



 IDB | Invest

**FY 2025  
CLIMATE  
RISK  
REPORT**





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# INTRODUCTION

In November 2019, IDB Invest acknowledged the growing financial and systemic risks associated with climate change. Since then, the institution has advanced toward a more robust, integrated approach to climate risk management and transparency—embedding climate considerations across investment processes, portfolio oversight, and long-term strategy. This risk report demonstrates the progress made during FY2025 across four main components: governance, strategy, risk management and metrics and targets.





# GOVERNANCE



## Board oversight of climate-related risks and opportunities

IDB Invest is owned by its 48 member countries, 26 of which are in the Latin American and Caribbean region. Each country's voting power is proportional to the number of IDB Invest shares it holds. Each member country appoints a Governor and an Alternate Governor. All the powers of IDB Invest are vested in its Board of Governors.

The IDB Invest Board of Executive Directors (the "Board") is responsible for the conduct of the operations of IDB Invest and for this purpose shall exercise all the powers given it by the Charter or delegated to it by the Board of Governors. It is comprised of 14 chairs representing its 48 member countries. The Board, in coordination with Management, oversees climate-related risks and opportunities.

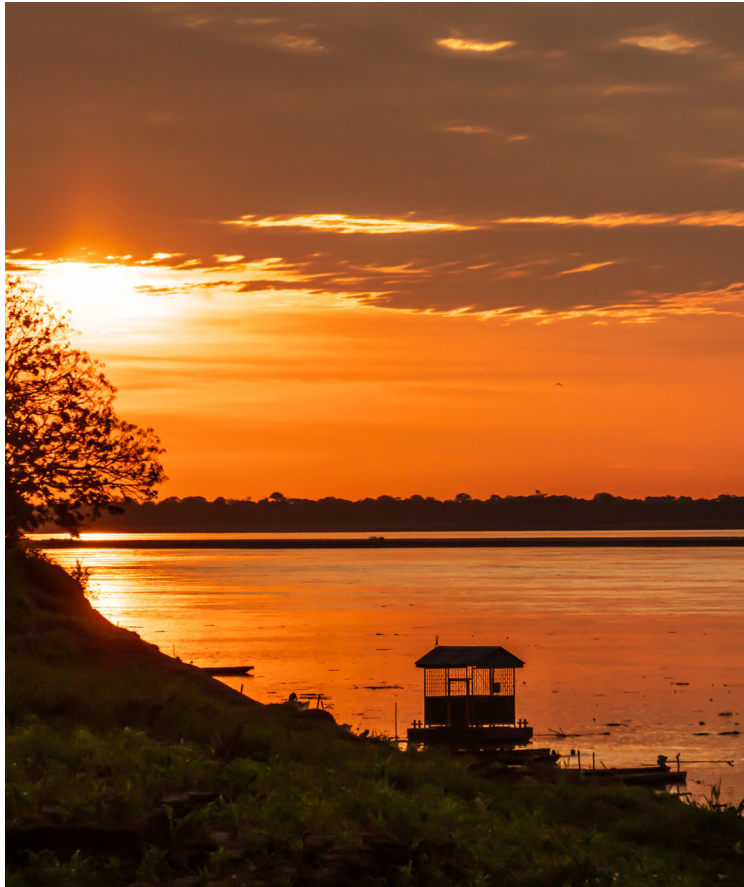
## Policies and strategic documents approved by the Board of Executive Directors include:

- [IDB Invest Environmental and Social Sustainability Policy](#)
- [IDB Invest Access to Information Policy](#)
- [IDB Group Institutional Strategy – IDB Strategy+](#)
- [IDB Invest 2025-2027 Business Plan](#)
- [IDB Group Impact Framework 2024-2030](#)

## Strategic documents adopted by Management and discussed with the Board of Executive directors include:

- [IDB Group Natural Capital and Biodiversity Mainstreaming Action Plan 2024-2025](#)
- [IDB Group Action Plan for Disaster Risk Management 2024-2025](#)
- [IDB Group Climate Change Action Plan 2021-2025](#)





Board responsibilities, activities, and capacity building:

- The Board receives quarterly updates and regular technical briefings on climate-related issues. Those include the Business Plan and Business Plan Updates, Business Quarterly Reports, specific sessions on institutional strategy, risk management and metrics, and the IDB Group Climate Change Action Plan Implementation Progress Report, through the Executive Committee of the Board. In addition, the Board may request additional technical briefings when deemed necessary.

- The Board monitors the achievement of institutional targets on both climate risk, climate impact and green finance (including climate finance) through the IDB Group Impact Framework and the IDB Invest Corporate Scorecard, which is reported in the Business Plan and the Quarterly Reports.
- The Board oversees and monitors our financial and non-financial risks exposure through the Audit and Risk Oversight Committee (ARC).
- The Board approves and comments on investment proposals for all IDB Invest development-related projects (with certain exceptions where this authority has been delegated to Management), which include material information on climate risks and opportunities, as well as alignment with country priorities and adaptation and resilience goals.
- The capacity building agenda also included non-financial risk, climate and green finance and the Environmental and Social Sustainability Policy.

The Role of Management

IDB Invest Senior Management is responsible for monitoring both climate-related risk and low-carbon and resilience opportunities. During 2025, IDB Invest went through restructuring to better serve its clients and deliver impact in the countries where it works. Now, IDB Invest is divided into six departments, as demonstrated in the organizational structure below.







The Office of Strategy, Planning and Synergies, charged with developing and implementing strategic priorities at IDB Invest, as well as the Division of Development Effectiveness, charged with measuring impact of each transaction, now report directly into IDB Invest’s CEO.

Additionally, the Climate Change and Environment Division sits within the industries and cross-cutting sectors but works across departments with regions and financial products among others, in order to further unlock climate finance through projects.

The Managing Director for Climate Change and the Environment briefs Senior Management on the progress toward green finance targets, climate change strategy and overall results regularly. Furthermore, the Environmental,

Social and Corporate Governance (SEG) Division assesses climate-related physical and transition risks for IDB Invest financed transactions. Additionally, the Risk Management Department, headed by the Chief Risk Officer, houses an Environmental and Social Risk team. The team manages climate-related financial risks at the portfolio level while also working on quality enhancement and data intelligence. Its mandate and processes are further described in the Risk Management section.

FY2025 was the first year to implement the new vision and business model IDB Invest+, which is focused on an originate-to-share model.

During 2025, IDB Invest reinforced its internal capacity to identify and structure an increased volume of projects that contribute to its updated

green finance target, including both climate and nature-positive finance investments. Additionally, during 2025, IDB Invest further built out its adaptation and resilience strategies as well as upskilled its teams and hired specialists with a focus on nature and biodiversity.

### Management Committees

- The Senior Management Committee, chaired by the Chief Executive Officer, is a forum for the senior management team to discuss high-level strategic matters related to our operations, administration, and governance. One of the institutional commitments included in the Institutional Strategy is the alignment of all operations to the countries’ international commitments under the

international convention (UNFCCC). The committee approved the methodology and sectoral guidelines in order to implement such commitment.

- The Portfolio Supervision Committee, chaired by the Chief Risk Officer, meets every quarter to evaluate financial and non-financial risks at project and portfolio levels, including portfolio related to climate-related risks.

### Climate risk-related working group

The Climate Risk working group comprises representatives of all departments. These include members of the office of the Chief Executive Officer, Finance and Administration Department, Risk Management Department, Legal Department, , Regions Department, Industries & Crosscutting Themes Department and Financial Solutions, Mobilization & Asset Sharing Department. The working group meets to direct the mainstreaming of mitigation strategies for climate-related risks and of opportunities to greater climate actions across the organization. The group’s mandate consists of overseeing, managing, and coordinating IDB Invest’s integrated approach to climate risk management and transparency—, including the annual disclosure. In 2025, climate risk working group contracted external consultants to conduct a gap analysis exercise with global best practices as well as a scenario analysis exercise over the IDB Invest portfolio.



# STRATEGY



## Vision and Business Model Transformation

2025 marked the first year of implementation of IDB Invest's new business model that was supported by a \$3.5 billion capital increase. With this enhanced capital base, combined with balance sheet optimization and resource mobilization, IDB Invest aims to increase its financing capacity to \$62 billion over the next decade.

The new business model is designed to maximize development impact and scale private capital mobilization. Key priorities include:

- Shifting toward an originate-to-share model that enhances the mobilization of third-party resources through structured and investable development assets
- Meeting diverse country needs with a stronger focus on social inclusion, tailoring operations to local markets and client capabilities.
- Adopting a selective and intentional approach to engagement, through revised country strategies and upstream collaboration.
- Deploying an expanded solutions catalog, including local currency financing, advisory services, equity, and blended finance.
- Implementing a Bolder Risk Approach to enable higher-risk, high-impact projects.
- Becoming a climate- and GDI-smart organization, with climate and gender, diversity, and inclusion (GDI) KPIs.

These solutions are particularly relevant for climate-related investments, enabling IDB Invest to address risk-return barriers and enhance the viability of private sector climate and resilience projects.



## Bolder Risk Approach to Scaling Adaptation and Resilience

As part of its strategic evolution, IDB Invest is strengthening , among other things, the capacity of the private sector to enhance climate resilience and scale adaptation finance across its operations. This approach is grounded in the recognition that addressing climate-related risks, particularly physical risks, requires going beyond traditional risk management and proactively deploying financial and non-financial solutions that integrate adaptation at the core of investment and advisory processes. IDB Invest supported clients in incorporating adaptation and resilience measures into project design and financing structures, particularly in sectors exposed to physical risks such as infrastructure, agribusiness, and financial services. This included upstream advisory support, flexible financing instruments, and performance-linked structures that encourage investments in asset durability, operational reliability, and risk preparedness. At the portfolio level, IDB Invest strengthened the integration of physical risk considerations into client assessments and portfolio management. In 2025, this work supported the launch of the Thematic Climate Adaptation Insurance Program, a regional platform designed to mobilize up to \$500 million in private investment. The program focuses on insurance and risk-transfer solutions that help businesses and financial institutions manage losses associated with environmental and weather-related events<sup>1</sup>.



## Disaster Risk Management and Financial Protection

IDB Invest continued to support the implementation of the IDB Group Disaster Risk Management Action Plan (DRM-AP) 2024-2025 and approved its new Action plan 2026–2030 by the end of 2025. The action plans promote a comprehensive approach to disaster resilience in Latin America and the Caribbean. The new phase of the plan reinforces disaster preparedness, financial protection, and resilient recovery as central pillars of development and climate strategies.

As part of the DRM-AP, IDB Invest contributes by developing and scaling financial instruments tailored to disaster risk. During 2025, IDB Invest

launched a financial product with an updated business continuity clause that allows for deferred repayments in the event of a disaster. These instruments enhance the financial resilience of clients, particularly in vulnerable sectors, and are now tracked as part of IDB Invest’s resilience metrics. IDB Invest also collaborates with public and private actors to unlock private capital for risk reduction and response.

## Supporting Countries’ International Commitments

In line with the Joint MDB Framework, IDB Invest assesses all new operations for alignment with countries’ long-term climate goals. All IDB Invest projects undergo this compatibility screening to ensure consistency with low-emission, climate-resilient pathways.

1. <https://idbinvest.org/en/news-media/idb-invest-mobilize-500-million-support-resilience-latin-america-and-caribbean>



# RISK MANAGEMENT



## Risk management approach

IDB Invest is managing climate risk in three ways as follows:

- **Impact materiality:** this approach assesses the social, environmental and climate-related impacts of investments and applies the mitigation hierarchy to manage impacts including GHG emissions and physical climate impacts, governed by the IDB Invest Sustainability Policy.
- **Alignment to countries' international commitments under the international convention (UNFCCC):** closely linked to impact materiality and in accordance with relevant institutional guidance, the objective is to assess investments' consistency with the country's development priorities, including national mitigation, adaptation, and broader policy goals.
- **Financial materiality:** this approach focuses on the financial impacts of transition and physical climate-related risks at counterparty and portfolio level, considering both impacts on the overall risk profile and the financial performance of investments.

By integrating these three perspectives, IDB Invest is looking to build a comprehensive and robust framework for managing climate-related risks.



## Incorporation of climate-related risk management into existing risk management framework

To further strengthen its approach to identify, assess and manage climate risk, IDB Invest is actively developing new capabilities, tools, and methodologies through its existing risk management framework, aiming at integrating climate considerations more comprehensively across the entire risk management framework. This proactive approach not only supports the institution’s strategic objectives but also enhances its ability to navigate the evolving landscape of both climate-related risks and opportunities.

In 2025, IDB Invest developed a dedicated methodology and a pilot for climate stress testing. This initiative marks a significant step forward in assessing and managing climate-related risks, building on prior efforts such as, the ESG Scorecard testing and portfolio scans for transition and physical risk concentrations. Aligned with global best practices promoted by standard setters, climate scenario analysis and stress testing are increasingly recognized as essential tools for risk identification, assessment, and strategic decision-making. By embedding these practices, IDB Invest reinforces its commitment to robust climate risk management and continues to enhance its capacity to integrate climate considerations into risk-taking and portfolio management practices.

**Risk taxonomy:** IDB Invest’s Risk Taxonomy defines the full set of risk categories and corresponding management practices adopted across the institution. It guides discussions on areas of elevated risk, informs the design of risk governance, and shapes institutional policies and guidelines. The taxonomy also outlines the conceptual approach for each risk category, the teams accountable for their management, the tools applied, and the oversight mechanisms operating at various organizational levels. Environmental risks—including climate-related risks—are identified as strategic risks within the Risk Taxonomy. These risks stem from business decisions or from inadequate responsiveness to evolving industry trends, with potential implications for development outcomes, earnings, and capital. Primary responsibility for managing these risks at the transaction level lies with the Social, Environmental and Corporate Governance (SEG) Division.

**Risk Appetite Policy:** IDB Invest’s Risk Appetite Policy sets out the degree of risk the institution is willing to assume and establishes guiding principles for managing those risks. Its implementation enables the institution to maintain a balanced and diversified portfolio across countries, sectors, economic groups, and clients. The Risk Appetite Policy references the Environmental and Social Sustainability Framework, comprising the Environmental and Social Sustainability Policy and the Environmental and Social Exclusion List.

**Environmental and Social Sustainability Policy :** The Environmental and Social

Sustainability Policy reinforces IDB Invest’s commitment to sustainable development by requiring that financed projects include measures to prevent, mitigate, and manage environmental and social impacts. The Environmental and Social Exclusion List prohibite financing—directly or through financial intermediaries—of activities inconsistent with IDB Invest’s commitments, such as thermal coal mining, coal-fired power generation and related facilities, and upstream oil exploration and development. Upstream gas exploration and development projects are permitted under specific circumstances and on a case-by-case basis, that include financing upstream gas infrastructure where there is a clear benefit in terms of energy access for the poor and where greenhouse gas (GHG) emissions are minimized, projects are consistent with national goals on climate change, and risks of stranded assets are properly analyzed. By adhering to these exclusions, IDB Invest helps ensure that its investment activities support its broader climate risk management strategy.

The Environmental and Social Sustainability Policy also mandates that projects incorporate adequate provisions to avoid, reduce, or remediate negative environmental or community impacts and to support compliance with local labor regulations and IDB Invest’s sustainability standards. When necessary, clients are required to implement additional mitigation measures through Environmental and Social Action Plans included in financing agreements. These plans may also specify actions to address transition and physical climate risks.

IDB Invest remains committed to continuously strengthening its methodologies, tools, and institutional capabilities to further enhance the identification, assessment, prioritization, and mitigation of climate-related risks across its operations.

## A new structure for better climate risk management

In 2025, IDB Invest fully implemented the organizational changes approved under the new business model, operationalizing the integration of the Social, Environmental, and Governance (SEG) team and the Social and Environmental Risk Management (SER) team within the risk management function. With the new structure now in place, the institution has strengthened the end-to-end management of climate risks across project, counterparty, and portfolio levels. This integrated setup has improved information flows, streamlined processes, and enabled more consistent application of climate-related risk criteria throughout the investment cycle. The consolidation of expertise has also facilitated deeper collaboration between technical and risk teams, resulting in enhanced identification, assessment, and mitigation of climate-related risks. Overall, the operationalization of the new structure in 2025 has reinforced IDB Invest’s capacity to manage climate risks.



## Climate risk at portfolio level

An initial 2024 portfolio-level climate risk assessment pilot project established the analytical foundations for the development of IDB Invest’s climate stress-testing methodology, providing a clearer view of risk channels, sector sensitivities, and data needs. Building on the lessons learned from the 2024 pilot, the methodology was refined in 2025 to better align with the institution’s Risk Appetite Policy and to support more risk-sensitive decision-making. Enhancements included the incorporation of more granular data, improved risk classification criteria, and thresholds calibrated to reflect IDB Invest’s strategic tolerance for climate-related risks. These refinements strengthen the institution’s ability to identify, monitor, and manage climate risk concentrations as its data and analytical capabilities continue to evolve.

## Climate Risk Assessment Methodology at project level

### Identification and assessment of physical risks

IDB Invest follows a three-step methodology to assess disaster and physical climate-related risks comprising of a screening, analysis, and risk management stage. The first step, a multi-hazard screening, leverages geographical information systems. Thereby, IDB Invest screens asset locations based on over 20 different acute and chronic hazard layers including exposure to heat waves, changes



in precipitation patterns, riverine flooding, and hurricane wind hazard. This enables corroboration of client information and screening against both historical trends and exposures

according to various climate models and scenarios. Sector sensitivity information forms part of the screening to complement the natural hazard and exposure data. For transactions

that are considered to face medium or high climate-related risks or for those where location-based information cannot be evaluated, further analysis takes place. This takes the form of independent engineer reviews for infrastructure projects, client documentation reviews and an assessment of existing risk management systems and procedures. Where applicable and in accordance with its Sustainability Policy Framework, IDB Invest may require or recommend climate risk management-related measures to clients as part of the Environmental and Social Action Plan.

IDB Invest assesses a transaction’s physical risk as well as resilience and adaptation measures. IDB Invest is using AGRIADAPT, a physical risk assessment tool leveraging cutting-edge climate and agricultural data, for the agribusiness sector.

### Identification and assessment of transition risks

As part of the alignment process of all operations to the countries’ international commitments, IDB Invest is considering transition, carbon lock-in and stranded asset risks when analyzing direct investments that are not considered universally aligned according to the Joint MDB Methodological Approach. The mitigation assessment considers the use of proceeds for direct investments and the counterparty for transactions where the use of proceeds cannot be ringfenced such as equity investments or working capital loans. IDB Invest uses carbon shadow pricing in its economic analysis where applicable, capturing the impact of its investments on projects’ sustainability.



# METRICS AND TARGETS



## **Advancing Climate, Green, and Nature Finance**

IDB Invest is progressively scaling up its green finance ambition, with a target to reach 60% green finance by 2028. In 2025, IDB Invest committed 4 billion USD in green finance, reflecting a gradual ramp-up in line with its institutional strategy. Green finance is tracked using the IDB Group's Green Finance Methodology, which classifies eligible investments contributing to climate change mitigation, adaptation, and environmental sustainability.

In parallel, IDB Invest began identifying and reporting nature finance in alignment with the MDB Common Principles for Tracking Nature Finance. The institution applies the MDB Common Nature Finance Taxonomy to screen activities that contribute to nature-positive outcomes and support the implementation of the Kunming-Montreal Global Biodiversity Framework. This includes biodiversity restoration, nature-based solutions, and actions to reduce direct drivers of ecosystem loss.





Table 1: **Climate-related financial and non-financial solutions**

|                                                                                                                   | 2023                  | 2024                  | 2025                     |
|-------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|--------------------------|
| <b>Climate finance</b> (\$, millions)                                                                             | <b>2,178</b>          | <b>2,281</b>          | <b>3,683</b>             |
| <b>Green finance, including</b><br>(\$, in millions) <sup>2</sup>                                                 | <b>NM<sup>3</sup></b> | <b>2,821</b>          | <b>4,071<sup>4</sup></b> |
| <b>Green finance in IDB Invest operations</b><br>(% of committed amount) <sup>5</sup>                             | <b>NM<sup>6</sup></b> | <b>55%</b>            | <b>49%</b>               |
| <b>Projects supporting climate mitigation and/or adaptation</b><br>(% of new commitments)                         | <b>65%</b>            | <b>78%</b>            | <b>85%</b>               |
| <b>Transactions with adaptation measures</b><br>(% of total transactions closed that include adaptation measures) | <b>27%</b>            | <b>31%</b>            | <b>33%</b>               |
| <b>Value of Physical Assets Secured by Investments in Climate Adaptation</b> (US\$, in millions)                  | <b>NM<sup>8</sup></b> | <b>NM<sup>9</sup></b> | <b>2,337</b>             |
| <b>Clients supported with non-financial climate interventions</b> (#) <sup>10</sup>                               | <b>49</b>             | <b>47</b>             | <b>56</b>                |

2. Historically, the climate finance amount included short-term climate financing without mobilization. Given the new institutional strategy that went into effect in 2025, IDB Invest now reports only long-term climate finance and includes the amount mobilized. As such, for 2025, IDB Invest reached long-term climate finance including core mobilization of \$3,683 million. Additionally, the 2025 long-term climate finance without core mobilization totaled \$1,656 million.

3. Not measured

4. In 2025, green finance was measured including core mobilization and totaled \$4 billion.

5. Under its new institutional strategy, IDB Invest updated its climate and green finance methodology to reflect its new business model to unlock capital from partners as well as capture non-climate related green finance such as nature-positive investments. During 2023, green finance was not measured, however climate finance without mobilization resulted in 32%. In 2024, green finance including climate finance resulted in 35%. During 2024, with the updated methodology to incorporate climate finance mobilization, IDB Invest reached 55% in green finance.

6. Not measured

7. Per the above updated methodology, during 2025, 85% of the projects committed to by IDB Invest included a green component, including climate. Previous years only reported on projects that had a climate component.

8. Not measured

9. Not measured

10. Number of non-financial technical assistance projects to support clients in climate risk management and unlocking climate finance.



GHG Corporate Emissions and Emissions Reductions

Since 2006 the IDB Group has been committed to carbon neutrality for its corporate operations. The Group fosters renewable energy and other corporate sustainability measures in its country offices with the objective of reducing corporate GHG emissions further every year.

The IDB Group offsets residual emissions through a series of investments in carefully selected Verified Emission Reductions from projects in Latin America and the Caribbean. IDB Invest forms part of the annual selection committee responsible for this purchase.

The IDB Group monitors and reports key performance indicators including Scope 1, Scope 2 and Scope 3 GHG emissions according to GRI standards, presented as carbon dioxide equivalent (CO2e). In table 2, IDB Invest discloses metrics pertaining to pro-rated IDB Group data based on the proportion of employees working at IDB Invest, except Scope 3 Categories 1 and 2, which are estimated using IDB Invest-specific activity data.

Table 2: GHG metrics relating to corporate activities <sup>11 12</sup>

|                                                                                                                 | 2023 | 2024  | 2025  |
|-----------------------------------------------------------------------------------------------------------------|------|-------|-------|
| Scope 1, direct GHG emissions                                                                                   | 141  | 155   | 95    |
| Scope 2, energy-related indirect emissions                                                                      | 866  | 894   | 903   |
| Scope 2, energy-related indirect GHG emissions<br>(market-based approach reflecting renewable energy purchases) | 239  | 221   | 364   |
| Scope 3, category 1:<br>purchased goods and services                                                            | NM   | 3,229 | 3,875 |
| Scope 3, category 2:<br>capital goods                                                                           | NM   | 45    | 42    |
| Scope 3, category 6:<br>business travel                                                                         | 897  | 1,898 | 2,031 |
| Scope 3, Category 7:<br>commuting                                                                               | NM   | 377   | 345   |
| Scope 3 total, excluding category 15                                                                            | 897  | 5,549 | 6,293 |

11. These metrics relate to the IDB Group figure, prorated with the proportion of employees working for IDB Invest (i.e. 14.8% in 2023, 15.1% in 2024, and 15.7% in 2025). Since 2025, Scope 3 Category 1 and Category 2 include p-card expenses. Further information on the carbon accounting methodology, reduction targets and carbon neutrality is available in the IDB Invest Sustainability report as well as in its Global Reporting Initiative Annex.

12. Minor differences may appear in past or future reports due to calculation refinements after each year's report is published.



## GHG financed emissions and emissions reductions

IDB Invest monitors financed emissions, which relates to the GHG Protocol's Scope 3, Category 15 (Investments) and is not part of the corporate emissions reporting.

IDB Invest tracks absolute GHG emissions of those transactions which are expected to produce above 25,000 metric tons CO2e per annum. Transaction-specific GHG information is disclosed as part of the Environmental and Social Review Summary that is published for every project in accordance with its Access to Information Policy. For the aggregated data in Table 3, only project finance-related transactions are currently in scope for reporting.

IDB Invest also measures and reports on GHG emission reductions of projects financed. This metric includes climate change mitigation actions under the different Intergovernmental Panel on Climate Change (IPCC) sectors. Estimations are based on a counterfactual, by comparing projects to a 'without project scenario'.

13. This figure refers to estimated gross combined Scope 1 and 2 GHG emissions of project finance transactions emitting over 25,000 t CO2e per year, which were in the active portfolio of IDB Invest in the respective reporting year. This figure excludes biogenic GHG emissions from stationary sources.

14. Provisional data. 2025 GHG emissions are materially influenced by the Manzanillo project. Excluding Manzanillo, total GHG emissions on active portfolio in 2025 would be approximately 2.8 million tons of CO<sub>2</sub>. GHG emissions from new projects closed in reporting year would be approximately 545K tons of CO<sub>2</sub>.

15. This figure refers to the estimated GHG emissions reduced per year by projects that were in the active portfolio of IDB Invest in the reporting year. Reductions from investments in Financial Institutions are not included.

16. The difference (decrease) in terms of GHG annual expected reductions is derived from: i) difference between the actual and ex-ante estimation, as some of the financed projects started actual energy generation reporting, and ii) because of the evolution in grid emission factors of the countries.

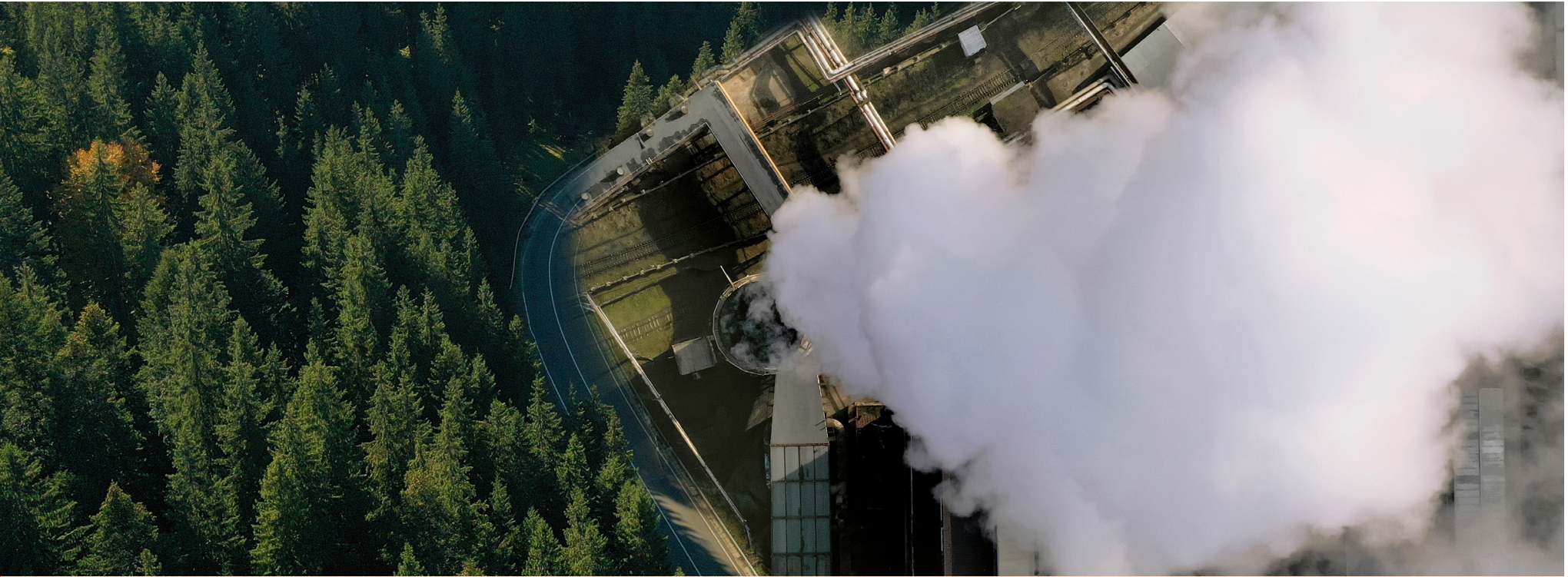


Table 3: **GHG metrics relating to financing activities**

|                             | 2023      | 2024      | 2025                    |
|-----------------------------|-----------|-----------|-------------------------|
| GHG emissions <sup>13</sup> | 3,117,504 | 2,960,485 | 5,6586,62 <sup>14</sup> |

Active portfolio in reporting year, estimated and reported figures

|                                       | 2023                     | 2024       | 2025       |
|---------------------------------------|--------------------------|------------|------------|
| GHG emission reductions <sup>15</sup> | 13,054,013 <sup>16</sup> | 13,335,362 | 14,122,447 |



The portfolio risk assessment indicated that 25% of IDB Invest's portfolio has high physical risk exposure with significant prevalence of acute physical hazards in the short term primarily concentrated in Brazil, Colombia, and Mexico within industry, transport and agriculture sectors. Additionally, several small countries have a relevant portion of their portfolio exposed to high physical risk. The assessment also indicated that 10% of the portfolio is exposed to high transition risk, concentrated in Colombia and Brazil, primarily within the transportation and industry sectors. These risks are managed through the policies and processes described in the risk management section.

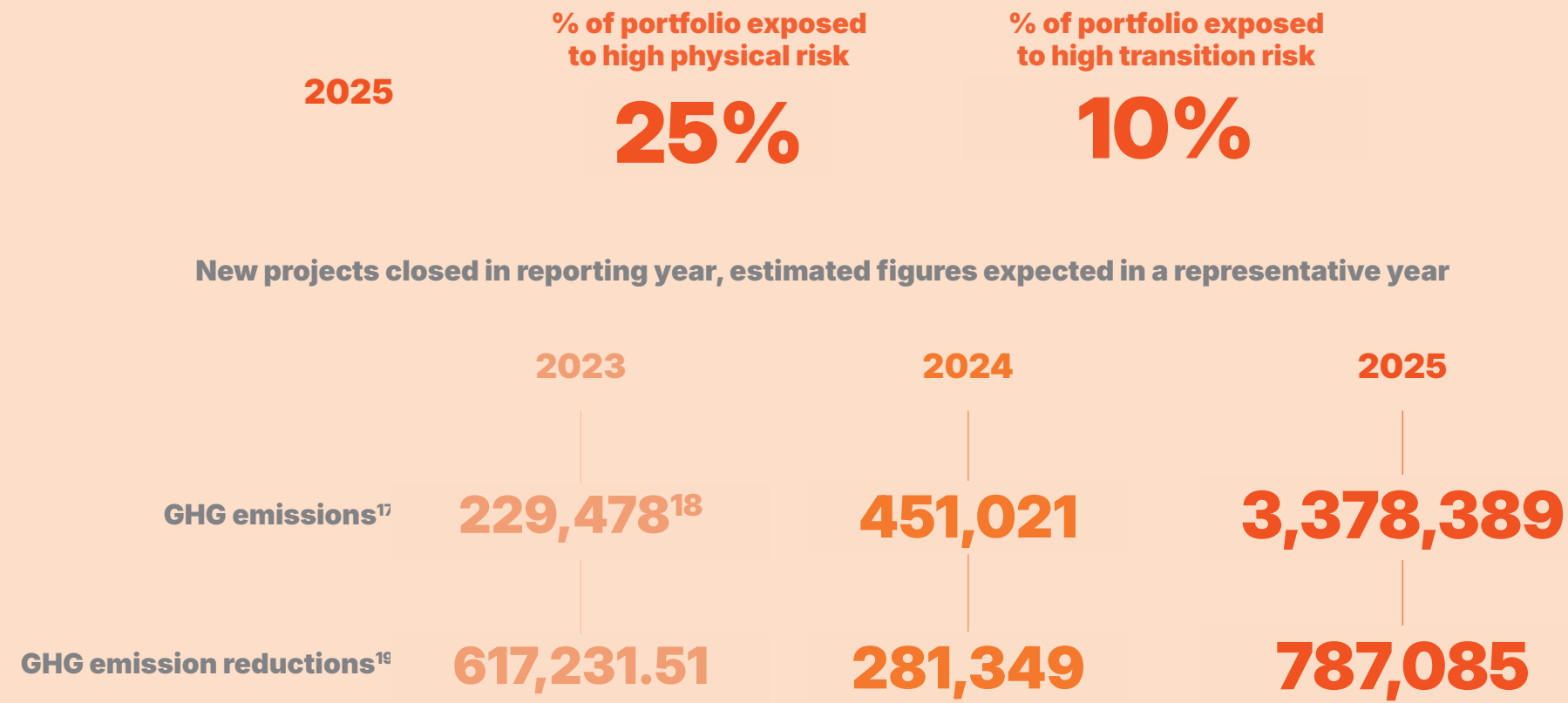
17. This figure refers to estimated gross emissions from project finance transactions emitting over 25,000 t CO2e per year, which were closed in the reporting year, calculated as the annual emissions expected to be produced during a representative year. This figure excludes biogenic GHG emissions from stationary sources.

18. In 2023, IDB Invest did not close any project finance transactions whose annual combined Scope 1 and Scope 2 emissions were expected to be above 25,000 t CO2e during a representative year.

19. This figure refers to the estimated GHG emissions reduced per year by new projects closed in the reporting year. Reductions from investments in Financial Institutions are not included.



Table 4: **Portfolio exposure to climate risk**







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