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Paris Agreement alignment and the financial sector

May 2023



European Bank
for Reconstruction and Development

The EBRD's Paris alignment ambition

The EBRD's climate ambition is rooted in the commitments of its Countries of Operation to meet the temperature goals set out in the Paris Agreement

The EBRD is dedicated to supporting the economies in which it invests to meet their goals and commitments under the Paris Agreement.

From the end of 2022, all of our activities will be aligned with the Paris Agreement, a decision approved by our Board of Governors in 2021.

The EBRD has worked with other Multilateral Development Banks to develop an operational framework for Paris alignment.

Our commitment will be reflected in the transactions we finance and in how we interact with our clients.



EBRD Climate Readiness Survey (2021) – Key Highlights



European Bank

Only 43%

consider impact of their portfolio on climate change as a potential source of risk.

93% of

respondents who consider the climate impact of their portfolio manage such risks through **exclusions.**

Less than **50%** of respondents involve Risk in leading climate risk management implementation

Transition plans are emerging as the key way for banks and other organisations to respond to climate change

Financial institutions need to take proactive steps to plan for the low-carbon transition, as part of their strategy

What is a transition plan?

“ A transition plan sets out the steps through which an organisation will improve its business practices in relation to climate change, leading to Paris-aligned financial flows. These steps will be set out as clear, time-bound milestones. ”

EBRD Paris alignment methodology



How should a transition plan be prepared?

Clear commitment

Banks are expected to commit to supporting the implementation of the Paris Agreement.

Action plan

Actions should be defined for the short, medium and long term

Disclosure

Public disclosure is at the centre of credible transition plan implementation.



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