

# The EIB Group PATH Framework

Supporting counterparties on their pathways to align with the Paris Agreement

*How to become sustainable? New perspectives for the transition of corporate and financial actors  
Federal Council for Sustainable Development (FRDO-CFDD)*

23 May 2023

# Main pillars of EIB Group's enhanced climate ambition



From the start of 2021, all new EIB Group operations are aligned with the Paris Agreement



Since the end of 2021, EIB has stopped supporting traditional fossil fuel energy projects



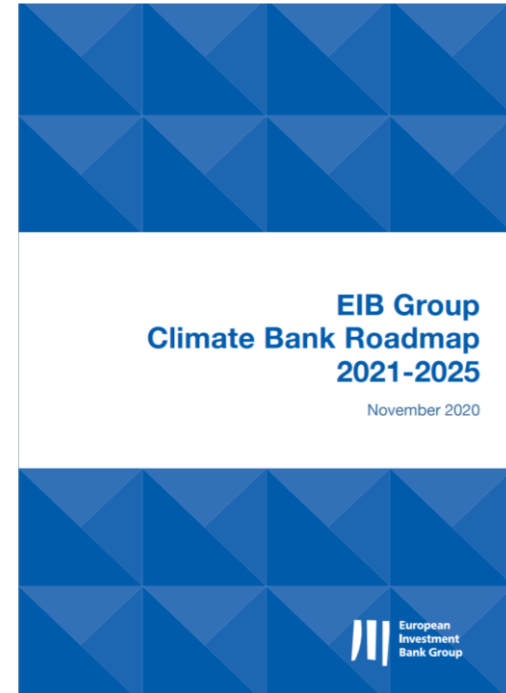
Climate action and environmental sustainability are to reach 50% of EIB financing annually by 2025 and beyond



EIB Group is to support €1 trillion in investment for climate action and environmental sustainability by 2030

# EIB Group Climate Bank Roadmap (CBR)

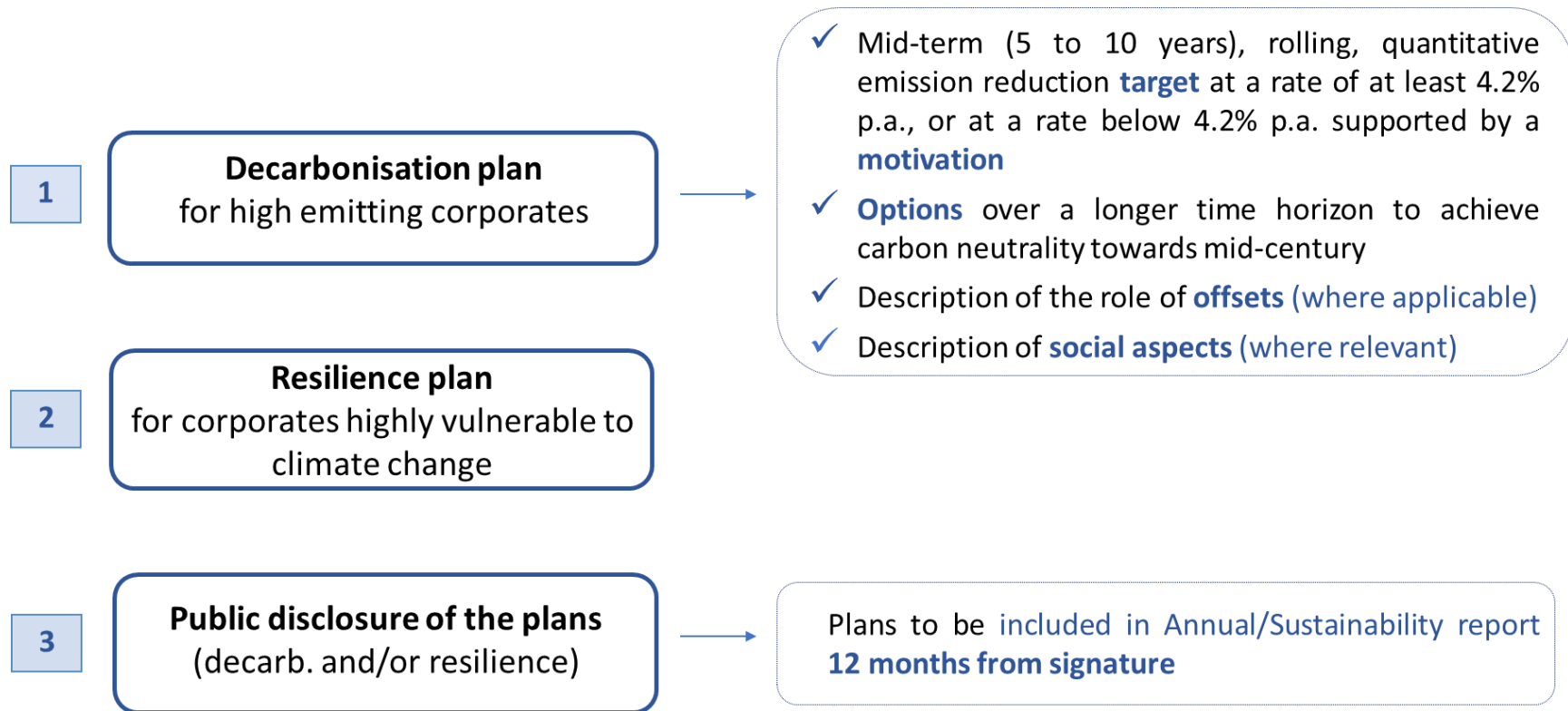
- ▶ Approved in November 2020
- ▶ Defines low carbon **project framework** – start of implementation in 2021
- ▶ Commits the Group to develop approach towards **counterparties**



# PATH framework - Highlights

- ▶ Covers **low-carbon** and **resilience** elements (Paris Agreement)
- ▶ Applies **inside** and **outside EU**
- ▶ Takes a **risk-based** approach – focuses on high-emitting corporates and significant financial institutions (low carbon aspects) and high vulnerability counterparts (resilience aspects)
- ▶ Seeks to **engage** (support transition) and not disengage (withdraw support from counterparties willing to align over time)
- ▶ Focuses on **transparency** - evolving EU legislation (CSRD) and global initiatives to harmonize sustainability reporting standards

# PATH requirements - Corporates



# Incompatible activities

3 core sectors:

## Oil and gas production

- No new investment in high-carbon oil production techniques or Arctic drilling
- No increase in the level of oil production
- No routine flaring of methane and best practice on methane loss reduction



## Coal mining and use for power generation

- No investment in new thermal coal mines
- No investment in new coal-fired power plants
- No production of thermal coal, except by integrated power utilities motivated by their own demand



## Carbon sinks

- No investment in the conversion of land that directly destroys high-value carbon sinks and ecosystem services which enhance resilience



# PATH requirements – Financial Institutions

**Mandatory TCFD disclosure from FIs in scope**  
**12 months from signature**

- ✓ Governance
- ✓ Strategy
- ✓ Risk management
- ✓ Metrics and Targets

**Engage in a dialogue with NPIs**

**Share best Paris Alignment practices with all FIs**

# EIB Group Engagement Approach

- ▶ **Enable and empower** our counterparties to take action
- ▶ Promote **transparency and accountability** to stakeholders
- ▶ Provide flexibility in **timing** outside the EU
- ▶ Support with **technical assistance**





# PATH reinforces EIB Group role as climate leader

- ▶ Delivers on an important commitment made in the CBR
- ▶ First MDB to tackle the issue both at project and counterparty level
- ▶ Reinforces EIB Group support to EU Sustainable Finance policy



**Thank you for your attention!**

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