To: Members of the EIB Board of Directors
European Investment Bank
Boulevard Konrad Adenauer 100
Luxembourg

25 August 2026

JOINT CIVIL SOCIETY LETTER

RE: THE REVIEW OF THE PARIS ALIGNMENT FOR COUNTERPARTIES FRAMEWORK (PATH FRAMEWORK)

Dear members of the EIB Board of Directors,

The undersigned organisations welcome the review of the Paris Alignment for Counterparties framework (PATH framework).

The adoption of the PATH framework established the EIB as a leader in aligning public finance with the Paris Agreement by linking financing decisions to the climate ambition of both corporate and financial counterparties. Given its advantageous lending capacity, the EU Climate Bank can effectively steer its clients' business models towards long-term sustainability.

However, **experience over the past five years shows that the current framework has not delivered a truly transformative change in relevant clients' business models**. Companies and financial institutions have continued expanding fossil fuel activities and other activities incompatible with the Paris Agreement while remaining eligible for EIB support through exceptions, weak implementation requirements, and insufficient enforcement.

The undersigned organisations now urge the Directors to take into consideration the following recommendations to strengthen the revised PATH framework to make our economies sustainable and equitable for all.

Corporates counterparties

1. Eliminate exceptions for fossil companies

Between 2022 and 2024, the EIB lent almost €2.8 billion to companies operating in activities considered incompatible with the climate criteria formulated in the framework and the Paris agreement, despite the EIB itself defining it as its "bottom line". More recently, ENI could mobilise exceptions given under the REPowerEU plan to borrow up to €1bn from the EU Climate Bank between 2025 and 2026. 76% of ENI's annual Capital Expenditure (CapEx) is earmarked for oil and gas activities and the company has substantially increased its oil and gas production targets, and while also being a prominent actor drilling the Arctic.

Shifting these companies' business models and investment decisions away from fossil fuels is key to slowing down the climate breakdown and ensuring the EU's long-term resilience. At the time when the EU is currently dealing with the second energy crisis, supporting oil and gas companies expanding fossil production amounts to strengthening dependence on fossil fuel imports. Furthermore, as communities and entire ecosystems are already paying the price of these companies' continued fossil businesses, the costs of reconstruction and adaptation are only set to continue to increase as the climate breakdown exacerbates.
The EU Climate Bank should prioritise long-term economic and environmental sustainability instead of fueling the profits of those responsible for the climate and energy crisis. **We strongly believe that maintaining these exceptions would undermine the credibility of the framework**.

The revised PATH framework should therefore:

a. Remove exceptions that allow companies engaged in activities incompatible with the Paris Agreement to receive EIB financing;

b. Assess alignment at both company- and project-level. Recognise that business models based on expanding oil and gas production are incompatible with Paris alignment.

2. Move from planning and transparency to implementation

In the current PATH framework, the EIB only requests the adoption and disclosure of transition plans. In fact, several companies found compliant under PATH have failed to implement their commitments, while continuing investments inconsistent with their stated transition strategies. Many of its EIB's clients could greenwash their business models by adopting vague and mid- and long-term decarbonisation targets without commitments to concretely phasing out fossil activities from their business models.

The Transition Pathways Initiative (TPI) is an independent initiative which assesses corporates' climate commitments. Over the past five years, the EIB used TPI's assessments to evaluate the Paris alignment of its clients. In 2023, TPI's assessment methodology was updated to include new indicators which are crucial to ensure decarbonisation targets are translated into concrete business strategies and activities. New evaluation factors include the role of offsets and negative emission technologies and whether the company reduces CapEx in carbon-intensive assets or products in line with its decarbonisation targets.

This is surely the case of fossil giants such as ENI, failing to align its CapEx to its transition plan. Beyond the energy sector, chemical companies eligible under the PATH framework miss all the TPI implementation targets. This is the case for Umicore and BASF, which the TPI found failing to meet all indicators related to their implementations. This shows the current PATH framework still lacks the capacity to ensure that polluters respect their commitments. Moving from planning and transparency to implementation is crucial.

The revised PATH framework should therefore:

a. Monitor the clients' compliance by requiring evidence that transition plans are being implemented;

b. Integrate implementation indicators into contractual obligations;

c. Treat failure to meet implementation milestones as a breach of financing conditions.

3. Do not reward financialised business models hampering the transition

The current PATH framework allows corporates to reduce their decarbonisation targets where they invoke competitiveness constraints. This argument opposing climate action and economic performance has gained traction over the past years, showcasing a lack of adequate consideration for the long-term economic impact of climate inaction. Evidence instead shows that the financialisation of corporate business models is itself a major obstacle to both European economic performance and decarbonisation. A recent analysis by economist Mariana Mazzucato shows that, since 2000, the 300 largest publicly listed non-financial companies in the EU have generated substantial profits but largely hoarded them or distributed them to shareholders rather than investing them in long-term sustainable productivity.

The PATH framework holds the potential to halt the financialisation of European companies and incentivise shifting corporate business models towards long-term environmental and economic prosperity.

The revised PATH framework should therefore:

a. Set a cap on dividends and share buybacks, to ensure they are kept below a certain threshold;

b. Explicitly mention the role of workers and their binding participation in the designing of their company's transition plans.

Financial counterparties

1. Incompatible activities in operations via financial intermediaries

We note with concern that the EIB does not plan to apply the list of incompatible activities to the balance sheets and portfolios of financial intermediaries receiving loans, guarantees or equity from the EIB group. This is a major gap, as loans to banks and other financial institutions account for around 25% of the Bank's outstanding loans.

In the revised PATH, the list of incompatible activities should be enforced in any finance or investment in operations via companies or financial intermediaries.

2. Transparency is not enough: monitor and sanction incompatible investors

The current version of the PATH Framework only asks financial intermediaries to disclose their climate-related financial risks. However, public commitments on climate investment policies are often contradicted by continued expansion of fossil fuel financing and the weakening of climate policies.

Some of the largest European commercial banks that are also EIB clients, including Deutsche Bank, Santander, ING Group, and Societe Generale, have increased their fossil fuel exposure and ranked among the world's 30 largest fossil fuels financiers in 2025. Santander has further weakened its climate objectives by abandoning its scope 3 emissions target and watering down its thermal coal investment policy. Similarly, Deutsche Bank reduced its investments in sustainable power generation by 7%, while expanding its fossil exposure by 8% over the same years. Nevertheless, these banks continued to be eligible for EIB support under the PATH framework.

The revised PATH framework should therefore adopt the following climate criteria for financial intermediaries:

a. Ensure any financial support from the EIB is conditional to financial intermediaries having rigorous climate investment policies which include credible phase out plans;

b. Ensure client financial intermediaries' fossil exposure and financed emissions equally decrease quickly enough to be in line with the Paris Agreement.

c. Ensure all financial counterparties have climate investment policies applicable to all their lending, underwriting activities or bond issuance and equity investments and including the following criteria:

- phasing out coal by 2030 in OECD countries and by 2040 globally;
- excluding unconventional oil and gas activities;

- Ending support for new fossil fuel exploration and production; and
- phasing out existing fossil fuel production in line with a Paris-compatible pathway.

3. Small and big financial intermediaries should be in scope of the PATH framework

The EIB Group finances a wide array of financial intermediaries, both very large and smaller. It is key to include all financial actors in the scope of the new policy, particularly because of the inclusion of the European Investment Fund (EIF) in the reporting of climate finance delivered by the EIB Group.

The revised PATH framework should also ensure robust monitoring and enforcement across all operations going via financial intermediaries, including smaller institutions. Despite having less resources available than large banks, smaller banks can play an important role in financing the transition. Assessments of climate investment policies across the German banking sector show that these institutions can make significant progress in aligning their investment practices with climate objectives.

The EIB Group is well placed to further influence these actors to fully align with the Paris Agreement by monitoring and deploying enforcement criteria which should:

a. include all types of financial relations, such as equity investments;

b. apply to all financial intermediaries involved in EIF transactions, including all intermediaries involved in a chain of several investment funds.

Conclusion

The PATH framework remains one of the EIB's most important tools for steering business models and financial flows towards a climate-neutral economy. Its review is an opportunity to ensure that EIB financing genuinely drives the transition rather than accommodating business-as-usual.

On behalf of the Social and Green EIB coalition and the 8 signing organisation, we call on the Board to strengthen the framework by eliminating loopholes, making implementation enforceable, and applying robust climate conditions to both corporate and financial counterparties.

We remain available to discuss these recommendations further.

Best regards,

SIGNATORIES