.

Table 7. Credit and market risk assessment

Risk type	Effect	Relevant line item in the EBRD's consolidated financial statements	Quantification of effect
Credit risk	Deterioration of a counterparty's creditworthiness or default as a result of: (i) changing demand for its products and services; (ii) emission costs; (iii) litigation/fines; (iv) regulatory requirements for asset retirement (carbon transition risk).	Income statement: impairment provisions Balance sheet: loan investments as a specific overlay on provisions if required	As at 2024, 13 per cent of loan investments were exposed to carbon transition risk. See Section 5.3 for details of Banking portfolio asset exposure. A carbon transition scenario conducted in 2024 shows that the increases in non-performing loan (NPL) ratios ranged from 1 to 3 percentage points under different scenarios. See Section 4.6 for details.
	Deterioration in a counterparty's creditworthiness or default as a result of losses from physical climate events or changing long-term weather patterns (physical climate risk).	Income statement: impairment provisions on Banking loan investments Balance sheet: loan investments as a specific overlay on provisions if required	As at 2024, 9 per cent of loan investments were exposed to physical climate risk. See Section 5.3 for details of Banking portfolio asset exposure.
Market risk	Negative fair valuation adjustments on the Bank's portfolio of loans and equities held at fair value through profit or loss.	Income statement: impairment provisions on Banking loan investments Balance sheet: Banking loan investments Balance sheet: equity	

In the EBRD's 2024 financial materiality assessment, as part of the Bank's transition risk, climate-related reputational risk was assessed and identified as material based on qualitative factors. The key drivers and anticipated financial effects for reputational reasons are outlined in the following qualitative disclosure.

Reputational risk

Climate-related issues and climate finance are becoming increasingly prominent in the global financial landscape, driven by growing public awareness, regulatory pressures and the expectations of stakeholders such as clients, investors, employees and civil society. As an international organisation with a commitment to sustainable development enshrined in its founding documents and publicised policy objectives, operating in developing markets, the EBRD is subject to significant public scrutiny. It is, therefore, exposed to an elevated level of potential adverse reputational impact in relation to its climate-related activities. The Bank's mission means an additional level of expectation from stakeholders that its activities should contribute positively to global action on climate. Reputational risks to the Bank could arise if its action, or perceived inaction, on climate matters is misaligned with stakeholder expectations or results in negative environmental or social outcomes.

⁵² See EBRD (2024a).

Reputational damage related to the Bank's activities on climate is unlikely to result in an immediate adverse financial outcome for the Bank. However, the long-term impacts of negative perceptions of the Bank could affect its financial prospects or cash flows in a number of ways (see Table 8).

Table 8. Reputational risk assessment

Effect	Relevant line items in the EBRD's consolidated financial statements
Reduction in shareholder support, which could negatively influence the Bank's credit rating, leading to an increase in borrowing costs or less appetite for participation in future capital increases	Income statement: interest expense and similar charges Balance sheet: debts evidenced by certificates Balance sheet: paid-in capital
Reduction in demand for the Bank's issuance of themed bonds (see Section 3.2) and other issuances	Income statement: interest expense and similar charges Balance sheet: debts evidenced by certificates
Reduction in donor financial support for Bank projects	Income statement: impairment provisions on Banking loan investments Income statement: donor-related income Balance sheet: provisions for impairment
Reduction in appetite among other financial institutions or clients to partner with the EBRD on Bank-led projects, reducing their financial viability	Income statement: interest income from Banking loans Balance sheet: loan investments
Reduction in the level of trust due to reputational risk can significantly impact the calibre of recruited professionals and lower staff morale, leading to a decrease in operational efficiency and productivity	Income statement: general administrative expenses

The Bank, therefore, has a low appetite for reputational damage and seeks to minimise any circumstances that could substantially weaken stakeholder confidence and undermine its mission. For this reason, it considers adverse reputational impact to be a standalone risk type that must be managed and minimised through the existing policies and procedures of its operational risk management framework, together with a number of other interrelated operational risks specified in the Bank's Risk Appetite Statement⁵³ and indicative key risk indicators.

Climate-related reputational risks affecting the Bank could emerge in relation to the following broad themes:

Financing high-carbon industries

The Bank, for a number of reasons consistent with its mission to promote sustainable development, may provide loans or other services to clients that are high carbon emitters under certain circumstances, including:

- projects aimed at helping a high emitter to reduce its level of emissions
- projects that achieve one of the Bank's other transition objectives to a high degree, such that the relatively high level of emissions generated by the project is an acceptable compromise (with the requirement of being aligned with the Paris Agreement) in achieving the Bank's overall transition objectives
- projects where the client has multiple business lines, some of which are emissions intensive, but the element being funded by the Bank is a low-emissions business line
- other extreme circumstances that may result in emergency measures that require the direct financing of high emitters.

If, by providing investment to high-emitting clients, the Bank is seen as perpetuating climate change, it could be accused of deprioritising climate impact, failing to follow the mandate set by its shareholders and failing to put sustainability at the heart of its operations. Campaigns by activist groups, such as divestment movements or public "naming and shaming", could amplify this scrutiny, potentially damaging the Bank's brand and alienating investors and shareholders who prioritise sustainability.

Greenwashing perceptions

The EBRD's operations may be impacted by reputational risk arising from perceived non-conformity with its climate-related pledges. As demand for sustainable investments grows, banks may market "green" financial products – such as green bonds or ESG funds – to attract capital. However, if these products are found to lack a material environmental impact (for example, funding projects with only a token level of carbon reduction) or fail to meet advertised standards,

⁵³ See EBRD (2024a).

banks risk being accused of greenwashing. Such allegations can erode trust among clients, regulators and the public, leading to reputational harm and potential loss of business.

Misalignment with regulatory and market trends

Governments and financial regulators worldwide are introducing climate-related disclosure requirements (such as the IFRS Sustainability Disclosure Standards) and stress-testing frameworks to assess climate risks. The EBRD, as a non-regulated MDB, has no direct obligations to fulfil governmental disclosure requirements. However, the Bank's status as a development bank with sustainability at the heart of its mandate creates a level of expectation from stakeholders that the Bank should produce climate-related disclosures in line with good market practice. Non-disclosure may be perceived as unprepared or irresponsible. This could damage its credibility with institutional investors and regulators, who increasingly view climate risk management as a marker of sound governance.

Stakeholder activism and media scrutiny

Environmental non-governmental organisations (NGOs), shareholders and even employees are holding financial institutions to account for their climate impact. For instance, financing a controversial project, such as a new gas pipeline or an airport, could trigger protests, lawsuits or viral social-media campaigns against the Bank. Negative media coverage can escalate quickly, portraying the Bank as adversely affecting the climate.

Climate and climate-finance issues create reputational risk for the Bank, exposing it to criticism over its environmental impact, authenticity and alignment with societal expectations. These risks can translate into tangible financial consequences, such as higher borrowing costs, reduced access to donor funding for its projects, or reductions in other financial institutions' or clients' appetite to partner with the Bank.

The Bank's climate-related reputational risks are primarily addressed through the governance structures outlined in Section 2. These structures are designed to ensure that the Bank's operations remain aligned with its mission, including the delivery of sustainable development. The Bank is also committed to providing information on the impacts and outcomes of its work, so that shareholders, donors, civil society organisations and investors can be confident that the Bank's work is delivering environmental and sustainability benefits. The Bank has engaged in sustainability reporting since 2005 and voluntarily elects to produce reports in accordance with IFRS Sustainability Disclosure Standards. Since 2025, it has also published the *Investor Report on Sustainability*.⁵⁴ For further information on the Bank's sustainability reporting, see <https://www.ebrd.com/sustainability-reporting.html>.

Although not material, climate-related political risk forms an important part of the Bank's transition risks. Key drivers and projected financial effects for the Bank are described in the following qualitative disclosure.

Transition risk – political risk factors

Political risks are a key component of transition risk, potentially impacting climate-related credit, market and reputational risks. For a development bank with a focus on green investments, such as renewable energy projects, green bonds and sustainable infrastructure, political matters at the national and international level can create a range of risks. These are assessed as part of the Bank's credit analysis process. This section explains such elements of political risk in greater detail.

Political risks stem from policy shifts, geopolitical tensions and the interplay between governments, regulators and global agreements. While the Bank's green focus helps to position it as a leader in the transition to a low-carbon economy, it also makes it susceptible to political volatility that could disrupt its operations, profitability and reputation. There are a number of different climate-related political factors that could negatively affect the Bank.

Disruption to green technology supply chains

The development and supply of green technologies, such as solar panels, wind turbines and electric vehicles, is concentrated in a small number of countries. This concentration renders projects that rely on green technologies vulnerable to political events that could interfere with the free conduct of trade in those technologies. For example,

⁵⁴ See EBRD (2025e).

political decisions, such as the imposition of trade tariffs on imports of solar panels or restrictions on exports of rare minerals critical to the manufacture of green technologies, could disrupt supply chains crucial to the Bank's green investments. Bank-financed green projects that rely on a continued, uninterrupted supply of green technologies internationally could suffer financial losses in the event of such disruption.

Policy reversals at national level

Green investments often depend on supportive government policies, such as renewable energy subsidies, carbon pricing or tax incentives for sustainable projects. However, political changes, such as the election of a less climate-focused government, can lead to the rollback of such measures. For example, a government might cut funding for wind or solar projects, or eliminate green tax credits. In the event that specific projects funded by the Bank or Bank clients are rendered financially unviable as a result of such changes, the EBRD could be exposed to financial losses on investments related to those projects or clients. This could result in non-performing assets, lower returns and reputational damage should investors perceive the Bank to be unable to anticipate or mitigate such risks.

International climate agreement failures

Global frameworks such as the Paris Agreement drive climate finance by setting emissions targets and mobilising funds for green projects. However, political tensions, such as major economies withdrawing from agreements or failing to meet funding pledges, could stall momentum. The Bank has invested heavily in climate-related projects in its countries of operation, a significant proportion of which rely in part on complementary donor funding to render them financially viable. Should international commitments to global climate agreements falter, this could result, among other things, in a cut to donor funding, reducing the volume of climate-related projects in which the Bank can invest.

Backlash against climate policies

In some countries, climate action faces resistance from political movements that view green policies as economically damaging. The Bank's green investments, particularly those with a high profile, could become a focal point for the expression of such political opposition in EBRD countries of operation. Popular political opposition to projects financed by the Bank could result in significant unforeseen delays and costs as a result of legal challenges, potentially reducing the profitability of the affected projects, for example.

Regulatory uncertainty

National governments and international bodies are increasingly imposing climate-related regulations, such as mandatory emissions disclosures or green investment standards. However, inconsistent or rapidly evolving rules or market practices across jurisdictions can create compliance challenges. For example, if a key market tightens its definition of "green" investments, excluding certain projects the Bank has financed, it may create a reputational risk through perceptions of greenwashing, harming the Bank's credibility as a green leader.

4.2. Identification, assessment and prioritisation of climate-related risks

Details of the Bank's process for identifying, assessing and prioritising climate-related risks are embedded in its internal climate risk procedures. These procedures cover all types of Banking activity and are reviewed periodically. At a counterparty level, the Bank identifies, assesses and prioritises climate-related financial risks through due diligence and structuring, as outlined below. Counterparties are entities to whom the Bank has ultimate resource, which may not always be the immediate borrower. At portfolio level, Risk Management conducts scenario analysis to identify emerging risks (see Section 4.3).

Corporate and sub-sovereign projects

Identification of transition risk

The Bank assesses the potential financial effects of emission costs on its counterparties. It has developed an in-house screening tool to identify counterparty exposure to transition risk. The tool produces a screening score based on a combination of: (i) a counterparty industry-specific assessment, partly based on classifications by Moody's Ratings and

adjusted by the Bank's specialists, (ii) an internal assessment of the transition preparedness of the counterparty's key country of risk and the impact of climate risk policy and regulatory changes, and (iii) specific modifiers.⁵⁵

Identification of physical climate risk

The Bank has developed an in-house screening tool to identify counterparties exposed to physical climate risk. The tool results in a screening score based on a combination of: (i) the counterparty industry sector's sensitivity to the 11 physical climate hazards most relevant to the economies where the EBRD operates; (ii) the likelihood of those hazards occurring based on an analysis of counterparty core location coordinates; (iii) a tenor adjustment; and (iv) a verification step.⁵⁶ The likelihood of physical hazards occurring is based on a range of data sources. These data sources were chosen following a detailed review of publicly available physical climate risk data.

Table 9. Physical climate hazards

Category	Chronic or acute	Physical climate hazard
Temperature related	Chronic	Increasing mean temperatures
	Acute	Extreme heat event
		Wildfires
Wind related	Acute	Extreme wind event
Water related	Chronic	Increasing water stress
		Sea-level rise
	Acute	Drought
		Flood
		Extreme rainfall event
Solid mass related	Chronic	Erosion
	Acute	Extreme mass movement

Assessment and prioritisation

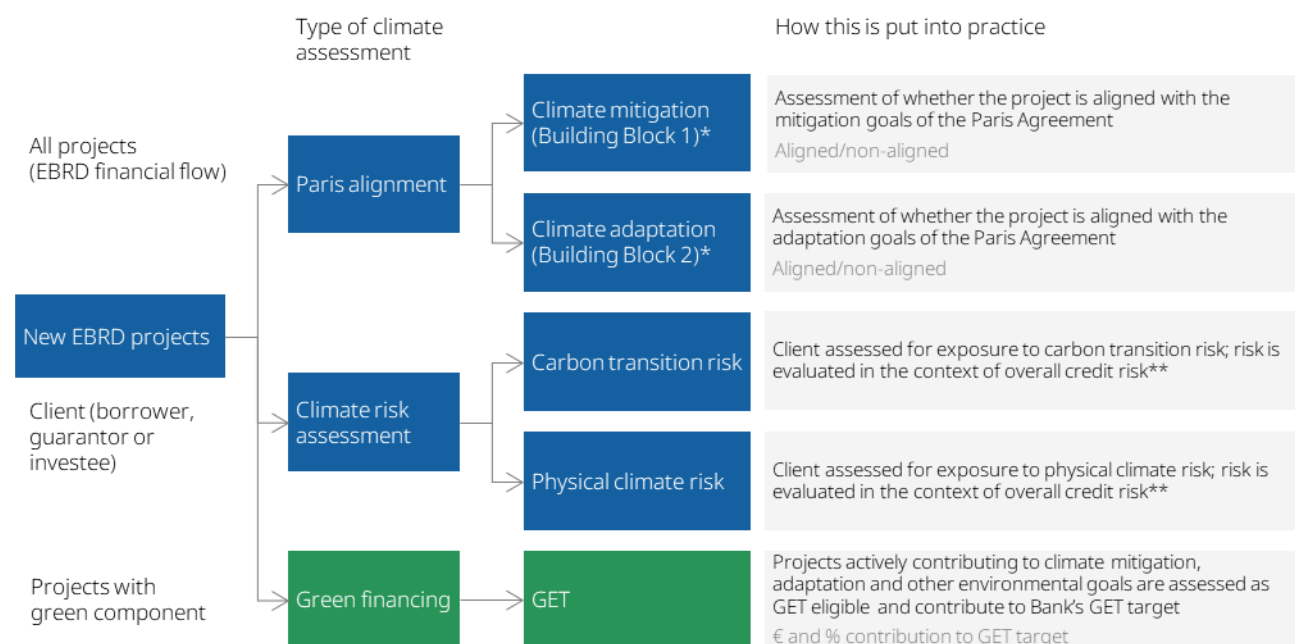
For both transition and physical climate risks, the screening approach generates a score for each counterparty. These scores – ranging from 1 (low) to 5 (very high) – are used to identify those counterparties to be prioritised for further due diligence in the appraisal stage. Climate-related risks are assessed alongside other key risks. The due diligence focuses on the financial impact of identified climate-related risks on the counterparties' credit quality or expected equity valuation. These screening scores may be adjusted after assessment to better reflect the risk associated with the exposure. Where, for example, physical hazards identified during screening have been mitigated by the counterparty in the meantime, the revision of scores will be warranted if a further review is carried out. Transition risk screening is largely industry based; however, sub-sector activities or specific operations may justify a lower score – for instance, if a counterparty is classified in the metals and mining industry but its actual activity is recycling.

As part of the appraisal stage, the first line of defence proposes measures to mitigate climate risk, including GHG emission reduction plans and climate adaptation plans as part of project submissions prior to approval. These are then subject to review and challenge by Risk Management and ESD. The climate risk assessment is complemented by other climate-related assessments of individual projects, as illustrated in Figure 3.

⁵⁵ Industry-sector risk classifications are derived from the industry sectors classified by Moody's Ratings (see Moody's Investors Service, 2020 and 2021) as having very high, high or moderate risk for carbon regulation. Country transition assessment scores are based on proprietary methodology.

⁵⁶ At this stage, counterparties with numerous operational locations are typically deemed to be diversified in relation to the financial impacts of physical climate risk. The Bank's screening of clients for physical climate risk is similar to the process it uses to assess a project's alignment with the climate resilience goals of the Paris Agreement. The Bank plans to continue reviewing this approach as it evolves.

Figure 3. Climate assessments for EBRD investment projects



* The joint MDB approach to alignment with the objectives of the Paris Agreement was presented at the COP24 climate conference in 2018.³⁶ The approach has six “building blocks” (BBs) for Paris alignment: (BB1) alignment with mitigation goals; (BB2) adaptation and climate-resilient operations; (BB3) accelerated contribution to the transition through climate finance (in the EBRD’s case, GET finance); (BB4) strategy, engagement and policy development; (BB5) reporting; and (BB6) alignment of internal activities (for example, administration, procurement and treasury). Therefore, Paris alignment has a project-screening element (BB1 and BB2), a climate finance and policy element (BB3 and BB4) and a corporate element (BB5 and BB6).

** No impact on internal credit rating at this stage.

The procedures are subject to further refinement and adjustment. They will evolve based on operational use and best practice for the assessment of climate-related financial risks. Currently, they focus on prioritising clients with a high likelihood of significant transition or physical risk for assessment. The Bank continues to explore the emerging availability of tools that integrate climate hazard screening and the financial quantification of identified risks.

Financial institution projects

PFI are screened for transition and physical climate risks based on: (i) country of operation; (ii) sector concentrations within their gross loan portfolios; and (iii) internal climate risk management practices. This process informs the prioritisation of engagement with PFI clients on climate-related financial risk management at an institutional level, focusing on those deemed to have the highest potential climate-related financial risk. The Bank screens and assesses both the transition and physical climate risks of PFIs on a biennial basis. This assessment is based on a climate risk questionnaire aimed at better understanding partner institutions’ internal climate risk management, as well as their exposure to climate risk through their loan portfolios. This transition and physical climate risk screening process also considers each PFI’s primary country of operation. The institutional-level assessment also allows the EBRD to monitor and manage PFI clients’ financial exposure to climate risks over time.

Sovereign-guaranteed projects

The EBRD screens sovereign and sovereign-guaranteed loans for climate-related financial risk. Sovereign entities are considered to have lower risk due to their diversified revenue streams, legal right to raise revenue and capacity to reduce expenditure. The potential climate-related financial risk of sovereign entities is managed through a periodic review and assessment of countries considered to have higher exposure to transition or physical climate risks. The outcomes of this assessment may be included in sovereign risk considerations, as well as in stress tests.

4.3. Use of scenario analysis

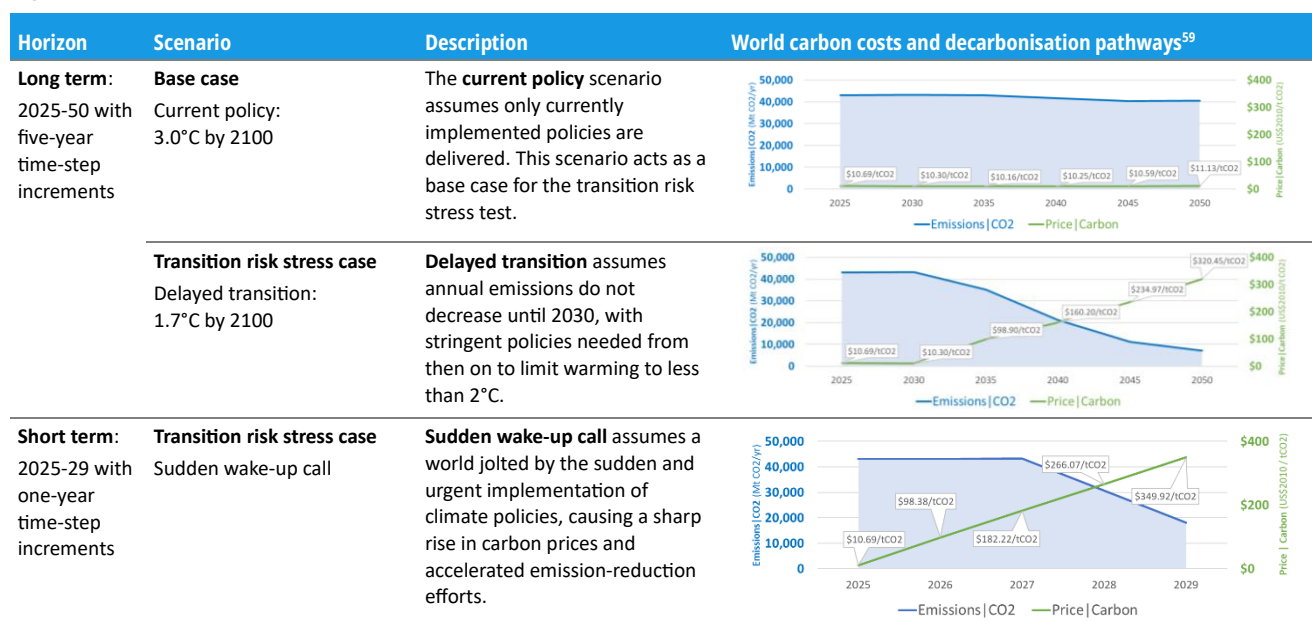
Overview and scope

The EBRD conducts regular climate stress tests, which are evolving in scope and complexity, to assess transition risk and potential losses from adverse climate scenarios. The current scope includes Banking book portfolio loan and equity exposures to corporate and sub-sovereign customers, but excludes sovereigns and financial institutions, which the Bank plans to incorporate into future tests. The stress test uses a quantitative model for a bottom-up assessment at the counterparty level and a top-down approach when data are unavailable. The model evaluates the probability of default of the Bank's counterparty to assess non-performing loans (NPLs) and provisions, in line with the Bank's overall stress-testing framework. The scenario analysis described in this report was completed as at 30 September 2024 and is carried out annually, in line with the Bank's overall stress testing.

Climate scenarios

The EBRD uses both long-term and short-term scenarios for transition stress testing. It applies the latest NGFS phase 5 long-term scenarios,⁵⁷ specifically, the "current policy" scenario for the base case (3.0°C by 2100) and the "delayed transition" scenario (1.7°C by 2100) for the stress case. The Bank has also developed an in-house scenario inspired by the NGFS short-term narratives,⁵⁸ using accelerated net-zero 2050 pathways and additional macroeconomic shocks.

Figure 4. Climate scenario time horizons



Source: NGFS for the "current policy" and "delayed transition" scenarios; EBRD, NGFS and UK National Institute of Economic and Social Research (NIESR) for the "sudden wake-up call" scenario.

The EBRD's climate scenarios use environmental, policy and macroeconomic trends from NGFS pathways. For long-term scenario analysis, the Bank uses published NGFS pathways (namely, regional shadow carbon prices, sectoral decarbonisation levels, gross domestic product (GDP) growth and energy demand) directly within the stress-testing model. The short-term scenario is built on specific NGFS datapoints to create an accelerated timeline in which decarbonisation rates struggle to keep pace with rises in shadow carbon prices. This scenario incorporates additional macroeconomic shocks to simulate the sudden impact of rapidly escalating climate policies.

The climate stress test is limited to transition risk and does not yet incorporate a physical risk scenario. Findings from the physical risk pilot, as noted in the EBRD's *TCFD Report 2023*,⁶⁰ concluded that detailed location and asset-level data are

57 See NGFS (2024).

58 See NGFS (2023).

59 The graphics included here only present global carbon prices and decarbonisation levels; regional prices and sectoral decarbonisation levels are used in climate stress tests.

60 See EBRD (2024b).

necessary to conduct a physical climate risk stress test. Without such granular data, the stress test only reflects country- or regional-level impacts and, therefore, lacks the detail needed to provide insightful conclusions on the EBRD's counterparties.

Scenario analysis

The Bank uses the following scenarios in its climate stress-testing:

- **long-term “delayed transition” scenario:** The most severe impacts are observed in oil and gas and energy companies, with associated sectors, such as electrical utilities, transport and agricultural products, seeing deteriorations in creditworthiness.
- **short-term “sudden wake-up call” scenario:** This scenario introduces additional stresses by way of its accelerated nature. Companies face higher costs as a result of the time lag between increases in carbon prices and decarbonisation levels, compounded by macroeconomic shocks. In addition to sectoral effects of the long-term scenario, the adverse effects of the short-term scenario reach the metals and mining and construction material industries.

Stress test results

In 2024, the increases in NPL ratios ranged from 1 percentage point in the long-term “delayed transition” scenario to 3 percentage points in the short-term “sudden wake-up call” scenario. In the 2023 stress test, the increases in NPL ratios ranged from 4 percentage points to 8 percentage points, respectively. The smaller losses in the 2024 climate stress test compared with the previous year, both in relative terms (due to increased coverage) and in absolute terms, can be attributed in part to greater portfolio diversity and stress-test coverage, though the results are also impacted by the data limitations of the model and their dependence on data proxies and modelling assumptions. The losses continue to be concentrated in high-carbon-risk sectors. Transition risk does not seem to be more widespread within the corporate and sub-sovereign portfolio.

The composition of the Banking book reflects the EBRD's focus on supporting the energy transition in the Bank's investee economies. Fewer than 10 per cent of all Banking book portfolio assets cover investments in the highest-emitting industries: oil and gas, metals and mining, utilities and chemicals (see Table 13). Companies in these industries are most impacted by the climate stress test, as their emissions account for more than 80 per cent of the total emissions considered in the stress test.

As with previous climate stress tests, losses occur in portions of the Banking book assessed as being high risk with regard to the energy transition. Most counterparties' credit ratings remain unaffected, as these clients are in low- or moderate-transition-risk industry sectors, spread across different regions.

The climate stress-testing exercise reinforces the Bank's view that its financial exposure to transition risk is low to moderate. The impact that physical risk will have on the portfolio is currently uncertain. The Bank's capital levels could adequately absorb losses resulting from both the long-term and, in particular, adverse short-term transition scenarios.

While these results suggest that the EBRD should maintain its AAA-rating under these scenarios, the Bank continues to monitor emerging transition and physical climate risks, and plans to address data gaps and potential limitations to modelling assumptions.

Limitations

Climate stress testing is subject to the following limitations, which the Bank will seek to address in future iterations:

- The focus remains on exposures to corporate and sub-sovereign clients and should be expanded to include sovereigns and financial institutions. Treasury positions are also excluded, as climate-related market risk is not assessed as being material and counterparty credit risk in the Treasury book is largely related to high-investment-grade corporate entities in moderate- to low-climate-risk sectors and financial institutions.
- Accurate and granular data are key and, where gaps exist, reliance on assumptions (E) and proxies can significantly impact modelled results.
- Detailed location and asset-level data are needed to incorporate physical climate risk into the climate stress test to achieve a consolidated view of climate risk in the Banking book.

-
- A realistic forward-looking view of the Bank's balance sheet is needed to effectively assess the EBRD's resilience in the context of climate risk.

The EBRD remains committed to developing its stress-testing capabilities further and to following the latest best-practice guidance from the NGFS or similar institutions.

4.4. Monitoring climate-related risks

At the project level, ESD monitors the delivery of climate-related commitments after project signing, including those identified as mitigants of climate risk at the time of project submission. At the portfolio level, Risk Management reports on the development of climate risk within the portfolio on a quarterly basis to senior management and the Board. Further adjustments and the integration of climate-related risk monitoring into regular reviews will continue to evolve based on operational experience, industry standards and best practice.

4.5. Incorporating climate-related risk into internal risk ratings

The EBRD uses a scorecard approach to assign credit ratings to all corporate and financial institution clients. This reflects their financial resilience and incorporates sensitivities to some of the financial impact of climate change. Sovereign client ratings reflect the analysis of external agencies that also consider the impact of climate change. Consequently, the Bank's climate risk methodology for assessing climate-related risk is not overlaid directly on established credit ratings, as this could double-count the impact of climate risk.

The EBRD aspires to incorporate the outcome of climate risk assessments transparently into internal credit ratings. The Bank has been investigating the compatibility of the Bank's climate risk assessment methodology with ESG scorecards and determining its next steps in this regard.

The EBRD actively engages with external stakeholders (credit-rating agencies, data providers, other MDBs, commercial banks and international organisations) to remain up to date with the latest developments in climate-related risk management. Through its many collaborative engagements, the Bank is constantly enhancing its approach to climate risk and enriching the quality of its climate-related data.

5. Metrics and targets

In line with ISSB recommendations, the EBRD is developing clear and consistent metrics and targets to track and measure data related to the Bank's climate-related risks and opportunities, as well as the associated implications for the Bank's financial performance. Definitions of these metrics can be found in Section 6. The reported metrics include those related to the Bank's own carbon footprint, its investment portfolio or additional cross-industry metrics. The Bank does not currently produce metrics on its Treasury portfolio, which it has assessed as carrying a much lower level of exposure to climate-related factors than the investment portfolio.

The Bank has elected to avail itself of the one-off waiver available to initial adopters of IFRS Sustainability Disclosure Standards and not disclosed comprehensive GHG Scope 3, category 15 financed emissions in accordance with the full requirements of IFRS S2. Limited disclosures of these emissions are included in the annex to this report.

The Bank also tracks and monitors climate-related targets, as described in Section 5.5.

5.1. Metric overview

Table 10. Overview of climate-related metrics on the EBRD's own emissions

Section	Subsections	Pages
Metrics related to the Bank's carbon footprint	<ul style="list-style-type: none">• GHG emissions of own operations, including Scope 1, 2 and 3, categories 1-14• Carbon price	36
Investment portfolio metrics	<ul style="list-style-type: none">• Assets exposed to climate-related transition and physical risks• Banking investment assets exposed to fossil fuels	38
Cross-industry and additional metrics	<ul style="list-style-type: none">• Green project reporting• Capital market transactions• Physical climate risk to EBRD offices	46
Targets	<ul style="list-style-type: none">• Paris alignment• GET alignment• Annual mobilised investment (AMI)• Emission reductions through financing• Carbon-neutral internal operations	48

5.2. Metrics on the Bank's carbon footprint

GHG emissions from the Bank's own operations

Overview

The Bank's own operational emissions cover emissions from energy consumption, travel, the supply chain and other activities. These are Scope 1, 2 and 3 emissions and generally relate to emissions of the seven GHGs listed in the Kyoto Protocol:⁶¹ carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF₃), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). Of these CO₂, CH₄ and N₂O apply in the case of the EBRD's operational emissions. The Bank's Scope 1 emissions are those emitted directly from owned or controlled sources. Its Scope 2 emissions relate to purchased electricity, district heating and cooling. The Bank's Scope 3 emissions figures relate principally to those emissions associated with purchased goods and services,⁶² business travel, waste, employee commuting and fuel- and energy-related activities, and do not include financed emissions. The EBRD does not report on Scope 3 downstream emissions categories 9-14, as these do not apply to EBRD operations. The Bank's preliminary calculation of financed emissions for part of its portfolio is disclosed separately in the annex to this report.

61 See UNFCCC (1997).

62 The calculation is based on a spending-based approach, whereby Exiobase emission factors are applied to spending data.

The Bank calculates and reports on the carbon footprint and GHG emissions of its own operations. These disclosures are included in the Bank's *GRI Report – Sustainability Disclosures*,⁶³ which also includes the energy consumption, waste and biodiversity impacts of the Bank's activities.

In 2022, the EBRD reset its carbon footprint database, adopting a methodology aligned with the Greenhouse Gas Protocol,⁶⁴ working with an independent carbon accounting partner to provide a more complete assessment of its internal emissions, especially those associated with purchased good and services.

Table 11 summarises the Bank's measurement approach, inputs and assumptions related to the calculation of own-operations GHG emissions.

Table 11. EBRD's approach to the measurement of GHGs

Emissions scope	GHG Protocol category	Emissions factor data source	Activity data and calculation methodology (primary data inputs are prioritised over secondary data) ⁶⁵
Scope 1	Mobile combustion	• DESNZ (2024)	• Distance travelled (e.g., km, miles) • Volume of fuel consumed (e.g., litres) • Cost of fuel (e.g., £)
	Fugitive emissions	• DESNZ (2024)	• Weight of refrigerant (e.g., kg)
	Stationary combustion	• DESNZ (2024)	• Volume of fuel consumed (litres)
Scope 2	Electricity (including that used for electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs))	• AIB (2023) • IEA emissions factors (2024)	• Amount of electricity consumed (kWh) • Cost of electricity (e.g., £) • Office area (m ²) • Distance travelled (e.g., km, miles)
	Heating and cooling	• DESNZ (2024) • Enectiva	• Energy consumed (e.g., kcal, GJ, kWh) • Volume consumed (e.g., litres) • Cost of energy (e.g., £) • Office area (m ²)
Scope 3	Category 1: Purchased goods and services	• Exiobase (3.8.2)	• Cost (e.g., £) • Office for National Statistics • IMF • Eurostat • World Bank • OECD
	Category 2: Capital goods	• Exiobase (3.8.2)	• Cost (e.g., £)
	Category 3: Fuel- and energy-related activities	• DESNZ (2024) • IEA emissions factors (2024)	• Amount of electricity consumed (kWh) • Volume of fuel consumed (litres) • Weight of fuel consumed (kg) • Cost of energy (cost) • Distance travelled (e.g., km, miles)
	Category 4: Upstream transport and distribution	• Exiobase (3.8.2)	• Cost (e.g., £)
	Category 5: Waste generated in operations	• DESNZ (2024)	• Waste weight (e.g., kg, tonnes)
	Category 6: Business travel	• Exiobase (3.8.2)	• Cost (e.g., £) • Distance travelled (e.g., km, miles)
	Category 7: Employee commuting	• Defra (2024) • AIB (2022) • IEA emissions factors (2023)	• Distance travelled (e.g., km, miles) • Days worked from home (no. of days)
	Category 8: Upstream leased assets	• Exiobase (3.8.2)	• Cost (e.g., £)

⁶³ See EBRD (2025b).

⁶⁴ See Greenhouse Gas Protocol (n.d.).

⁶⁵ As defined in IFRS S2, "primary data" refers to data obtained directly from specific activities within an entity's value chain, while "secondary data" refers to data not obtained directly from activities within an entity's value chain.

Results and insights

In 2024, the total emissions of the Bank's operations amounted to 37,651 tCO₂e.⁶⁶ The following trends were observed:

- **Scope 1** emissions remained stable from 2023. Improved collection of data on mobile combustion and fugitive emissions resulted in a minor emissions increase. There was a 68 per cent decline in Scope 1 emissions compared with 2022, however, as a result of the Bank's London headquarters moving to a new office that does not rely on gas consumption.
- **Scope 2** location-based emissions⁶⁷ decreased due to further enhancements to the energy efficiency of the EBRD's London headquarters, as demonstrated by the implementation of an environmental management system that recently received ISO 14001 certification. Moreover, the Bank's market-based emissions decreased by more than 50 per cent from 2023, reflecting the EBRD's choice to purchase renewable electricity in its Resident Offices wherever possible and a 100 per cent renewable energy tariff at its London headquarters.
- **Scope 3** emissions remained stable from 2023, fluctuating by less than 5 per cent.

The EBRD strives continuously to improve its data-collection process and the quality of its data inputs. This accounts for fluctuations in reported emissions year on year.

In 2024, two key improvements were made to the data-collection process:

1. The EBRD increased its inventory of fugitive emissions, resulting in an increase in emissions associated with this category.
2. Employee commuting data are based on a staff survey, with results extrapolated to cover all EBRD employees. The survey's uptake was significantly higher in 2024, allowing for more representative and robust data coverage.

Table 12. EBRD GHG emissions breakdown by scope

Type	2022	2023	2024*
Scope 1 (tCO ₂ e)	870 ⁶⁸	262	281
Scope 2 (tCO ₂ e) – location-based	3,721	3,526	2,054
Scope 2 (tCO ₂ e) – market-based	-	2,252	1,003
Scope 3 (categories 1-14) (tCO ₂ e)	50,638 ⁶⁹	36,003 ⁷⁰	36,367
Scope 1, 2 (market-based) and 3 (categories 1-14) (tCO ₂ e)	55,229 ⁷¹	38,517 ⁷²	37,651

5.3. Investment portfolio metrics

The Bank screens the transition and physical climate risk of its Banking counterparties using internal climate-risk screening methodologies that have evolved over time based on operational experience and market practices. The current methodologies are detailed in Section 4. Counterparties are screened in a phased approach based on counterparty and instrument type, using methodologies in place at the time. Given the evolution of climate risk reporting requirements and the manual nature of data collection, updated methodologies are applied prospectively and prior assessments are not routinely revised. Exposures to counterparties with high or very high carbon transition and physical climate risk scores are presented in Tables 13 and 14.

In 2024, the Bank began to disclose asset values in line with its *Financial Report*, reflecting loans at amortised cost and equity at fair value. Asset values for 2023 are restated, so are not comparable with past *TCFD Reports*.

⁶⁶ Including Scope 2 market-based emissions.

⁶⁷ While Scope 2 market-based emissions derive emission factors from contractual instruments encompassing the EBRD's choice to purchase electricity from renewable sources, Scope 2 location-based emissions rely on grid-average emission-factor data to calculate emissions based on the average emissions intensity of the grids where consumption occurs.

⁶⁸ Figure revised from 810 tCO₂e due to a manual error.

⁶⁹ Approximately 22,600 tonnes of Scope 3 emissions were associated with the fit-out of the EBRD's new headquarters building.

⁷⁰ Figure revised from 34,843 to 36,003 to include employee commuting emissions extrapolated to all staff.

⁷¹ Figure includes Scope 2 location-based emissions, as market-based emissions were not calculated in 2022.

⁷² Figure revised from 37,357 to 38,517 to account for the extrapolation of employee commuting emissions to all staff.

Table 13 shows that 11 per cent of total Banking investment assets were deemed to be exposed to high transition risk as at December 2024. This is largely in line with the previous year (14 per cent) and reflects the stabilisation of both the screening approach and the counterparties in scope. Since the introduction of the climate risk management processes outlined in Section 4.2, counterparties exposed to transition risk are further assessed during the project appraisal stage and may be subject to monitoring of progress against transition plans, emission reduction targets or other relevant targets during the investment period.

Table 13. Banking investment assets exposed to climate-related transition risk as at December 2024 (€ million)⁷³

Counterparty industry					2024		2023
	Loans	Undrawn loan commitments and guarantees	Equity at fair value	Total	% exposed to high or very high transition risk*	Total	% exposed to high or very high transition risk
Highways and railroads	683	571	31	1,285	80	848	90
Utilities (excl. renewables)	1,699	654	228	2,582	36	2,253	56
Metals and mining	1,117	111	86	1,314	64	1,304	67
Financial institutions ⁷⁴	11,442	4,219	1,682	17,344	3	15,732	5
Airports, air freight and airlines	847	104	130	1,081	66	864	83
Oil and gas	404	165	83	651	88	658	100
Automotive (incl. parts and equipment)	976	16	-	993	45	849	86
Agricultural products	623	77	173	872	47	928	82
Chemicals	765	40	-	805	67	692	90
Other	18,809	12,171	3,874	34,853	2	31,092	2
% of total portfolio					11		14
As at 31 December	37,364	18,129	6,287	61,779	6,648[†]	55,220	7,609

† This includes €4,834 million in loan investments, corresponding to 13 per cent of the Bank's total loan assets. The remaining exposure to high- or very-high-transition-risk counterparties comprises undrawn commitments (€1,265 million) and equity (€551 million). Corporate and sub-sovereign counterparties accounted for 94 per cent of Banking investments exposed to high transition risk in 2024, with financial institution counterparties making up the remainder.

The EBRD finances essential infrastructure in the economies where it operates. Consequently, highways and railroads were the most exposed to high- or very-high-risk counterparties (15 per cent) in 2024, with the main emissions being Scope 3. The increase in total exposure to this industry from 2023 is largely due to the EBRD's significant efforts to finance vital infrastructure in Ukraine during the ongoing war.

Utilities (excluding renewables) includes electricity and gas providers and was the second-most exposed industry group (at 14 per cent) in 2024. All new exposures in 2024 related to projects to advance the low-carbon transition for utilities traditionally reliant on fossil fuels, contributing to the Bank's GET target.

Metals and mining was the third-most exposed industry group, at 13 per cent. Most of this exposure related to diversified metals and mining (56 per cent), followed by steel (25 per cent) and aluminium (19 per cent). Exposures were largely stable compared with 2023. The EBRD's 2024 financing in this sector supported metals necessary for the energy transition, as well as counterparties committed to Paris alignment.

Exposures to counterparties operating in the oil and gas sector remained in line with 2023. In 2024, new exposures (worth €114 million) mainly related to projects to support emergency energy needs in Ukraine. The EBRD has not financed any projects related to thermal coal mining since 2019 (more details on the Bank's exposure to fossil fuels can be found later in this section).

The EBRD screens and assesses financial institution counterparties for climate risk based on loan portfolio composition, internal climate risk management and their main country of operation. In the financial institution sector, transition risk is

⁷³ Of this, around 40 per cent for 2024 and around 50 per cent for 2023 are assets signed before the Bank's climate-risk procedures were put in place. These were not subject to the assessment and prioritisation process described in Section 4. These exposures largely reflect the general view of the climate risk associated with the subsector in which the counterparties operate.

⁷⁴ This encompasses non-bank financial institutions (NBFIs), insurance companies and other types of financial institution.

flagged for roughly 3 per cent of exposures, mainly driven by a combination of the counterparties' portfolio concentration in carbon-intensive sectors, such as oil and gas and agriculture, and their internal climate-related risk policies. In such cases, the Bank engages with clients and regulators to facilitate the integration of climate risk into financial decision-making processes, and monitors their development and implementation.

Geographically, counterparties from Ukraine (13 per cent), Kazakhstan (11 per cent) and Türkiye (11 per cent) continued to represent the largest exposures in the high- or very-high-risk categories, similar to 2023. This reflects the Bank's larger exposure to these economies, which collectively account for approximately a quarter of the Banking portfolio.

Because of the EBRD's commitment to supporting decarbonisation, exposures to counterparties with high transition risk are unlikely to decrease in future. However, over time, the Bank's support is expected to reduce the risk profile of these counterparties.

Physical climate risk

Table 14. Banking investment assets exposed to climate-related physical risk as at December 2024 (€ million)

Counterparty industry	Loans	Undrawn loan commitments and guarantees	Equity at fair value	Total	2024*	Total	2023
					% exposed to high or very high physical climate risk		% exposed to high or very high physical climate risk
Renewable electricity	2,746	1,767	119	4,631	18	3,581	18
Financial institutions ⁷⁵	11,442	4,219	1,682	17,344	4	15,732	2
Healthcare	716	257	56	1,028	46	1,005	50
Highways and railroads	683	571	31	1,285	22	848	35
Oil and gas	404	165	83	651	43	658	47
Municipal companies and municipalities	1,157	681	-	1,837	15	1,873	29
Airports, air freight and airlines	847	104	130	1,081	23	864	25
Marine transport, ports and services	258	176	17	451	49	447	51
Agricultural products	623	77	173	872	19	927	15
Other	18,489	10,111	3,997	32,598	3	29,285	5
% of total portfolio					7		8
As at 31 December	37,364	18,129	6,287	61,779	4,364[†]	55,220	4,671

[†] This includes €3,222 million in loan investments, corresponding to 9 per cent of the Bank's total loan assets. The remaining exposure to high or very high physical climate risk counterparties comprises of undrawn commitments (€1,062 million) and equity (€80 million).

Corporate and sub-sovereign counterparties accounted for 85 per cent of Banking investments exposed to high physical climate risk, with financial institution counterparties making up the remainder (15 per cent). The sectors are more fragmented than for transition risk, as physical climate risk is more location specific and less sector dependent.

In the financial institution sector, physical risk is flagged for roughly 4 per cent of exposures. All financial institution counterparties have been screened using the applicable methodology. As certain EBRD economies are more exposed to physical climate risk than others, counterparties with high exposure to risk are relatively concentrated in Egypt (55 per cent) and Uzbekistan (33 per cent). Where high physical climate risk is flagged, the Bank engages with clients and regulators to facilitate the integration of climate risk into financial decision-making processes, monitoring their development and implementation.

Box 2: Assessment of physical climate risk in the Banking portfolio

The Bank assessed 88 per cent (€54.2 billion) of its existing Banking portfolio for physical climate risk. This covered around 88 per cent of corporate and sub-sovereign transactions, 88 per cent of financial institution transactions, and all sovereign or sovereign-guaranteed transactions. Similar to carbon transition risk, it used an internal scoring methodology specific to each type of counterparty. Currently, only corporate and sub-sovereign clients are subject to location-based physical climate risk screening, which assesses the specific physical hazards to which each client may be exposed. In contrast, the screening of sovereign and financial institution exposures does not incorporate geolocation data beyond country level. A summary of the screening results is presented in Table 15.

Table 15. Distribution of physical climate risk scores for the EBRD portfolio (including sovereigns and financial institutions)

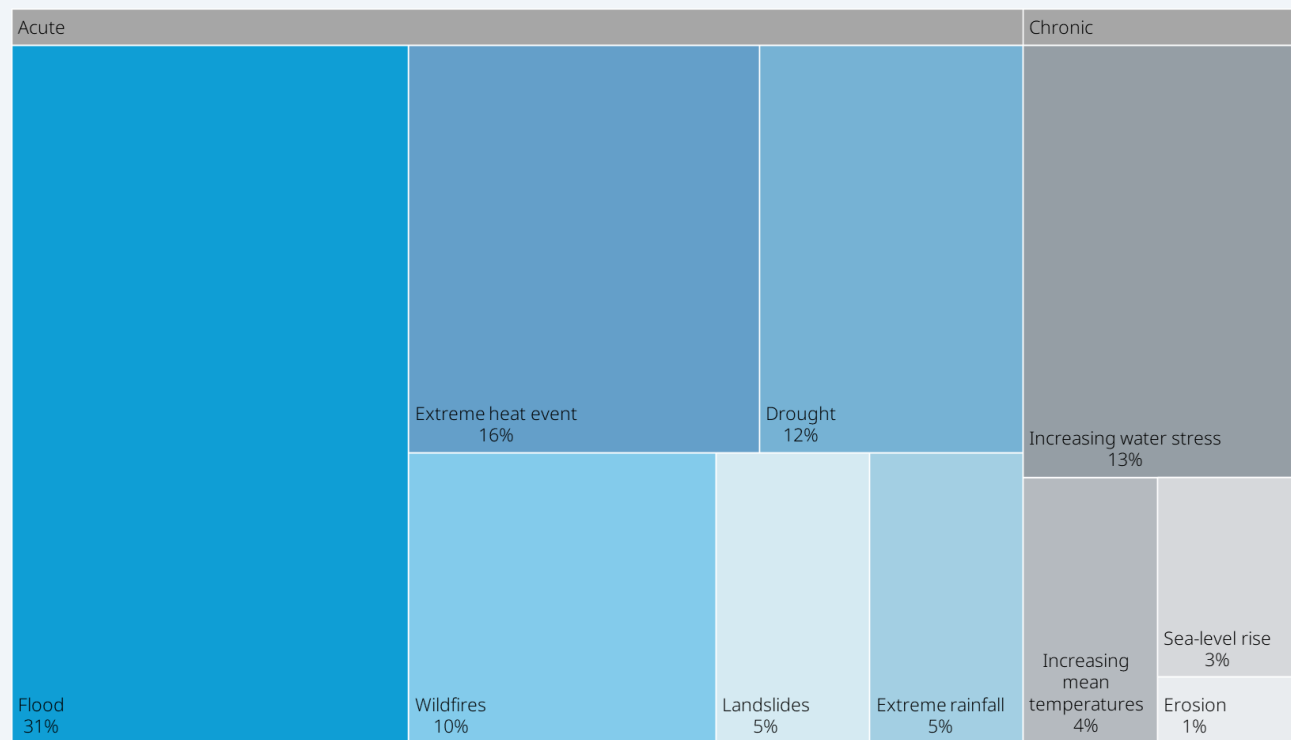
Percentage of total portfolio scored	Physical climate risk level
49%	Low
32%	Moderate
7%	High or very high
12%	Not scored

⁷⁵ This also encompasses NBFIs, insurance companies and other types of financial institution.

Seven per cent (€4.4 billion) of the Bank's portfolio was scored as potentially high or very high for physical climate risk, while 81 per cent (€49.8 billion) was considered moderate or low risk. Eighty-five per cent (€3.7 billion) of the high- or very-high-risk exposure related to the corporate and sub-sovereign portfolio. Of the corporate and sub-sovereign portfolio that was scored as high or very high risk, 51 per cent (€1.9 billion) was assessed during pilot exercises in 2021 and 2022. In assessing counterparties as very low risk, diversification was a leading factor.

Diversification of location was a leading factor in assessing counterparties as very low risk. Exposure to physical climate risk was often not limited to a single hazard. The top three physical climate risks for the corporate and sub-sovereign portfolio were flooding, extreme heat events and increased water stress, as illustrated in Figure 5. This remains consistent with the findings from 2022 and 2023.

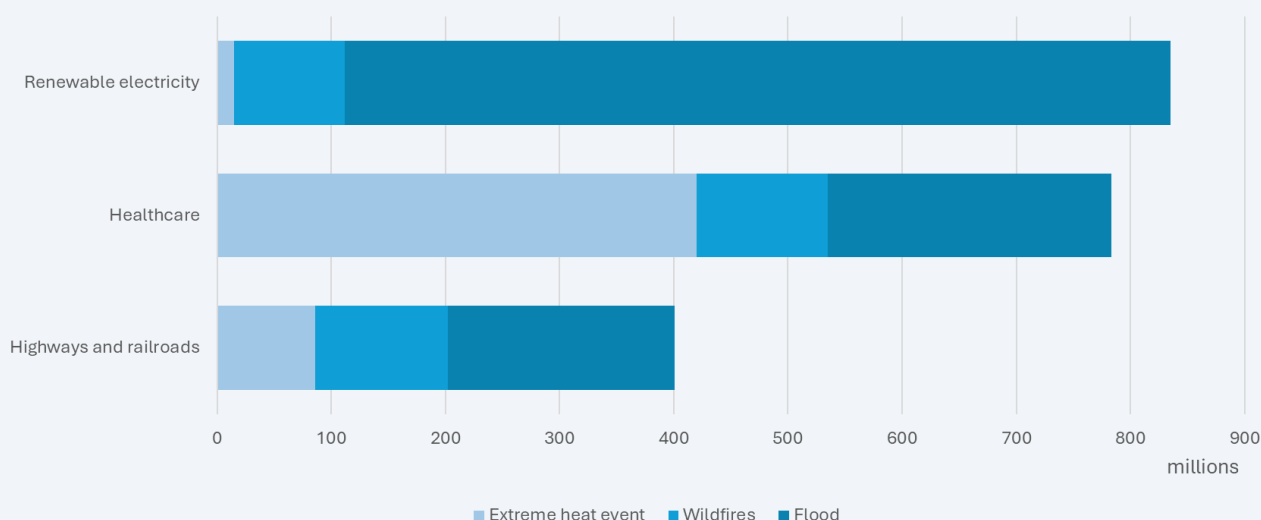
Figure 5. Relative exposure to acute and chronic hazards across high or very high physical climate risk screening scores for the corporate and sub-sovereign portfolio



In the corporate and sub-sovereign portfolio, the sectors with the most significant portfolio exposure to high physical climate risk were renewable electricity, healthcare, and highways and railroads. Along with the largest portfolio exposure, renewable electricity has the greatest number of corporate clients assessed as being potentially high or very high risk. However, this reflects the high volume of renewable electricity projects, with only 20 per cent of the EBRD's total exposure to this sector considered potentially high or very high risk, compared with 48 per cent of its exposure to the healthcare sector.

The primary hazards that triggered the high or very high physical climate risk scores in these sectors are summarised in Figure 6. While the breakdown of hazards reflects those seen in the portfolio overall in Figure 5, this illustrates the degree of variation between sectors, reflecting the sensitivities of underlying activities to specific climate hazards.

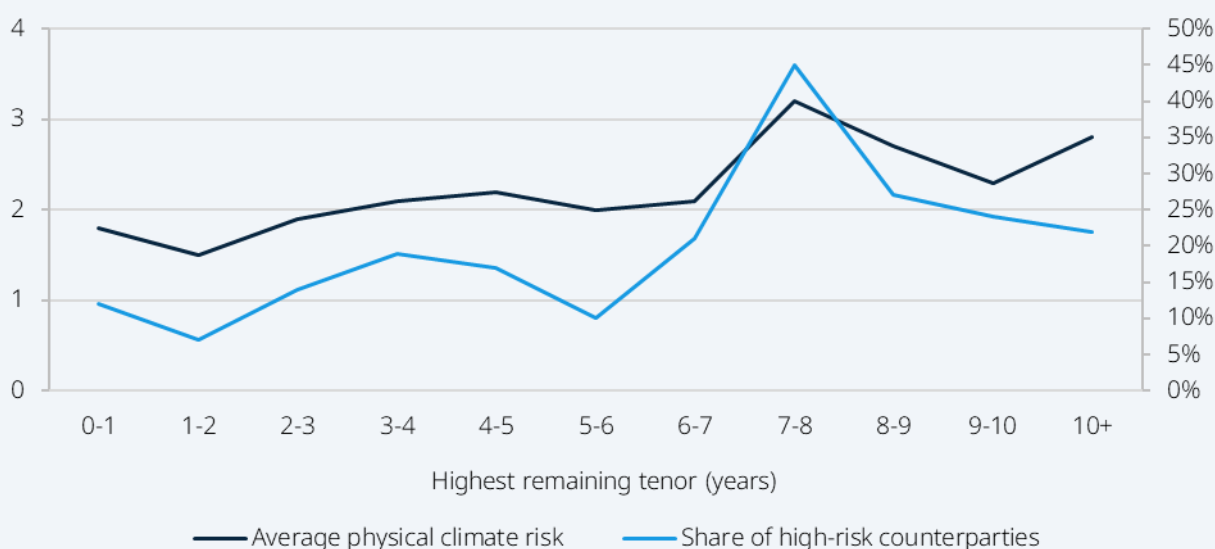
Figure 6. Overview of hazards identified in industry screening as high physical climate risks for the corporate and sub-sovereign portfolio, shown by exposure



Based on total portfolio exposure, the top five economies in the Bank's regions where corporate and sub-sovereign clients face high physical climate risk are Türkiye, Kazakhstan, Poland, Egypt and Uzbekistan. This reflects the overall geographical concentration of the portfolio. In 2024, the Bank provided €4.2 billion of financing to 113 projects to support climate change mitigation and adaptation goals in these countries.

For corporate and sub-sovereign clients, the Bank's approach to assessing physical climate risk includes a specific weighting for the tenor of direct finance projects to reflect the increase in exposure to climate risks over time as the impact of higher global temperatures worsens the effects of climate change. This is reflected in the distribution of scores shown in Figure 7 and the high frequency of high-risk counterparties at tenors of more than 10 years.

Figure 7. Average physical climate risk scores by highest remaining tenor for the corporate and sub-sovereign portfolio



All new clients flagged as potentially high or very high risk in 2024 were subject to assessment during due diligence. Those clients flagged as higher risk in the portfolio whose transactions pre-dated the implementation of climate risk assessment procedures will be subject to greater scrutiny during any proposed new financing.

The Bank will continue to assess the consistency of findings from the screening of new transactions with portfolio results in order to test and refine the physical climate risk methodology and assess whether portfolio management adjustments are required.

Time-horizon considerations

Table 16. Debt, guarantee and equity portfolio by time horizon

	Share of the EBRD's portfolio (%)		Share of the EBRD's portfolio (€ million)		Including exposure to high carbon transition risk (€ million)		Including exposure to high physical climate risk (€ million)	
	2024	2023	2024	2023	2024	2023	2024	2023
Short term (<1 year)	5%	5%	3,212	2,570	380	656	126	135
Medium term (1-7 years)	42%	43%	25,625	24,056	2,888	3,389	1,629	1,580
Long term (>7 years)	43%	42%	26,655	23,101	2,829	3,000	2,529	2,908
Equity, at fair value	10%	10%	6,287	5,493	551	564	80	48
Total	100%	100%	61,779	55,220	6,648	7,609	4,364	4,671

Note: Exposures to high carbon transition risk and high physical climate risk are not mutually exclusive, so should not be aggregated.

In 2024, the maturity profile of the EBRD portfolio, including exposure to climate risk, remained largely consistent with 2023.

With the exception of reputational and acute physical risk, the Bank considers most climate-related risks associated with **short-term transactions** to be less likely to be financially material because of their limited time horizons.

Medium-term transactions that are highly exposed to transition risk make up 42 per cent of the EBRD Banking portfolio. Within this category, €2,888 million (or 5 per cent of the Banking portfolio) is exposed to carbon transition risk. The majority of medium-term portfolio investments that are highly exposed to carbon transition risk (73 per cent, or €2,104 million) are in non-EU investee economies, where the low-carbon transition is generally expected to occur over a longer timeframe. This will potentially reduce the carbon transition risk, although the Bank recognises that a delayed and then rapid transition may be more economically disruptive.

Medium-term transactions that are highly exposed to physical climate risk account for 3 per cent of the Banking portfolio, or €1,629 million. The main hazards identified were increasing water stress, flooding and extreme heat.

Long-term transactions account for 43 per cent of the EBRD's Banking portfolio. Within this category, €2,829 million (or 5 per cent of the Banking portfolio) is exposed to transition risk, while €2,529 million (or 4 per cent) is exposed to physical climate risk, primarily floods, extreme heat events and drought. The majority of these transactions were signed prior to the establishment of the climate risk-screening and assessment processes. In 2024, all counterparties flagged as high or very high climate risk underwent assessment and were subject to risk mitigation measures.

Equity transactions exposed to transition risk or physical climate risk are limited, accounting for 1 per cent of the total Banking portfolio.

Banking investment assets exposed to fossil fuels (oil, gas and coal)

This disclosure details the Bank's lending exposure to the coal, oil and gas sectors. It spans the upstream, midstream and downstream subsectors, including gas-fuelled electricity and heat generation. It includes exposures where the proceeds are used for such activities, or exposures where the Bank's financing is not provided to fund such activities directly, but is provided to a counterparty that generates more than 20 per cent of its revenue from fossil fuel-related activities, based on financial information available to the Bank and professional judgement.

These exposures are not directly comparable to Tables 13 and 14, as they include direct investments related to fossil-fuel activities where the counterparties operate in other sectors (for example, sovereign states).

In line with the EBRD's Energy Sector Strategy,⁷⁶ the Bank no longer finances thermal coal mining or coal-fired electricity generation capacity and does not invest in the upstream oil and gas sector. Investments relating to fossil fuels since 2023 adhere to the Bank's Paris alignment approach.⁷⁷

⁷⁶ See EBRD (2023a).

⁷⁷ See EBRD (2024c).

Consequently, the EBRD's exposure to fossil fuels is as follows:

- **Legacy:** Where the proceeds are directed to fossil fuel-related activities and do not contribute to a reduction in the GHG emissions of the counterparty or to its progression to a low-carbon pathway. This type of financing was signed prior to the introduction of the Bank's climate risk assessments, the adoption of the Paris alignment approach and the exclusion of certain financing activities under the Bank's Energy Sector Strategy.⁷⁸
- **Facilitating the low-carbon transition:** Where the client conducts activities related to fossil-fuel activities, but EBRD financing specifically supports the client in executing its low-carbon pathway strategy or facilitates a switch to lower-carbon alternatives that result in GHG emission reductions. This includes financing energy-efficiency improvements, renewables or infrastructure upgrades to facilitate the transition to a low-carbon economy (for example, investments in electric-vehicle charging stations at petrol stations). Many of these clients have decarbonisation plans in place, such as coal exit strategies. In some cases, the EBRD provides further support by facilitating policy dialogue on the rollout of renewables or the enhancement of energy-efficiency strategies.
- **Emergency response:** Where the Bank's financing was part of an emergency response. These are loans provided in response to an acute situation, such as threats to energy security (for example, as a result of the war on Ukraine).

As at December 2024, the Bank's investment assets exposed to fossil-fuel sectors and fossil fuel-based energy generation stood at €6.2 billion*, or 10 per cent of the total Banking portfolio, a slight decrease of €0.1 billion (or 1 per cent) from 2023. This reduction is primarily due to repayments outpacing new financing over the year (movements in sub-categories are detailed in Figure 8). In 2024, new financing predominantly went to supporting energy security in Ukraine (46 per cent) or facilitating the low-carbon transition (27 per cent), in line with the Paris Agreement.

Figure 8. Year-on-year comparison of EBRD net fossil-fuel exposure (€ million)

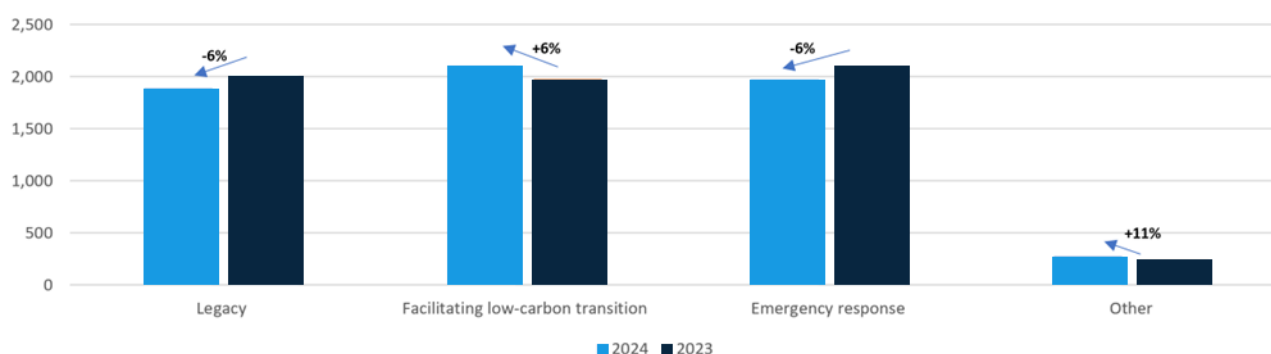


Table 17. Fossil-fuel exposure breakdown, December 2024 (€ million)

Client	Use of proceeds				Total	%
	Legacy	Facilitating the low-carbon transition	Emergency response	Other ⁷⁹		
Fossil fuels, vertically integrated ⁸⁰	-	75	542	-	617	10
Upstream ⁸¹	131	-	80	-	211	3
Midstream ⁸²	979	348	693	240	2,260	36
Downstream ⁸³	774	1,690	659	31	3,154	51
Total	1,884	2,113	1,974	271	6,242	100
%	30	34	32	4	100	

78 See EBRD (2023a).

79 Exposure to other projects, where the proceeds do not finance fossil fuel-related activities, facilitate the low-carbon transition or fall into the emergency response category, but the counterparty still has some fossil fuel-related dependencies (for example, rail transport). Typically, the use of EBRD proceeds in such cases is ring-fenced from any fossil fuel-related activities and all investments have to comply with the Bank's Paris alignment commitment and Energy Sector Strategy.

80 Fossil-fuel operations spanning upstream, midstream and downstream activities.

81 Fossil-fuel exploration, extraction and related services.

82 Fossil-fuel transport and storage (gas distribution, regasification and liquefaction).

83 Fossil-fuel electricity and heat generation, supply of district networks, gasoline stations and refineries.

Geographically, Ukraine (16 per cent), Kazakhstan (10 per cent) and Uzbekistan (7 per cent) accounted for the top three concentrations. A more detailed review of the three main fossil-fuel categories is presented below.

Legacy: At the end of 2024, the majority of legacy exposure (67 per cent) was concentrated in five projects signed before 2019, which were mostly sovereign or sovereign-guaranteed transactions, mirroring the previous year's portfolio distribution and limiting repayment risk. The EBRD's legacy exposure to fossil fuels will decline progressively over the coming years, with 84 per cent of this category projected to be repaid by 2035.

Facilitating low-carbon transition: The Bank's exposure to this category amounted to €2.1 billion (34 per cent of the EBRD's fossil-fuel exposure) in 2024 and is expected to continue to increase over the coming years as the Bank implements its Energy Sector Strategy, which focuses on accelerating the decarbonisation of the energy sector, notably by scaling up renewables and phasing out unabated fossil fuels.⁸⁴ In 2024, exposure to this category increased by 15 per cent (net of repayments, the increase would have been 6 per cent) from 2023. This was largely driven by €278 million in new financing, mainly for projects that increased renewable energy capacity for clients traditionally reliant on fossil fuels.

Emergency response: The emergency response portfolio accounted for 32 per cent of the EBRD's fossil-fuel exposure in 2024, down 6 per cent on the year, despite €479 million in new financing to support energy security and vital infrastructure in Ukraine during the ongoing war. The decline was partly attributable to substantial repayments in 2024, the bulk of which related to the short-dated financing of emergency gas needs. The EBRD's fossil-fuel exposure in this category is subject to change based on external factors. In all cases, new investments will be aligned with the goals of the Paris Agreement.

5.4. Cross-industry and other metrics

Green project reporting

In its GET approach for 2021-25,⁸⁵ the Bank introduced a set of indicators for projects that accelerate the transition to a green, low-carbon, resilient economy, which it has since tracked and reported annually. Table 18 presents a number of key indicators, grouped as follows:

- **Compositional indicators.** These relate to four specific Bank strategic parameters: (i) private-sector share of GET finance, (ii) level of climate finance, (iii) level of adaptation finance and (iv) GET mobilisation. The EBRD monitors and reports climate finance in line with a joint MDB climate finance tracking methodology.⁸⁶ The Bank tracks climate change mitigation⁸⁷ and climate change adaptation⁸⁸ projects, as well as other environmental activities. The EBRD reports on private-sector climate change mobilisation in accordance with the joint MDB approach on climate co-finance⁸⁹ and the MDB approach to private-sector mobilisation.⁹⁰
- **Performance indicators.** These reflect key inputs and outcomes of GET projects, such as GHG reduction, water efficiency, renewable energy investment, climate adaptation and so on, as well as private-sector climate change mobilisation.
- **Process indicators.** These monitor progress on the implementation of specific GET 2021-25 processes and organisational arrangements.

The EBRD has been undertaking assessments of the Paris alignment of directly financed projects since June 2021.⁹¹ Since January 2023, all new investments have been Paris aligned.⁹² With its themed bonds and GET commitments, the EBRD is

84 See EBRD (2023a).

85 See EBRD (2020a).

86 See AfDB, ADB, AIIB, CEB, EBRD, EIB, IDB, IsDB, NDB and World Bank Group (2021) and AfDB, ADB, AIIB, CEB, EBRD, EIB, IDB, IsDB, NDB, World Bank Group and IDFC (2023).

87 Climate change mitigation involves activities that are compatible with low-emission pathways that reduce, avoid, limit or sequester GHG emissions to mitigate climate change.

88 Climate change adaptation involves activities to reduce the risks or vulnerabilities posed by climate change and to increase climate resilience.

89 See ADB, AfDB, EBRD, EIB, IDB and World Bank Group (2016).

90 See ADB, AfDB, AIIB, EDFI, EBRD, EIB, IDB, IDB Invest, ICD, IsDB, NDB and World Bank Group (2018).

91 See EBRD (2024c).

92 Aside from certain projects excluded from Paris alignment assessment, as explained in detail in Section 5.4.

deploying capital to meet opportunities associated with demand for the bank's climate-related financial products and services, as well as increased climate investment and donor funding. A total of 595 projects, including 35 projects under short-term finance for trade finance facilities, were assessed as being Paris aligned. The Bank excludes projects from assessment for Paris alignment where they are classified as legacy projects. These include:

- Operation change reports (OCRs) or memos where there was no change in the use of proceeds or the size of EBRD financing
- uncommitted tranches for projects outside high-emitting or climate-vulnerable sectors
- financial institution projects involving the commitment of uncommitted investments that had already been approved by the Board and included in legal documentation signed by 31 December 2022
- financial institution projects involving the deployment of trade finance under existing contracts with signed legal agreements.

In 2024, 24 projects were excluded from assessment in this manner.

Table 18. Green project indicators⁹³

Compositional indicators	2022	2023	2024*
Annual GET finance commitments (€ million)	6,360	6,543	9,664
Private-sector share of GET finance	75%	79%	73%
Annual climate finance commitments (EBRD resources) (€ million)	6,081	6,360	9,397
Annual adaptation finance commitments (€ million)	246	372	1,082
Annual mitigation finance commitments (€ million)	5,943	6,201	8,848
Estimated GET-eligible annual mobilised investment (€ million)	1,071	1,674	2,511
Performance indicators	2022	2023	2024
Estimated CO ₂ e emission reduction (ktCO ₂ e/y)	11,141	10,710	10,852
Process indicators	2022	2023	2024
No. of projects assessed as being Paris-aligned ⁹⁴	170	420	595

Capital market finance and participation metrics (E)

EBRD issuance of themed bonds⁹⁵

The Bank has issued environmental sustainability bonds (ESBs) since 2010. These are bonds issued against a portfolio of the EBRD's green, climate-relevant and sustainable resource projects, such as renewable energy, energy efficiency, water and waste management, and sustainable transport. In 2024, the Bank issued €1,237 million in ESBs.

The Bank first issued climate resilience bonds (CRBs) in 2019, designed to align with both the Green Bond Principles⁹⁶ and the Climate Bonds Initiative's Climate Resilience Principles.⁹⁷ CRBs provide an opportunity to finance projects aimed at building climate resilience by addressing physical climate change vulnerabilities and risks identified in public- and private-sector projects in the economies where the EBRD operates. Some key sectors for CRB issuance are infrastructure, business and commercial operations, as well as agriculture and ecological services. The Bank issued no CRBs in 2024.

The Bank started issuing green transition bonds (GTBs) in 2019 with a focus on key economic sectors that are highly dependent on the use of fossil fuels, to enable their transition to low-carbon and resource-efficient operations. In assessing these investments, it is vitally important to go beyond the typical primary green-bond focus on projects' environmental and sustainability goals and contextualise the investments within the overarching mandate, strategies

⁹³ See Section 6.

⁹⁴ For details of the EBRD's Paris Alignment Methodology, see <https://www.ebrd.com/ebd-paris-alignment-methodology>.

⁹⁵ See Section 6.

⁹⁶ See ICMA (2021a).

⁹⁷ See CBI (2019).

and policies of the borrower. Projects financed through GTBs must also incorporate the broader context of better climate governance and the low-carbon transition of the borrower. This structure ensures that financing is redirected from carbon-intensive assets or processes to activities that enable a country to fulfil its climate commitments and objectives. Projects under the GTB framework concentrate on manufacturing, food production, and the construction and renovation of buildings. The Bank issued €425 million in GTBs in 2024.

In light of the growing importance that SRI-focused investors are placing on the impact of projects underlying green bond issuance, the EBRD has continued to develop its annual impact reporting for all three green bond programmes, referencing the best-practice and impact metrics of the Green Bond Principles.⁹⁸

EBRD participation in labelled bonds

In 2024, the EBRD invested in 25 green, sustainability and sustainability-linked bonds for a total of €720 million. The EBRD retained a significant role as an anchor investor, continuing to support first-time issuers, preparing them for future and repeat issuance.

Sustainability-linked loans and bonds have recently attracted attention from regulators worldwide. Market concerns include a lack of ambition in sustainability targets and issuers taking shortcuts to achieve key performance indicators (KPIs) and avoid step-ups in coupon. There is also a view that step-ups in coupon in the event of failure to meet KPIs need to be more substantial to ensure compliance. EBRD investments in sustainability-linked instruments are subject to comprehensive appraisal of KPIs and enforcement mechanisms supported by second-party opinions. Investors with a strong environmental mandate, such as the EBRD, have a critical role to play in ensuring the integrity of these instruments, so that the market can grow and deliver meaningful sustainability outcomes. The EBRD is closely monitoring regulatory developments in this space.

Physical climate risks to EBRD offices

In 2024, the EBRD continued to strengthen its approach to assessing and managing physical climate risks across its internal operations. Building on previous assessments of its largest offices and data centres, the EBRD has plans to advance its scenario analysis and physical risk screening to incorporate further climate considerations into its operational risk management and business continuity planning.

This follows earlier assessments identifying location-specific physical climate risks across the Bank's largest Resident Offices. While increasing temperatures, extreme heat, water stress, drought and erosion were identified as common risks on many sites, they were not considered to have material implications for operational continuity. Some location-specific risks were identified as potentially material, including:

- flood risk for the Belgrade, Bishkek and Casablanca Resident Offices
- landslide risk for the Almaty Resident Office
- wildfire risk for the Tbilisi Resident Office
- extreme wind risk for the Bank's data centres in Dagenham and Hemel Hempstead.

The outcomes of these assessments have informed the Bank's efforts to build resilience to physical climate risks across its operations. In 2024, the Bank analysed the overall materiality of climate risk to its own operations and determined that there was no material risk. In 2025, the EBRD will continue to conduct physical climate risk-screening exercises in additional locations within its operational footprint.

5.5. Climate-related target and performance overview (E)

The Bank's overall approach is typically refreshed every five years in the SCF. The current SCF covers the period from 2021 to 2025.⁹⁹ In 2025, the Bank expects to set new green transition and sector-specific goals in an updated Green Economy Transition (GET) Strategy, which will guide the pursuit of these goals in the next SCF period from 2026 to 2030.

⁹⁸ See ICMA (2021a) and EBRD (n.d.a).

⁹⁹ See EBRD (2020b).

Table 19. Overview of the EBRD's climate-related targets and progress

Section	Target and timeline	Progress
Paris alignment	Alignment of Bank activities with the Paris Agreement Timeframe: from 1 January 2023	Achieved and ongoing
GET	Green finance to account for more than 50 per cent of ABI Timeframe: 2021-25	Target reached every year since 2021
Annual mobilised investment (AMI)	Green finance to account for more than 50 per cent of AMI	Target reached every year since 2021
Emissions reduced through financing	Annual GHG emissions reduction of 25-40 million tonnes in 2021-25 (cumulative ex ante estimate) Timeframe: ongoing	Expected cumulative CO ₂ e emissions reduction since 2021 is 40 MtCO ₂ e
Paris alignment of internal operations	Offsetting of operational emissions (excluding Scope 3, category 15) Reduce Scope 1 and Scope 2 emissions by 55 per cent by 2033; reduce two-thirds of Scope 3 emissions by 55 per cent. (This relates to 100 per cent of categories 2-8 and 55 per cent of category 1; the target does not cover categories 9-14 or category 15.)	Offsetting of operational emissions has been achieved on an ongoing basis since 2017; on track to achieve target by 2033

Target: Paris alignment

The EBRD's approach to aligning its investments and internal activities with the Paris Agreement is integral to its support for climate action. Since 1 January 2023, all new EBRD investments and activities have been aligned with the mitigation and adaptation goals of the Paris Agreement.¹⁰⁰

Target: Green Economy Transition

In 2020, the Board of Directors approved the new GET approach for 2021-25 as part of the SCF 2021-25.¹⁰¹ The new approach aimed to scale up the Bank's contribution to addressing the climate and environmental crisis by increasing green finance to at least 50 per cent of ABI by 2025. The Bank first achieved this target in 2021.

In 2024, the EBRD invested €9.7 billion in green finance, corresponding to a GET share of 58 per cent of ABI. Its GET-eligible investments spanned climate mitigation, climate adaptation and other environmental activities.

The EBRD aims to maximise the additional contribution the private sector makes to Bank investments. It actively engages private co-investors, such as insurance companies, asset managers, pension funds, commercial banks and so on through a range of mobilisation products. The private-sector contribution directly arranged by the EBRD is termed annual mobilised investment (AMI). The EBRD aims for at least 50 per cent of AMI to be GET eligible.

Table 20. EBRD annual GET finance commitments, 2020-24

	2020	2021	2022	2023	2024
Annual GET finance commitments (€ million)	3,192	5,366	6,360	6,543	9,664
GET share of ABI	29%	51%	50%	50%	58%

Target: Emission reductions through finance

The Bank seeks to achieve net GHG emission reductions of 25-40 million tonnes CO₂e per year through the projects it finances between 2021 and 2025, based on cumulative projected emissions in a typical year from comprehensive assessments by in-house engineers and external consultants. GET projects approved in 2024 are expected to reduce annual CO₂e emissions by around 10 million tonnes. As at 2024, the Bank's cumulative emission reduction was 40 MtCO₂e per year, within target.

¹⁰⁰ Aside from certain projects excluded from Paris alignment assessment, as explained in detail in Section 5.4.

¹⁰¹ See EBRD (2020a and 2020b).

Climate-related targets in the EBRD's own operations

The EBRD has set interim (five-year) and long-term (10-year) own-operations decarbonisation targets as part of its Paris alignment commitment. These targets cover gross GHG emissions (tCO₂e) from its buildings, travel and procurement of goods and services (but do not cover GHG emissions from its financing) against a 2023 carbon footprint baseline.¹⁰²

The baseline was established following a full inventory of the EBRD's own-operations emissions and verified by a third party other than the assurance provider, and is in line with the Greenhouse Gas Protocol.¹⁰³ Operational emissions associated with the Bank's expansion into sub-Saharan Africa since 2023 have not been included in the baseline, nor in the decarbonisation targets, but will be tracked and reported separately.

The EBRD has set interim (five-year) gross emission reduction targets for Scope 1, Scope 2 and Scope 3, category 6 emissions (business travel), as well as a supplier engagement target for Scope 3, category 1 emissions (purchased goods and services). Moreover, the Bank has set 10-year gross emission reduction targets covering Scope 1, Scope 2 and 67 per cent of Scope 3 emissions. This approach is informed by market guidance and supported by a detailed set of actions related to workspaces, travel and supply-chain emissions (see Table 21).

The Bank has been using carbon credits to offset its ongoing operational GHG emissions across Scopes 1-3 (excluding category 15). Carbon credits come from projects approved by leading international carbon standards (Gold Standard and Verra), endorsed by market-leading integrity frameworks such as the Integrity Council for the Voluntary Carbon Market (ICVCM) and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Carbon credits include a combination of removals (nature-based) and reductions, which benefit from additional integrity assurance provided through independent carbon credit ratings and/or suppliers' comprehensive due diligence.

Although there has been substantial progress in recent years, carbon prices remain limited or non-existent in many of the economies where the EBRD invests. In the absence of an adequate market price for carbon, the EBRD uses a "shadow" carbon price as part of an economic viability test in respect of the Bank's methodology to determine the Paris alignment of EBRD investments, limited to projects where a conclusive alignment determination has not been made in the general screening step and where it is also additionally informative. The Bank also uses a "shadow" carbon price for its stress-test scenarios as described in Section 4.3. The Bank uses NGFS prices – specifically, those of the September 2022 "orderly transition" scenario, consistent with achieving the Paris Agreement's 1.5°C mitigation goal.¹⁰⁴ The price per metric tonne used varies over time. For a tonne of CO₂ emitted in 2025, the price is €131 (in 2022 prices).

Table 21. Overview of interim (2027) and long-term (2033) gross emission reduction targets

2027 interim targets	2033 long-term targets
Ten per cent reduction in all Scope 1 and 2 emissions	Fifty-five per cent reduction in all Scope 1 and 2 emissions
Ten per cent reduction in all Scope 3, category 6 emissions (business travel)	Fifty-five per cent reduction in Scope 3 emissions (covering two-thirds of Scope 3 emissions, per SBTi guidance)
Suppliers accounting for half of Scope 3, category 1 emissions (purchased goods and services) to be Science-Based Targets initiative aligned ¹⁰⁵	

Performance against these targets will be monitored, reviewed and disclosed annually.

¹⁰² Scope 1, 2 and 3 (categories 1-14, excluding category 15, financed emissions) GHG emissions (tCO₂e).

¹⁰³ See Greenhouse Gas Protocol (n.d.).

¹⁰⁴ See NGFS (2022).

¹⁰⁵ See SBTi (2025). The Bank's approach is in line with SBTi guidance on supplier engagement. It will monitor suppliers' progress against this target on an annual basis and report on performance against the target in 2027.

6. Definitions of key metrics

Metric	Definition/scope	Units	Method	Source/ governance
GHG emissions, Scope 1	<p>Scope 1 emissions are direct emissions from Bank-owned or -controlled sources. The EBRD's disclosure of Scope 1 emissions encompasses emissions generated by on-site heating and cooling, as well as fuel use in EBRD-owned vehicles.</p> <p>Scope 1 emissions are calculated both for the EBRD's London headquarters and its Resident Offices.</p>	tCO ₂ e	The EBRD's emissions accounting follows the measurement requirements of the Greenhouse Gas Protocol. ¹⁰⁶ For further information on the GHG accounting approach taken by the Bank, see Section 5.2 of this report.	The EBRD's emissions disclosures are prepared in partnership with an independent carbon accounting partner.
GHG emissions, Scope 2 – location based	<p>Scope 2 emissions are indirect emissions from Bank-owned or -controlled sources. The EBRD's disclosure of Scope 2 emissions encompasses emissions related to purchased electricity and district heating.</p> <p>Location-based emissions are calculated on the basis of grid average emissions factors based on the average emissions intensity of the grids where the energy consumption occurs.</p> <p>Scope 2 emissions are calculated both for the EBRD's London headquarters and the Bank's Resident Offices.</p>	tCO ₂ e	The EBRD's emissions accounting follows the measurement requirements of the Greenhouse Gas Protocol. For further information on the GHG accounting approach taken by the Bank, see Section 5.2 of this report.	The EBRD's emissions disclosures are prepared in partnership with an independent carbon accounting partner.
GHG emissions, Scope 2 – market based	<p>Scope 2 emissions are indirect emissions from Bank-owned or -controlled sources. The EBRD's disclosure of Scope 2 emissions encompasses emissions related to purchased electricity and district heating.</p> <p>Market-based emissions are calculated based on contractual instruments, taking into account the EBRD's choice to purchase electricity from renewable energy sources.</p> <p>Scope 2 emissions are calculated both for the EBRD's London headquarters and its Resident Offices.</p>	tCO ₂ e	The EBRD's emissions accounting follows the measurement requirements of the Greenhouse Gas Protocol. For further information on the GHG accounting approach taken by the Bank, see Section 5.2 of this report.	The EBRD's emissions disclosures are prepared in partnership with an independent carbon accounting partner.
GHG emissions, Scope 3 (categories 1-14)	<p>Scope 3 emissions are indirect emissions arising in the Bank's value chain. The EBRD's Scope 3 emissions relate to emissions from purchased goods and services, business travel, waste generation and employee commuting. They do not include financed emissions.</p> <p>Scope 3 emissions (categories 1-14) are calculated both for the EBRD's London headquarters and its Resident Offices.</p>	tCO ₂ e	The EBRD's emissions accounting follows the measurement requirements of the Greenhouse Gas Protocol. For further information on the GHG accounting approach taken by the Bank, see Section 5.2 of this report.	The EBRD's emissions disclosures are prepared in partnership with an independent carbon accounting partner.
Financed GHG emissions, Scope 3 – category 15	<p>Scope 3, category 15 emissions are indirect emissions arising in the Bank's value chain as a result of</p>	tCO ₂ e	The EBRD's approach follows the guidance and principles of the Greenhouse Gas Protocol and the	The EBRD uses PCAF data quality score guidance to assess

¹⁰⁶ See Greenhouse Gas Protocol (n.d.).

Metric	Definition/scope	Units	Method	Source/ governance
	investments that the Bank has financed.		Global GHG Accounting and Reporting Standard published by the Partnership for Carbon Accounting Financials (PCAF). ¹⁰⁷ In certain instances, the EBRD will supplement the PCAF approach to account for specific features of the Bank's operations and, at times, the limited availability of reported emissions for the projects and clients it finances in its regions.	the robustness of its financed emission measurements.
Sectoral coverage – financed emissions	The proportion of investments for which Scope 3, category 15 emissions have been assessed among the population, segregated by client industry sector.	%	This measure is determined based on the proportion of total operating assets for which an assessment has been made.	The EBRD's emissions disclosures are prepared in partnership with an independent carbon accounting partner.
GET/green finance classification	The proportion of financing directed towards climate change mitigation or climate change adaptation or other environmental activities as defined in the EBRD's green finance tracking methodology. The terms "GET finance" and "green finance" are used interchangeably.	%	<p>The Bank's GET approach broadly follows the six environmental objectives of the EU Taxonomy for Sustainable Finance,¹⁰⁸ which are divided into the three main green finance categories:</p> <ul style="list-style-type: none"> • climate change mitigation • climate change adaptation • other environmental activities: <ul style="list-style-type: none"> – sustainable use and protection of water and marine resources – resource efficiency and transition to a circular economy – pollution prevention and control – protection and restoration of biodiversity and ecosystems and their services. 	The responsible EBRD department undertakes monitoring, reporting and verification (MRV). Classification as green finance is in line with the processes defined in the EBRD's green finance tracking methodology. GET-related metrics (also as set out below) are, in particular, applied in Sections 5.4 and 5.5 of this report.
Annual GET finance commitments	The amount of Annual Bank Investment (ABI) ¹⁰⁹ committed to projects that, based on an ex ante assessment at the time of commitment, aims to advance the transition to an environmentally sustainable, low-carbon and climate-resilient economy, in accordance with the applicable methodology "Implementing the Green Economy Transition – Technical Guide" ("GET Technical Guide") and the "Annexes to Implementing the Green Economy Transition – Technical Guide" ("the Annexes"). Annual GET finance commitments include new commitments and amounts issued under the Trade Facilitation Programme (TFP) during the year and outstanding at year-end. Restructured commitments are not eligible for annual GET finance attribution.	€	<p>This metric is calculated as the sum of the GET share of the total Annual Bank Investment of all facilities or activity lines committed by the Bank during the year (excluding restructured commitments). The GET share is determined individually for each facility or activity line that meets the GET eligibility criteria, based on the ratio of GET-eligible ABI to the total cost of investment for the relevant project, tranche or component.</p> <p>GET finance commitments address the following objectives:</p> <ol style="list-style-type: none"> 1. mitigation finance (as explained in the <i>annual mitigation finance commitments</i> metric below) 2. adaptation finance (as explained in the <i>annual adaptation finance commitments</i> metric below) 3. environmental finance. <p>A project might have multiple environmental benefits. A project or its components could contribute to mitigation (for example, by reducing GHG emissions), contribute to</p>	<p>The method stated in this section is to be read in conjunction with the EBRD's GET Technical Guide and the Annexes.</p> <p>Section 2 of the EBRD's GET Technical Guide sets out the overall GET finance qualification process,¹⁰⁸ Section 3 describes the qualifying principles and Section 4 defines the eligible project categories of mitigation, adaptation and environmental finance. Additional information is provided in the Annexes, especially Annexes 2-6.¹¹⁰ For definitions of the terms used in this section, refer to pages</p>

107 See PCAF (2019).

108 See European Commission (2020).

109 Volume of commitments made by the Bank during the year. This includes (i) new commitments (less any amount cancelled or syndicated within the year), (ii) restructured commitments, and (iii) trade finance (TFP) amounts issued during the year and outstanding at year-end.

110 See EBRD (2024f).

Metric	Definition/scope	Units	Method	Source/ governance
			adaptation (for instance, by increasing climate resilience) and/or produce other environmental benefits (such as biodiversity or water conservation). All of these benefits should be recognised and documented; however, the GET finance attributable to a project should be counted only once and the total amount of GET finance cannot exceed 100 per cent of the project cost.	3-6 of the GET Technical Guide.
Private-sector share of GET finance	The percentage of the Bank's GET-eligible Annual Bank Investment (as determined under the <i>annual GET finance commitments</i> metric above) that is committed to private entities. The distinction between the private and state sectors is as defined in Article 11.3 of the Agreement Establishing the Bank. ¹¹¹	%	The private-sector share of GET finance represents the proportion of GET-eligible ABI that is committed to private-sector projects during the reporting year. It is calculated as total annual GET finance committed to the private sector divided by the total annual GET finance commitment (as determined in the metric above).	The method stated in this section is to be read in conjunction with the EBRD's GET Technical Guide and the Annexes. Section 2 of the EBRD's GET Technical Guide sets out the overall GET finance qualification process, ¹¹² Section 3 describes the qualifying principles and Section 4 defines the eligible project categories of mitigation, adaptation and environmental finance. Additional information is provided in the Annexes, especially Annexes 2-6. For definitions of the terms used in this section, refer to pages 3-6 of the GET Technical Guide.
Estimated GET-eligible annual mobilised investment	Estimated amount of GET-eligible investment in the Bank's annual mobilised investment (AMI). AMI is the volume of commitments from entities other than the Bank made available to the client that is explicitly due to the Bank's direct involvement.	€	This metric represents the estimated amount of AMI committed alongside EBRD finance for GET-eligible projects that aim to advance the transition to an environmentally sustainable, low-carbon and climate-resilient economy. For each project, the metric is calculated by pro-rating the AMI amount by the project's "GET share at approval". "GET share at approval" is a project-level metric which is a weighted average of the GET percentages assigned to all of the facilities within the project at the approval phase. Individual facilities are assigned a GET percentage as determined in the <i>annual GET finance commitments</i> metric above.	The method stated in this section is to be read in conjunction with the EBRD's GET Technical Guide and the Annexes. Section 2 of the EBRD's GET Technical Guide sets out the overall GET finance qualification process, ¹¹³ Section 3 describes the qualifying principles and Section 4 defines the eligible project categories of mitigation, adaptation and environmental finance. Additional information is provided in the Annexes, especially Annexes 2-6. For definitions of the

¹¹¹ See EBRD (1990).

¹¹² See EBRD (2024e).

¹¹³ Ibid.

Metric	Definition/scope	Units	Method	Source/ governance
				<p>terms used in this section, refer to pages 3-6 of the GET Technical Guide.</p> <p>An overview of the EBRD's range of mobilisation products can be found on the Bank's website.¹¹⁴</p> <p>GET-related mobilisation is based on the joint MDB approach to climate finance tracking.¹¹⁵</p>
Banking investment assets exposed to climate-related transition risk	The amount of total Banking investment assets as at the reporting date with counterparties that have been assessed for climate-related transition risk and assigned a high (score of 4) or very high (score of 5) risk score in accordance with the EBRD's climate risk assessment process described in Section 4.2 of this report. Banking investment assets include loans, undrawn loan commitments, guarantees and equity as disclosed in Table 13 of this report.	€ and %	The metric is calculated as the sum of investment outstanding as at the reporting date for all counterparties with a high or very high transition risk score (a score of 4 or 5, respectively). The scores are reviewed periodically or when material new information is received.	The method stated in this section is to be read in conjunction with the EBRD's climate risk assessment process described in Section 4.2 of this report. Refinements to the risk assessment process are applied prospectively.
Banking investment assets exposed to climate-related physical risk	The amount of total Banking investment assets as at the reporting date with counterparties that have been assessed for climate-related physical risk and assigned a high (score of 4) or very high (score of 5) risk score in accordance with the EBRD's climate risk assessment process described in Section 4.2 of this report. Banking investment assets include loans, undrawn loan commitments, guarantees and equity as disclosed in Table 14 of this report.	€ and %	The metric is calculated as the sum of investment outstanding as at the reporting date for all counterparties with a high or very high physical risk score (a score of 4 or 5, respectively). The scores are reviewed periodically or when material new information is received.	The method stated in this section is to be read in conjunction with the EBRD's climate risk assessment process described in Section 4.2 of this report. Refinements to the risk assessment process are applied prospectively.
Banking investment assets exposed to fossil fuels	<p>The amount of total Banking investment assets as at the reporting date that are:</p> <ol style="list-style-type: none"> 1) for projects where the proceeds are used for fossil-fuel activities; or 2) with counterparties where the proceeds for a project are not used for fossil-fuel activities, but the counterparty generates more than 20 per cent of its revenue from fossil fuel-related activities as determined by an internal evaluation based on a review of financial information available for the counterparty and the professional judgement of the reviewer. <p>Banking investment assets include loans, undrawn loan commitments, guarantees and equity.</p>	€ and %	The metric is calculated as the sum of investment outstanding as at the reporting date for projects with counterparties that meet the eligibility criteria described in Section 5.3.	The method stated in this section is to be read in conjunction with the EBRD's assessment process described in Section 5.3 of this report.

¹¹⁴ See EBRD (n.d.c).

¹¹⁵ See ADB, AfDB, EBRD, EIB, IDB and World Bank Group (2016).

Metric	Definition/scope	Units	Method	Source/ governance
Annual climate finance commitments (EBRD resources)	The amount of total Annual Bank Investment (ABI) committed for investment projects that mitigate climate change and support adaptation to climate change in accordance with the applicable methodology “Implementing the Green Economy Transition – Technical Guide” (“GET Technical Guide”) and the “Annexes to Implementing the Green Economy Transition – Technical Guide” (“the Annexes”).	€	<p>This metric is calculated as the sum of ABI committed in the year which is associated with project components, tranches or activities that meet the eligibility criteria during the year, ensuring that any overlaps are excluded to avoid double-counting. The Bank identifies some components, sub-components, elements and/or parts of projects which help to reduce GHG emissions while also reducing climate vulnerability, thereby delivering dual benefits of mitigation and adaptation. Where the same project, sub-project or project element contributes to both mitigation and adaptation, the Bank will determine which proportions to count as mitigation or adaptation, so that there is no double-counting of ABI. Climate finance includes up to two aspects:</p> <ol style="list-style-type: none"> 1. mitigation finance (as explained in the <i>annual mitigation finance commitments</i> metric below) 2. adaptation finance (as explained in the <i>annual adaptation finance commitments</i> metric below). 	The method stated in this section is to be read in conjunction with the EBRD’s GET Technical Guide and the Annexes, specifically Sections 4.1 and 4.2 of the Bank’s GET Technical Guide and Annexes 2 and 4 of the Annexes. ¹¹⁶ For definitions of the terms used in this section, refer to pages 3-6 of the GET Technical Guide. The EBRD’s climate finance tracking process in the GET Technical Guide is based on the joint MDB approach to climate finance tracking.
Annual adaptation finance commitments	The amount of total Annual Bank Investment which is committed for climate adaptation activity that addresses the purposes or intention of improving climate resilience by adjusting a system in response to climate stimuli, in accordance with the applicable methodology “Implementing the Green Economy Transition – Technical Guide” (“GET Technical Guide”) and the “Annexes to Implementing the Green Economy Transition – Technical Guide” (“the Annexes”).	€	<p>This metric is calculated as the sum of ABI committed in the year which is associated with project components, tranches or activities that meet the eligibility criteria for adaptation during the reporting year.</p> <p>An activity is considered to qualify as climate change adaptation if it is intended to reduce the vulnerability of human or natural assets or systems to the impacts of climate change and climate-related risks by maintaining or increasing adaptive capacity and resilience. The following two categories of activity are considered:</p> <ol style="list-style-type: none"> (i) those adapted to anticipate the impacts of climate change (ii) those that enable adaptation in a wider system. <p>The Banking team, together with climate specialists, fill out relevant green sections of the official submission package. The ESD department reviews and comments on the green finance assessments. Projects are approved by relevant committees.</p>	The method stated in this section is to be read in conjunction with the EBRD’s GET Technical Guide and the Annexes, specifically Section 4.2 of the Bank’s GET Technical Guide and Annex 4 of the Annexes. ¹¹⁷ For definitions of the terms used in this section, refer to pages 3-6 of the GET Technical Guide. The EBRD’s approach in the GET Technical Guide is applied in line with the 2022 edition of the MDBs’ Joint Methodology for Tracking Climate Change Adaptation Finance. ¹¹⁸
Annual mitigation finance commitments	The amount of total Annual Bank Investment which is committed for climate mitigation activity that promotes the reduction or limitation of GHG emissions or promotes GHG sequestration. An activity can be classified as contributing to climate	€	<p>This metric is calculated as the sum of ABI committed in the year which is associated with project components, tranches or activities that meet the eligibility criteria for mitigation during the reporting year.</p>	The method stated in this section is to be read in conjunction with the EBRD’s GET Technical Guide and the Annexes, specifically Section

116 See EBRD (2024e and 2024f).

117 Ibid.

118 See AfDB, ADB, AfIIB, CEB, EBRD, EIB, IDB, IsDB, NDB and World Bank Group (2021).

Metric	Definition/scope	Units	Method	Source/ governance
	change mitigation if it leads to a substantial reduction in net CO ₂ e emissions or to the enhancement of GHG sequestration in line with the goals of the Paris Agreement and science-based evidence, as detailed in the applicable methodology “Implementing the Green Economy Transition – Technical Guide” (“GET Technical Guide”) and the “Annexes to Implementing the Green Economy Transition – Technical Guide” (“the Annexes”).		Project activities are considered to qualify as climate change mitigation if they are included in the Bank’s positive list of climate change mitigation activities. Climate specialists conduct the appropriate green finance assessments. The Banking team, together with climate specialists, fill out relevant green sections of the official submission package. The ESD department reviews and comments on the green finance assessments. Projects are approved by relevant committees.	4.1 of the Bank’s GET Technical Guide and Annexes 2 and 5.7.1 of the Annexes. ¹¹⁹ For definitions of the terms used in this section, refer to pages 3-6 of the GET Technical Guide. The EBRD’s tracking process in the GET Technical Guide is based on the joint MDB approach to climate finance tracking.
Green bonds	Green bonds are a type of bond instrument where the proceeds are exclusively used to finance or refinance, in part or in full, new and/or existing eligible projects with eligible uses of proceeds (green projects). The EBRD issues three different types of green bond: ESBs, CRBs and GTBs.	€	Proceeds raised by green bond issuance must finance green projects in line with at least one of the 10 eligible project categories in the Green Bond Principles. ¹²⁰ Green bonds issued by the EBRD are classified as ESBs, CRBs or GTBs through an internal review process, in line with the relevant frameworks (see below for ESBs, CRBs and GTBs respectively).	The responsible EBRD department reviews alignment with the Green Bond Principles ¹²¹ and the relevant frameworks (see below for ESBs, CRBs and GTBs respectively).
Environmental sustainability bonds	ESBs are a type of green bond instrument where the proceeds are exclusively used to finance or refinance green projects aligned with the Green Bond Principles. ¹²²	€	Proceeds raised by ESB issuance must finance green projects in line with at least one of the 10 eligible project categories in the Green Bond Principles. ¹²³ Green bonds issued by the EBRD are classified as ESBs through an internal review process in accordance with the relevant framework. ¹²⁴	The responsible EBRD department reviews alignment with the Green Bond Principles.
Climate resilience bonds	CRBs are a type of green bond instrument. They are designed to align with both the Green Bond Principles and the Climate Bonds Initiative’s Climate Resilience Principles. ¹²⁵ CRBs provide an opportunity to finance projects aimed at building climate resilience by addressing physical climate-change vulnerabilities and risks identified in public- and private-sector projects in the economies where the EBRD operates.	€	Proceeds raised by CRB issuance must finance green projects focused on climate adaptation, which is one of the 10 eligible project categories in the Green Bond Principles. ¹²⁶ Green bonds issued by the EBRD are classified as CRBs through an internal review process in accordance with the relevant framework. ¹²⁷	The responsible EBRD department reviews alignment with the Green Bond Principles. ¹²⁸ The EBRD will require an external provider’s review of any green bond ahead of issuance, per the Bank’s green finance tracking methodology.
Green transition bonds	GTBs are a type of green bond instrument where the proceeds are exclusively used to finance energy efficiency, resource efficiency (including circular economy-adapted	€	Proceeds raised by GTB issuance must finance green projects focused on energy and resource efficiency in “hard to abate” sectors in line with the eligible project categories in the Green	The responsible EBRD department reviews alignment with the Green Bond Principles. ¹³¹ The

119 See EBRD (2024e and 2024f).

120 See ICMA (2021a).

121 Ibid.

122 Ibid.

123 Ibid.

124 See EBRD (2019b).

125 See CBI (2019).

126 See ICMA (2021a).

127 See EBRD (2019c).

128 See ICMA (2021a).

131 See ICMA (2021a).

Metric	Definition/scope	Units	Method	Source/ governance
	products) and sustainable infrastructure (including low-carbon transport and green logistics) in “hard to abate” sectors.		Bond Principles. ¹²⁹ Green bonds issued by the EBRD are classified as GTBs through an internal review process in accordance with the relevant framework. ¹³⁰	EBRD will require an external provider’s review of any green bond ahead of issuance, per the Bank’s green finance tracking methodology.
Estimated CO ₂ e emission reductions	Estimates of GHG emissions, calculated as the difference between the project’s emissions and baseline emissions using the same assessment boundary in accordance with the applicable methodology “Implementing the Green Economy Transition – Technical Guide” (“GET Technical Guide”) and the “Annexes to Implementing the Green Economy Transition – Technical Guide” (“the Annexes”).	ktCO ₂ e/year	Estimates of GHG emissions, calculated as the difference between the project emissions and baseline emissions using the same assessment boundary. Depending on the calculation procedures adopted by an IFI, relative emissions can be calculated by subtracting baseline emissions from project emissions or vice versa. Scope 1: direct emission reductions/avoidance from sources owned or controlled by the investee. Scope 2: indirect GHG emission reductions/avoidance from the generation of purchased electricity, heating, cooling and steam consumed by the client of the project financed, but not produced by the investee. Scope 2 emissions physically occur at the facility where electricity, heat or cooling energy is generated. Scope 3: all other indirect emission reductions that are caused by the project but are derived from sources not owned or controlled by the investee – for example, emissions avoided in the production or extraction of raw material or feedstock, avoided use of road infrastructure, or avoided use of sold products and services. For determination of the ktCO ₂ e reduction impact, the project owner refers to the relevant IFI document, the IFI Framework for a Harmonised Approach to GHG Accounting.	The process for the MRV assessment of physical environmental benefits is described in Section 5 of the EBRD’s GET Technical Guide, specifically in Table 5.6.1, and the main principles of the Bank’s Protocol for Assessment of Greenhouse Gas Emissions ¹³² are outlined in Annex 6 of the Annexes. ¹³³ These aim to manage activities in order to determine their green data and make them available for management and reporting purposes. For definitions of the terms used in this section, refer to pages 3-6 of the GET Technical Guide. See also the IFI Framework for a Harmonised Approach to GHG Accounting. ¹³⁴
Number of projects assessed as being Paris-aligned	The number of Banking investment projects assessed as being aligned with the mitigation and adaptation goals of the Paris Agreement in accordance with the “Methodology for Alignment of EBRD Investments” (“Paris Alignment Methodology”). This relates to the first and second building blocks of the MDBs’ joint framework for alignment with the objectives of the Paris Agreement. ¹³⁵	Number of projects assessed as being Paris-aligned	The metric is calculated as the total number of projects that meet the eligibility criteria during the reporting period. The EBRD’s Paris Alignment Methodology sets out how the Bank determines whether an investment or technical cooperation activity is “aligned” or “not aligned” with the mitigation and adaptation goals of the Paris Agreement. ¹³⁶	The assessment process, the scope and exclusions for the calculation of this metric are detailed in the Bank’s Paris Alignment Methodology. ¹³⁸ See, in particular, Figure 1.1 of the methodology for an overview, Section 2 for directly financed investments and

129 See ICMA (2021a).

130 See EBRD (2019d).

132 See <https://www.ebrd.com/documents/admin/ebrd-protocol-for-assessment-of-greenhouse-gas-emissions.pdf>

133 See EBRD (2024e and 2024f).

134 See International Financial Institutions Technical Working Group On Greenhouse Gas Accounting (2023).

135 See ADB, AfDB, AIIB, CEB, EBRD, EIB, IDB, IsDB, NDB and World Bank Group (2018).

136 See EBRD (2024c).

138 Ibid.

Metric	Definition/scope	Units	Method	Source/ governance
			Under the joint MDB principles for Paris alignment, ¹³⁷ as adopted by the Bank through its Paris Alignment Methodology, directly financed investments include projects that involve specific capital expenditure, while indirectly financed investments include projects involving intermediaries that finance a set of sub-transactions for end beneficiaries (through sub-projects or sub-investments). The EBRD's Paris Alignment Methodology covers investment and technical cooperation activities undertaken by the EBRD in the course of its operations. The Bank's investment of its reserves or of funds not required for its operations not included in this metric.	Section 3 for indirectly financed investments.

137 Ibid.

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Independent Limited Assurance Report to the President of the European Bank for Reconstruction and Development

Independent Limited Assurance Report by Deloitte LLP to the President of the European Bank for Reconstruction and Development ("EBRD" or "the Bank") on Selected Climate-Related metrics and Narrative disclosures (collectively the "Selected Information") within the EBRD's International Sustainability Standards Board Report ("ISSB Report") for the reporting year ended 31 December 2024.

Our assurance conclusion

Based on the procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information are not prepared, in all material respects, in accordance with the Applicable Criteria which includes:

- International Financial Reporting Sustainability Standards 1 *General Requirements for Disclosure of Sustainability-related Financial Information* ("IFRS S1") and International Financial Reporting Sustainability Standards 2 *Climate-Related Disclosures* ("IFRS S2") as issued by the International Sustainability Standards Board ("ISSB"); and
- Any Basis of Reporting defined by the Bank's management as set out in Section 6 *Definitions of key metrics* of the ISSB Report.

Scope of our work

We conducted our independent limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance engagements other than audits or reviews of historical financial information* ("ISAE 3000 (Revised)") and International Standard on Assurance Engagements 3410 *Assurance engagements on greenhouse gas statements* ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board ("IAASB") and our agreed terms of engagement.

The Selected Information in scope of our engagement for the year ended 31 December 2024 includes Selected Climate-Related metrics, as indicated with a *, and Narrative disclosures, except for those marked with an (E), in the ISSB Report published, are as follows:

Selected Climate-Related metrics	Reported value	Unit of measurement	Applicable Criteria
Environment			
Scope 1 emissions	281	tCO ₂ e	Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (2004). Plus, any applicable methodology as published by the Bank in Section 6 of the ISSB Report.
Scope 2 emissions:			
Market based	2,054	tCO ₂ e	
Location based	1,003	tCO ₂ e	
Scope 3 emissions			
Category 1: Purchased Goods and Services	21,062	tCO ₂ e	
Category 5: Waste generated in operations	36	tCO ₂ e	
Category 6: Business Travel	11,723	tCO ₂ e	

Category 7: Employee Commuting	2,736	tCO ₂ e	
Investment Portfolio			
Banking Investment Assets Exposed to Climate-Related Transition Risk	6,648	€ (million)	Applicable methodology as published by the Bank in Section 6 of the ISSB report
Banking Investment Assets Exposed to Climate-Related Physical Risk	4,364	€ (million)	
Banking investment assets exposed to fossil fuels	6,242	€ (million)	
Cross-industry and additional metrics			
Annual GET finance commitments	9,664	€ (million)	Applicable methodology as published by the Bank in Section 6 of the ISSB report
GET finance private-sector share	73	%	
Annual climate finance commitments (EBRD resources)	9,397	€ (million)	
Annual adaptation finance commitments	1,082	€ (million)	
Annual mitigation finance commitments	8,848	€ (million)	
Estimated GET-eligible annual mobilisation investment	2,511	€ (million)	
Estimated CO ₂ e emissions reduction	10,852	kt CO ₂ e/year	
Number of projects assessed as being Paris-aligned	595	Number of projects assessed as being Paris-aligned	

The Narrative disclosures in scope of our engagement, included in the ISSB Report published for the year ended 31 December 2024, include the description of activities undertaken to meet the requirements of the IFRS S1 and IFRS S2 as issued by the ISSB covered under the following qualitative elements:

- Materiality
- Governance
- Strategy
- Risk Management
- Metrics and Targets

The Selected Climate-Related metrics, as listed in the table above, needs to be read and understood together with Basis of Reporting defined by the Bank's management as set out in Section 6 Definitions of key metrics in the ISSB Report.

Other matter

The comparative Selected Information included in the ISSB Report for the period prior to the year ended 31 December 2024 has not been part of an assurance engagement. Consequently, the comparative Selected Information and thereto related disclosures in the Selected Information for this period are not assured. Our conclusion is not modified in respect of this matter.

Our limited assurance conclusion on the Selected Information is based on the scope described above. The scope of our limited assurance conclusion does not include the Annex to the ISSB Report. Therefore, we do not express any form of assurance conclusion on the Annex.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Selected Information for which the Applicable Criteria are self-defined, as included in the ISSB Report, the nature of this sustainability information, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different entities and from year to year within an entity as methodologies develop.

In reporting forward-looking information in accordance with the Applicable Criteria, the Bank is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Bank. The actual outcome is likely to be different since anticipated events frequently may not occur as expected.

The climate stress testing was assessed based on climate-related scenarios that are subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing, or effect of possible future transition climate-related impacts. Our procedures do not include performing work on the reliability, proper compilation, or accuracy of such prospective information.

We draw your attention to the specific limitations, due to the nature of the Selected Information, set out in the “Key procedures performed” section below.

Responsibilities of the Bank's management

Management of the Bank are responsible for the preparation of the Selected Information included within the ISSB Report in accordance with the Applicable Criteria.

The Management of the Bank are also responsible for:

- Selecting and establishing the Applicable Criteria.
- Developing, implementing, and reporting the materiality assessment process to identify the information reported in the ISSB Report in accordance with the Applicable Criteria and for disclosing this process on pages 8 to 10 of the ISSB Report. This responsibility includes understanding the risks and opportunities that could reasonably be expected to affect the Bank's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning; the Bank's own operations and upstream and downstream value chain, including through its products or services, as well as through its business relationships, and developing an understanding of its primary users; the assessment of the materiality of the identified risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and making assumptions and estimates that are reasonable in the circumstances.
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of our limited assurance engagement.

Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the President.

Our independence and competence

In conducting our engagement, we complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants. This code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The fundamental principles of ethics establish the standard of behaviour expected of a professional accountant.

We applied the International Standard on Quality Management 1 ("ISQM 1") issued by the International Auditing and Assurance Standards Board. Accordingly, we maintained a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures performed

We are required to plan and perform our work to address the areas where we have identified that a material misstatement in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgement. In carrying out our limited assurance engagement in respect of the Selected Information, we performed the following procedures:

- Performed an assessment of the suitability and availability of criteria to determine whether they are suitable for the engagement circumstances.
- Performed risk assessment procedures to understand the underlying Selected Information and identify areas where a material misstatement of the Selected Information is likely to arise, and to provide a basis for designing procedures to obtain limited assurance to support our conclusion. Risk assessment involves obtaining an understanding of the Bank, its environment, processes, and information systems relevant to the preparation of the Selected Information.
- Through inquiries of management, obtained an understanding of internal controls relevant to the Selected Information, the quantification process, and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information. We have not evaluated the design of particular internal control activities, obtained evidence about their implementation or tested their operating effectiveness.
- Through inquiries of management, documented whether an external expert has been used in the preparation of the Selected Information, then evaluated the competence, capabilities, and objectivity of that expert in the context of the work performed and also the appropriateness of that work as evidence.
- Accumulated misstatements and control deficiencies identified, assessing whether material. The assessment of what is material is a matter of professional judgement and includes consideration of both the amount (quantity) and the nature (quality) of misstatements.
- Read the narrative accompanying the ISSB Report with regard to the Applicable Criteria, and for consistency with our findings.

In relation to the Selected Climate-Related metrics only, we have performed the following:

- Procedures over the metrics, including recalculation of relevant formulae used in manual calculations and assessment of whether the data has been appropriately aggregated.
- Procedures over underlying data to assess whether the data has been collected and reported in accordance with the requirements including verifying to source documentation.
- Procedures over the metrics including assessing management's assumptions and estimates.

In relation to the Narrative disclosures in the ISSB Report only, we:

- Obtained an understanding of the sustainability-related financial information and climate-related disclosures reporting process performed by the Bank, including the preparation of the sustainability-related disclosures.
- Evaluated the overall presentation and balance of the sustainability-related financial information and climate-related disclosures, and considered whether the Selected Information as a whole, is disclosed in accordance with the Applicable Criteria.
- Obtained an understanding of the materiality assessment process by performing inquiries to understand the sources of the information used by management (e.g., organisation, stakeholder engagement and value chain) and reviewing the Bank's internal documentation of this process.
- Evaluated whether the evidence obtained from our procedures about the materiality assessment process is consistent with the description of the process set out in the ISSB Report.
- Performed inquiries of relevant personnel on selected disclosures within the ISSB Report.
- Reconciled selected disclosures in the sustainability information with the corresponding disclosures in the internal or external publications. We did not perform assurance on the reliability of the information presented in those publications therefore we express no opinion on them.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We performed our engagement to obtain limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. We draw your attention to the following specific limitations:

- Our assurance procedures were limited to the reconciliation of data presented in the ISSB report to the Bank's audited financial statements for the year ended 31 December 2024.
- The Scope 3 Greenhouse Gas emissions (Categories 1, 5, and 6) and estimated CO₂e emission reduction metrics listed in the ISSB Report include information provided by suppliers, borrowers and third-party sources. Our procedures did not include obtaining assurance over the information provided by suppliers or third parties.
- We have obtained understanding of the assumptions and external sources used in scenario analysis, but we did not perform procedures to assess the appropriateness of assumptions made including those made in preparation and application of climate scenarios.

Use of our report

This report is made solely to the President of the EBRD in accordance with ISAE 3000 (Revised) and ISAE 3410 and our agreed terms of engagement. Our work has been undertaken so that we might state to the President of the EBRD those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than the EBRD and the President of the EBRD, we acknowledge that the President of the EBRD may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone

other than the EBRD and the President of the EBRD as a body, for our work, for this report, or for the conclusions we have formed.

The Applicable Criteria are designed for the Selected Information by the Bank, and as a result, the Selected Information may not be suitable for another purpose.

Deloitte LLP

Deloitte LLP

London, United Kingdom

12 September 2025

Annex

GHG Scope 3, category 15 – financed emissions (2024)

In addition to reporting emissions from its own operations, the EBRD is enhancing its measurement of emissions associated with its investments, which the Greenhouse Gas Protocol categorises as Scope 3, category 15 emissions, or “financed emissions”.¹³⁹

In its *TCFD Report 2022*,¹⁴⁰ the EBRD published its first financed emissions disclosure, marking a significant step forward in transparency, with a view to understanding the climate impact of the Bank’s portfolio. Ever since, the Bank’s calculation approach has continued to improve, focusing on enhancing data quality, expanding coverage and refining methodologies to measure and track emissions more effectively.

To ensure its financed emissions disclosures are as accurate and consistent as possible, the EBRD’s methodology is guided by the principles and calculation approaches of the Partnership for Carbon Accounting Financials (PCAF).¹⁴¹ An accurate assessment of financed emissions is dependent on granular data, robust internal methodologies and measurement tools. These different components of the assessment are evolving, and the EBRD includes fit-for-purpose information in its climate-related financial disclosures, while continuously refining its approach.

The Bank has elected to avail itself of the one-off waiver available to first-time adopters of IFRS Sustainability Disclosure Standards on the reporting of GHG Scope 3, category 15 financed emissions, as the Bank’s assessment of financed emissions does not yet cover all investment activities and is not fully consistent with the application guidance outlined in IFRS S2 (appendix B, paragraph B.62).¹⁴² Consequently, GHG Scope 3, category 15 financed emissions are also not within this year’s limited assurance scope. The EBRD intends to comply fully with the ISSB disclosure requirements in its 2025 report.

Results

Building on the work presented in the *TCFD Report 2023*,¹⁴³ the Bank has nearly doubled the scope of the portfolio it considers, reflecting its commitment to enhancing the accuracy and coverage of its financed emissions disclosure. Key methodological improvements and increases in process efficiency have driven this expansion:

1. **Comprehensive inclusion of projects:** All projects for which emissions data are lacking, but for which company revenue information is available, are included in the “business loans and unlisted equity” asset class, broadening the range of projects beyond high-emitting sectors.
2. **Proxy database enhancements:** An enhanced proxy dataset, which covers the majority of NACE (EU Statistical Classification of Economic Activities) sector classifications, allows for more comprehensive and consistent coverage. NACE codes enable more accurate sector classifications, replacing broader estimates used previously.
3. **Use of the life-cycle assessment (LCA) method for renewable energy technologies:** The use of LCA proxies enables the inclusion of renewable energy projects (solar, wind and hydro) under the “project finance” approach. Emissions are estimated using expected electricity generation, based on available project-level information. Assumptions are applied to distinguish operational emissions (Scope 1) from those arising from indirect emissions (Scope 3). The LCA approach streamlines the process and increases coverage by aligning sector-wide proxies with project-specific characteristics.

¹³⁹ See Greenhouse Gas Protocol (n.d.).

¹⁴⁰ See EBRD (2022b).

¹⁴¹ See PCAF (2019).

¹⁴² See IFRS Foundation (2023).

¹⁴³ See EBRD (2024b).

Despite the expansion in portfolio coverage, reported financed emissions have declined. The Bank's assessment of absolute and attributed emissions has been impacted by several key factors:

1. **Change in proxy database and emission factors.** One of the primary drivers of the observed change is the transition to a new proxy database, which increases the granularity of emission factors and emission scope coverage. This specifically impacts assessments under the "business loans and unlisted equity" asset class and, in particular, results for the metals and mining sector.
2. **Volatility in financial indicators.** Fluctuations in financial KPIs, such as revenue and company values, can have a direct impact on emission estimates. Changes in revenue can affect absolute emissions, while variations in company value influence attributed emissions. These financial dynamics introduce variability that can significantly shift reported values from year to year. For example, a high-emitting project in the metals and mining sector was completed in 2024, resulting in a significant emission reduction being attributed to that sector.¹⁴⁴ These financial and portfolio dynamics contribute to year-on-year variability and make comparison difficult.
3. **Changes in asset class assignment based on data availability.** Emission calculations are influenced by the methodological approach selected, which is driven by data availability and quality. Client-disclosed emissions, if deemed more representative of project- or company-level emissions, are used in preference to project-level ex ante estimates used in previous disclosures. Such methodological changes can affect both the absolute emissions being considered and how they are attributed to the EBRD. The combined changes have had a particularly large impact on the metals and mining sector.

These enhancements reflect the EBRD's efforts to improve accuracy and coverage, but introduce variability when interpreting trends over time. The cumulative effects of proxy updates, financial volatility and methodological adjustments mean that year-on-year comparisons of emissions data – both internally and against peers – remain challenging.

The measurement covers 512 clients across 595 projects, corresponding to 39 per cent of the Bank's total operating assets. The measurement considers only Scope 1 and Scope 2 emissions from the assessed clients and projects, resulting in an estimated 7.4 MtCO₂e of financed emissions annually, 85 per cent of which originate from high-emitting sectors: oil and gas, power and energy, metals and mining, chemicals and fertiliser, and agriculture.

Table A1. Sectoral breakdown of financed emissions and percentage of sector covered by the portfolio under consideration

Sector	2024		2023	
	Financed emissions (MtCO ₂ e)	Sectoral coverage	Financed emissions (MtCO ₂ e)	Sectoral coverage
Oil and gas	2.7	82%	2.9	71%
Metals and mining	1.1	91%	2.4	64%
Power and energy	1.5	60%	1.8	21%
Agriculture	0.7	84%	0.4	37%
Chemicals and fertiliser	0.3	66%	0.2	84%
Manufacturing	0.2	79%	0.2	44%
Transport	0.3	30%	0.2	11%
Auto manufacturing	0.03	97%	0.03	96%
Other sectors	0.6	41%	0.3	13%
Total	7.4	39%	8.4	20%

Assessment of emissions and attribution factors

The Bank's efforts to calculate absolute financed emissions have continued in accordance with the PCAF methodology,¹⁴⁵ based on drawn exposures, with clearly defined boundaries and sector coverage, as outlined in Table A1. While the EBRD follows PCAF principles, there are instances where interpretations of the methodology lead to some divergence in order

¹⁴⁴ See <https://www.ebrd.com/home/work-with-us/projects/psd/47584.html>.

¹⁴⁵ See PCAF (2019).

to provide the best estimate of financed emissions, given the limited availability of reported emissions for the projects and clients the Bank finances.

As the methodology and data used for financed emissions continue to evolve, the Bank has adopted a mixed approach by using company-reported emissions, estimates based on projected emissions once the project is fully operational, and spending-based proxy data. The selected assessment methodology and associated quality score are driven by data availability. The Bank endeavours to take the most appropriate and reliable approach for each asset.

To ensure a structured and consistent approach to disclosing financed emission results, the client's industry classification codes are grouped under a broad sector that best represents the underlying economic activity. In cases where a counterparty's industry classification code suggests they operate in a broad industrial sector, but the Bank's investment is clearly within a specific category, the grouping uses the project's activity (which is based on Standard Industrial Classification (SIC) codes). For example, where the client's industry classification is "multi-utilities", but the investment project focuses exclusively on "natural gas electric power generation", the investment will be categorised as "oil and gas". The Bank first developed this mapping process in 2022 and has replicated it consistently in subsequent disclosures to maintain comparability and reporting integrity.

Table A2. Assessment coverage breakdown based on asset classes and percentage covered by the portfolio under consideration

	Outstanding amount (€ million)	Coverage
Total portfolio	42,095¹⁴⁶	100%
Assessed portfolio	16,566	39%
"Business loan and unlisted equity" approach	9,314	56% (share of assessed portfolio)
"Project finance" approach	7,252	44% (share of assessed portfolio)

"Business loan and unlisted equity" approach

The PCAF "business loan and unlisted equity" asset class approach was used for 56 per cent of operating assets in the assessed portfolio (337 projects), accounting for 44 per cent of estimated emissions. When applying the PCAF "business loan and unlisted equity" approach, the Bank sources emission data from the client's public disclosures. This approach is preferred in cases where the use of proceeds is not clearly defined and disclosed emissions are considered a reasonable representation of the actual emissions performance of the client's overall economic activity. It is also applied when the use of proceeds is clearly defined and the client's disclosure includes detailed emissions that can be linked to the EBRD's investment. However, if the client's disclosed emissions are not sufficiently granular to reflect the specific economic activity being financed, and projected emissions for investment are incomplete or unsuitable, revenue-based proxies are used as a fallback to estimate emissions.

The attribution factor used to calculate financed emissions for the "business loan and unlisted equity" asset class approach is the ratio of operating assets (outstanding amount) to the client's total debt and equity.

"Project finance" approach

The PCAF "project finance" asset class approach was used for 44 per cent of operating assets in the assessed portfolio (258 projects), accounting for 56 per cent of estimated financed emissions. When applying the PCAF "project finance" approach, the Bank uses a mix of methods, including actual reported emissions, LCA factors for the renewable energy portfolio, and projected annual average emissions for individual projects. Calculating projected emissions is part of the comprehensive assessment the Bank undertakes for all projects: in-house engineers and external consultants estimate total emissions based on activity data (for example, the amount of fuel required) in a typical year of operation. In the context of the current GHG reporting landscape in regions where the Bank operates, such estimates offer a more

¹⁴⁶ The outstanding amount shown represents the book value of loan and equity assets, and is not directly comparable to investment portfolio metrics in Section 5.2.

accurate and reliable way of assessing the absolute emissions of projects the EBRD finances than sector averages or revenue-based emissions intensity factors.

Each project's absolute emissions are apportioned to the EBRD as financed emissions based on an attribution factor: the ratio of operating assets (outstanding amount) to total project value (total equity and debt).

Data quality

The EBRD uses PCAF data-quality score guidance to assess the robustness of its financed emission measurements. As the PCAF standard does not include data-quality scores in situations where projected future emissions are used, interpretations of the standard have to be used in assessing data quality. Based on its interpretation, the EBRD assigned a rounded weighted average PCAF data-quality score of 3 to the assessed sample.¹⁴⁷

Data limitations disclaimer and next steps

The EBRD's third estimate of financed emissions provides valuable insights into areas for improvement and highlights challenges in year-on-year comparisons. As mentioned, methodological changes and fluctuations in economic conditions can affect the metrics used to assess financed emissions. This inherent volatility introduces challenges in maintaining consistent and comparable emissions reporting over time, both internally and against peers. However, experience gained over the past three years has supported continued engagement with the data, enabling refinements in approach and progressive improvements in data quality, coverage and methodological alignment. The Bank will continue to focus on developing a more consistent methodology and calculation approach. The availability and quality of emissions data vary across sectors and asset classes, requiring the use of proxies and estimates in certain circumstances. As the methodology evolves, the Bank will continue to refine the calculation approach, focusing on filling data gaps with appropriate proxies and improving data quality over time. The EBRD is conscious of these limitations and will continue to report transparently on any adjustments made to refine its emissions disclosures in future years.

Table A3. Period-on-period comparison of financed emissions measurement

		2022	2023	2024
Scope	Number of clients	78	169	512
	Number of projects	91	194	595
	Percentage of total operating assets*	11%	20%	39%
Results	Financed emissions (MtCO ₂ e)	3.3	8.4	7.4

* The proportion of estimated financed emissions that are associated with operating assets, relative to the total value of those assets. Total operating assets are calculated as the total disbursed amount minus repayments of principal, including any write-offs.

147 In 2023, the EBRD attributed a higher data-quality score to emissions calculated under the “project finance” approach, using projected emission calculations, as the data were still sourced directly from clients. However, to improve transparency and better differentiate between disclosed emissions data and projected emissions, the Bank has refined its approach. Specifically, it has adjusted the data-quality score from 2 to 3 for the “project finance” asset class.

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