European Commission

Annual Activity Report 2024

annexes

DIRECTORATE-GENERAL FOR CLIMATE ACTION

Contents

ANNEX 1: Statement of the Director(s) in charge of Risk Management and Internal Control

I declare that in accordance with the Commission's communication on the internal control framework (1)***,*** *I have reported my advice and recommendations on the overall state of internal control in the DG to the Director-General.*

I hereby certify that the information provided in the present annual activity report and in its annexes is, to the best of my knowledge, accurate and complete."

Brussels, 31 March 2025

(e-signed)

Yvon SLINGENBERG

Director in charge of risk Management and Internal Control

(1) C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

General objective: an EU Green Deal			
Impact indicator: Greenhouse gas emissions **Explanation:** This indicator measures man-made emissions of the so-called 'Kyoto basket' of greenhouse gases, which are integrated into a single indicator expressed in units of CO2 equivalents using each gas' global warming potential. It shows changes in percent of the emissions compared to 1990 levels. It includes LULUCF and excludes international aviation(2) **Source of the data:** European Environmental Agency: Approximated GHG inventory (provisional estimates) and Climate Action Progress report (3)			
Baseline (2018)	**Interim Milestone** (2020)	**Target** (2030)	**Latest known results** (2023)
-25%(4)	-20%	-55% of net GHG emissions	-37% (provisional estimate)(5)
Impact indicator: Greenhouse gas emissions intensity of energy consumption **Explanation:** The greenhouse gas emissions intensity of energy consumption is the ratio between greenhouse gas emissions of energy sector and the total gross inland consumption of energy. It expresses how many tonnes of CO2 equivalent of greenhouse gases are emitted during energy production per unit of energy consumed. A decrease signifies either burning relatively less fossil fuels or switching to fossil fuels with lower carbon intensity (for example from coal to natural gas). Index: 2000 = 100 **Source of the data:** Eurostat (computed from online data code datasets: ENV_AIR_GGE and NRG_BAL_C .			
Baseline (2017) (6)	**Interim Milestone (2021)**	**Target (2022)**	**Latest known results (2024)**
86.9	81.2	Decrease	83.6

(2) In order to integrate current work on alignment with the scope of the climate targets as set out in the European Climate Law (Regulation (EU) 2021/1119), which covers emissions and removals of greenhouse gases regulated in Union law.

(3) COM(2024)498

(4) Baseline value has been updated in order to express it in terms of net greenhouse gas emissions, including LULUCF and excluding international aviation.

(5) The Governance Regulation ((EU) 2018/1999) requires Member States to annually report approximated greenhouse gas inventories by 31 July. A Union approximated greenhouse gas inventory is annually compiled on the basis of the Member States' approximated greenhouse gas inventories or, if a Member State has not communicated its approximated inventories by that date, on the basis of own estimates. In 2021, the final estimate of net GHG emissions was -30%, including LULUCF and international aviation (Eurostat online data code sdg_13_10)

(6) Slightly differs from the data presented in DG CLIMA Strategic plan 2020-2024 because Eurostat periodically revises its published data (including corrections of baselines retrospectively) to reflect new or improved information, also for previous years.

Impact indicator: Climate-related economic losses **Explanation**: The indicator measures economic losses from weather and climate-related disasters expressed in economic losses per year (in current values) and in euros per inhabitant. Types of disasters considered are hydrological, meteorological and climatological events. Data is presented as smoothed time-series based on 30-year moving averages instead of annual figures **Source of the data:** Eurostat (Eurostat online code: sdg_13_40)			
Baseline (2017) (7)	**Interim Milestone (2022)**	**Target (2024)**	**Latest known results (2023)**
Total losses: EUR 13 492 million. Average losses over 30 years in euro pro capita: EUR 30.26	Decrease	Decrease	EUR 20 107 million Average losses over 30 years in euro per capita: EUR 44.84

Impact indicator: Climate mainstreaming in the European Union budget **Explanation:** Proportion of climate related spending (mainstreaming) in the EU budget **Source of the data:** European Commission Draft Budget Reports https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/stability-and-growth-pact/preventive-arm/annual-draft-budgetary-plans-dbps-euro-area-countries/draft-budgetary-plans-2024_en			
Baseline (2014-2020, previous MFF)	**Interim Milestone (2022)**	**Target (2021-2027, current MFF)**	**Latest known results (2024, estimate based on commitment appropriations)**
21%	N/A - there are no annual targets: between 2021-2027 expenditure is expected to fluctuate over the years	30%	34.32%

(7) Slightly differs from the data presented in DG CLIMA Strategic plan 2020-2024 because Eurostat periodically revises its published data (including corrections of baselines retrospectively) to reflect new or improved information, also for previous years.

Specific objective 1.1: Climate neutrality to be achieved by 2050 through a well-functioning EU carbon market and a fair regulatory framework for the EU and its Member States to reduce emissions.

Related spending programme(s): LIFE programme 2021–2027 (Regulation 2021/783)

Result indicator: Level of greenhouse gas emissions captured in the EU Emission Trading System (ETS)

Explanation: Level of greenhouse gas emissions captured by the EU Emission Trading System (ETS) Directive 2003/87/EC (revised by Directive 2023/959)

Source of the data: Energy Union Governance and climate action progress report 2024 (European Commission and European Environment Agency).

Baseline (2005)	**Interim Milestone (2020)**	**Target (2030)**	**Latest known results (2023)**
Index = 100	81 (-21%)	Revised target: 38 (- 62%) compared to 2005	52 (-47.6%)

Result indicator: Level of greenhouse gas emissions (non EU ETS sectors)

Explanation: Level of greenhouse gas emissions captured by the EU Effort Sharing Legislation

Source of the data: Energy Union Governance and Climate Action Progress Report 2024 (European Commission and European Environment Agency): 1 EN ACT part1 v4.docx

Baseline (2005) (8)	**Interim Milestone (2020)**	**Target (2030)**	**Latest known results (2023)**
2,517.050064 Mt Index=100	90 (-10%)	Revised target: 60 (-40%) compared to 2005	81 (-19.2%)

Result indicator: Level of net GHG removals

Explanation: The LULUCF Regulation sets a "no debit rule" to ensure that accounted emissions from land use are entirely compensated by an equivalent accounted removal of CO_2 from the atmosphere through action in the sector.

Source of the data: Energy Union Governance and Climate Action Progress Report (European Commission and European Environment Agency): 1 EN ACT part1 v4.docx

(8) Slightly differs from the data presented in DG CLIMA Strategic plan 2020-2024 because Eurostat periodically revises its published data (including corrections of baselines retrospectively) to reflect new or improved information, also for previous years

Baseline	**Target** **(2030)**	**Latest known results** **(2024)**
EU27 not in debit	EU27 not in debit for first compliance period up to 2025 The 2030 EU target is - 42 Mt CO2-eq additional net removals compared to average net removals from 2016 to 2018 (in total - 310 MT CO2-eq net removals for 2030)	MS' projections are falling short of the 2030 target by around 45-60 MtCO2-eq.

Result indicator: Level of average CO2 emissions from new cars

Explanation: The average specific CO2 emissions of new passenger cars registered in the EU (and Norway and Iceland) need to be below the target set in Regulation (EU) 2019/631. Every year, the Commission calculates the average specific emissions and specific emission targets of manufacturers in the previous calendar year, on the basis of the information on new **car** registrations submitted by Member States.

Source of the data: Data published by the European Commission and European Environment Agency Monitoring of CO2 emissions from passenger cars

Baseline **(2018)**	**Interim Milestone** **(2020)**	**Target** **(2024)**	**Latest known results** **(2023)**
120.4 g CO2/km (NEDC)	95 g CO2/km (NEDC) or 115.1 g CO2/km (WLTP) [9]	95 g CO2/km(NEDC) or 115.1 g CO2/km (WLTP) [10]	106.6 g CO2/km (WLTP) [11]

Result indicator: Level of average CO2 emissions from new vans

Explanation: The average specific CO2 emissions of new light commercial vehicles registered in the EU (and Norway and Iceland) need to **be** below the level set in Regulation (EU) 2019/631. Every year, the Commission **calculates** the average specific emissions and specific emission targets of manufacturers in the previous calendar year, on the basis of the information on new van registrations submitted by Member States.

Source of the data: European Commission and European Environment Agency https://www.eea.europa.eu/data-and-maps/data/vans-16 Data published by the Europe Data published by the Europe

Baseline (2018)	**Interim Milestone (2020)**	**Target (2024)**	**Latest known results (2023)**
158.1 gCO2/km (NEDC)	147 g CO2/km(NEDC) or 189.9 g CO2/km (WLTP) [12]	147 g CO2/km (NEDC) or 189.9 g CO2/km (WLTP) [13]	180.8 g CO2/km (WLTP) [14]

[9] For the purpose of this indicator, the interim milestone is the 2020 EU-fleet wide target set in Regulation (EU) 2019/631: this target is set in relation to the New European Driving Cycle (NEDC) test procedure. To allow comparison with the monitoring results from 2021 onwards, also the equivalent value in relation to the Worldwide harmonised Light-vehicle Test Procedure (WLTP) is mentioned.

[10] Yearly specific emission targets based on this EU fleet-wide target are set for each manufacturer according to the average mass of their vehicles, using a limit value curve. From 2025, new EU fleet-wide CO2 emission targets will apply.

[11] Using Worldwide harmonised Light Vehicles Test Procedure - WLTP

[12] For the purpose of this indicator, the interim milestone is the 2020 EU-fleet wide target set in Regulation (EU) 2019/631: this target is set in relation to the New European Driving Cycle (NEDC) test procedure. To

Result indicator: Level of average CO_2 emissions from heavy-duty vehicles (HDV) **Explanation:** The first-ever EU-wide CO_2 emission standards for HDV were established by Regulation (EU) 2019/1242, which set a 15% reduction target by 2025. As part of the "Fit for 55" legislative package, the emission standards for HDV set were revised. The average specific CO_2 emissions of new heavy-duty vehicles need to decrease below the level set in Regulation (EU) 2019/1242. The amending Regulation 2024/1610 applies from 1 July 2024. Every year, the Commission confirms the calculation of the average specific emissions and specific emission targets of manufacturers for the previous reporting period, on the basis of the information on new vehicle registrations submitted by Member States and manufacturers. **Source of the data:** Data published by the European Commission and European Environment Agency.

Baseline	Interim Milestones	Target (2040)	Latest known results (2021)
CO_2 emissions between 01 July 2019 and 30 June 2020 (i.e. 52.75 g/tkm)	-15% by 2025 -45% by 2030 -65% by 2035	-90% by 2040	52.3%

Result indicator: Life-cycle GHG emissions from fuels **Explanation:** Member States shall require fuel suppliers to reduce the greenhouse gas emission intensity of fuel supplied by 6% by 31 December 2020 as compared to a 2010 baseline (Article 7a (2) of Directive 98/70, Fuel Quality Directive). **Source of the data:** Data published by the European Commission and European Environment Agency: https://www.eionet.europa.eu/etcs/etc-cm/products/etc-cm-report-2024-04 and Climate Action Progress Report [15]

allow comparison with the monitoring results from 2021 onwards, also the equivalent value in relation to the Worldwide harmonised Light-vehicle Test Procedure (WLTP) is mentioned.

(13) Yearly specific emission targets based on this EU fleet-wide target are set for each manufacturer according to the average mass of their vehicles, using a limit value curve. From 2025, new EU fleet-wide CO_2 emission targets will apply.

(14) Provisional data using Worldwide harmonised Light Vehicles Test Procedure – WLTP.

(15) Commission Staff Working Document SWD/2024/249 final EUR-Lex - 52024SC0249 - EN - EUR-Lex.

Baseline (2010)	Interim Milestone (2020)	Target (2023[16])	Latest known results (2022)
94.1 gCO_{2eq}/MJ (Index=100)	6% lower than baseline (Index=94)	6% lower than baseline (Index=94) (17)	5.6% lower than baseline

Result indicator: CO2 storage capacity enabled.
Source of the data: Draft storage permits

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2023)
0 Mt CO2/y	2Mt CO2/y	3 Mt CO2/y	One non-binding opinion issued by the Commission in 2022, with expected storage of 3.8 Mt/y as of 2024 (18)

Result indicator: Level of F-gas emissions (mainly hydrofluorocarbons (HFCs)
Explanation: F-gases are produced to be used in products and equipment, from which they leak into the atmosphere. The recently revised F-gas Regulation (EU) 2024/573 seeks to reduce these emissions by baseline.
Source of the data: EEA greenhouse gas viewer, based on Member States submissions under the EU greenhouse gas monitoring mechanism https://www.eionet.europa.eu/etcs/etc-cm/products/etc-cm-report-2023-05-approximated-eu-greenhouse-gas-inventory; https://www.eea.europa.eu/en/datahub/datahubitem-view/f6e68f73-b494-4f8c-8c73-8a153a53f64a

Baseline (2014)	Interim Milestone (2024)	Target (2030)	Latest known results (2022)
123.9 Mt CO2 eq. emitted	86.7 Mt CO2 eq. emitted	40.9 Mt CO2 eq. emitted	72. Mt CO2 eq emitted (-41 %)

Result indicator: Ozone depleting substances: maintain zero consumption.
Explanation: Consumption of ozone-depleting substances is an aggregated parameter calculated for data reported under the Montreal Protocol. It is calculated as: production + import – export – destruction. It excludes non-virgin imports and exports and amounts that are produced for feedstock and process agent use.
Source of the data: Annual report on ozone-depleting substances in the EU submitted to the United Nations Environment Programme, based on data that EU undertakings reported to the Commission under the Ozone Regulation (EC) 1005/2009.
https://ozone.unep.org/taxonomy/term/881

(16) The target was removed from the Fuel Quality Directive (EU) 98/70 by the revised Renewable Energy Directive (EU) 2018/2001, which came into effect on 20 November 2023. However, reporting data from Member States for the years 2022 and 2023 cover both.
(17) The amendment of the Renewable Energy Directive (EU) 2023/2413 repealed the 6% GHG intensity of transport fuels target from the Fuel Quality Directive as of the 20 November 2023.
(18) The actual permit approval is in the remit of Member States.

Baseline	Target (2024)	Latest known results (2023)
Zero consumption	Zero consumption	*-276 ODP tonnes

Result indicator: Proportion of proposed legislative revisions that include burden reduction measures
Explanation: The indicator measures how the Commission upholds its commitment to ensure that proposals for legislative revisions incorporate burden reduction measures, in the broader context of REFIT programme and One-In, One-Out approach. The indicator shows how many proposed legislative revisions out of the total, for each relevant specific objective, include measures that concretely reduce burden.
Source of the data: DG CLIMA

Baseline	Interim Milestone (2022)	Target (2024)	Latest known results (2024)
(N/A)	Positive trend	Positive trend	N/A [19]

Result indicator: Percentage of impact assessments submitted by DG CLIMA to the Regulatory Scrutiny Board that received a favourable opinion on first submission
Explanation: The opinion of the RSB will take into account the better regulation practices followed for new policy initiatives. Gradual improvement of the percentage of positive opinions on first submission is an indicator of progress made by the DG in applying better regulation practices.
Source of the data: DG CLIMA

Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2024)
50%	50%	75%	N/A [20]

Main outputs in 2024:

New policy initiatives

Output	Indicator	Target	Latest known results
2040 climate target	Adoption by the Commission (Communication and impact assessment)	Q1 2024	Communication adopted on 6 February 2024 [21] based on the impact assessment published on the same day. [22]

[19] Burden reduction measures included in the two legislative proposals adopted in 2023, i.e. the review of the CO2 emission standards for heavy-duty vehicles and the monitoring framework for resilient European forests. In 2024, DG CLIMA did not present any legislative revisions.
[20] In 2024 no legislative revisions from DG CLIMA have been adopted.
[21] EUR-Lex - 52024DC0063 - EN - EUR-Lex
[22] EUR-Lex - 52024SC0063 - EN - EUR-Lex

Industrial Carbon Management	Adoption by the Commission	Q3 2024	Communication adopted on 6 February 2024. ([23])

Evaluation and fitness checks

Output	Indicator	Target	Latest known results
Evaluation of the car labelling Directive	Adoption of the evaluation staff working document by the Commission	Q3 2024	Adoption expected by Q2 2025.

Enforcement actions

Output	Indicator	Target	Latest known
Completeness check of national measures transposing the revised EU ETS Directive (incl. ETS1, ETS2, aviation and maritime)	Finalised completeness check of national transposition measures that have been timely notified to the Commission, launching infringement proceedings against Member States where transposition measures are missing.	Q4 2024 (this exercise may be continued post-2024 according to state of Member States' notifications)	Completeness check of national transposition measures that have been timely notified to the commission completed and ongoing completeness check of recent notified national transposition measures. In Q1 and Q3 2024, letters of formal notice sent out to the Member States. In Q4 2024 preparation of Reasoned Opinions for incorrect or no implementation.

Other important outputs

Output	Indicator	Target	Latest known results
Report on the implementation of the ETS extension to maritime transport	Adoption by the Commission	Q4 2024	Adoption and Publication expected by the beginning of Q2 2025
EU emissions trading system - update of the Verification and Accreditation Regulation	Adoption of the Commission Implementing Regulation	Q4 2024	Planned for Q1/Q2 2025
Permanent Carbon Capture Use in response to the ETS revision / Fit for 55	Adoption of the Commission Implementing Regulation	Q1 2024	Implementing Regulation (EU) 2024/2620 adopted on 30 July 2024
Amendment of the Implementing Regulation on monitoring & reporting of emissions in response to the ETS revision	Adoption of the Commission Implementing Regulation	Q3 2024	Implementing Regulation (EU) 2024/2493 adopted 23 September 2024

([23]) EUR-Lex - 52024DC0062 - EN - EUR-Lex

ETS2 - Implementing act related to financial compensation for double counting and delegated acts approving Member State opt-ins of additional sectors	Adoption of implementing act Adoption of first batch of delegated acts	Q4 2024 Q3 2024	Three Delegated Acts approving Member State opt-ins of additional sectors have entered into force and a fourth is undergoing public consultation. The Dutch and Austrian opt-in Decisions entered into force on 6/12/2024; the Swedish opt-in entered into force on the 17/02/2025; and the Finnish opt-in is currently published for public consultation on the better regulation portal and will enter into force at the end of Q2 2025. A draft Implementing Act has been shared with the CCEG on ETS2 Implementation. It is in the legislative pipeline with adoption planned for Q3/Q4 2025.
Implementing Regulations related to CORSIA	Adoption of the Commission Implementing Regulations	Q3 2024	Implementing Regulations (EU) 2024/622 adopted on 22 February 2024, (EU) 2024/2850 adopted on 11 November 2024 and (EU) 2024/1879 adopted on 9 July 2024.
Regulation amending the Registry Union Regulation on LULUCF and on Effort Sharing matters	Adoption of the delegated Regulation	Q2 2024	Planned for adoption in Q2 2025
LULUCF - Implementing Act setting out the structure, format, technical details and process for submission of evidence on long-term impacts of climate change or effects of organic soils	Adoption of the Commission Implementing Regulation	Q3 2024	Planned for adoption in Q3 2025
F-gas Implementing Acts covering for example minimum requirements for certification programmes for various types of equipment, quota reference values, allocation of production rights to producers, reporting format, label on F-gas equipment and Registry act	Adoption of the Commission Implementing Regulations	Q4 2024	10 Implementing Acts adopted by Q4 2024. The new acts are ensuring that the implementation will become fully consistent with the new F-gas Regulation (EU) 2024/573.
Procurement contracts	Contracts signed	16 contracts signed by 31 December 2024	15 contracts signed by 31 December 2024

Specific objective 1.2: EU climate legislation is monitored through the Energy Union Governance, is properly applied and enforced and is mainstreamed in the European Semester process

Related spending programme(s): LIFE programme 2021–2027 (Regulation 2021/783)

Result indicator: Level of uptake of (new) post 2020-EU GHG emission reduction target in national energy and climate plans

Explanation: The Governance Regulation (Regulation (EU) 2018/1999) requires Member States (MS) to submit to the Commission their integrated national energy and climate plan (NECP) to meet the EU's energy and climate targets for 2030.

Source of the data: State of the Energy Union report

Baseline (2019)	**Interim Milestone (2020)**	**Target (2024)**	**Latest known results (2023)**
Member States submitted their draft NECPs	Member States' final NECPs reflecting the at least 40% GHG emission reduction target at EU level by 2030.	Member States' final updated NECPs reflecting the updated EU post-2020 goals.	Member States were due to submit their final updated NECPs by 30 June 2024. In 2024, 20 Member States submitted their final plans.

Result indicator: Timeliness of transposition and conformity checks conducted by DG CLIMA

Explanation: DG CLIMA monitors the transposition of Directives through transposition checks and conformity checks of national measures

Source of the data: DG CLIMA

Baseline (2019)	**Interim Milestone (2020)**	**Target (2024)**	**Latest known results (2024)**
All transposition checks and conformity checks are performed on time	Completeness check of national measures transposing the revised EU Emission Trading System (EU ETS) Directive for the phase 4	Transposition and conformity checks of revised Directives (to be confirmed, depending on the 2030 increased targets)	In the broader context of enforcement of EU law, continuation of infringement proceedings regarding delayed submission of long-term strategy, opening of infringement proceedings regarding non-communication of transposition measures transposing EU ETS Directives and launch of EU Pilot dialogues regarding delayed submission of updated National Energy and Climate Plans.

Main outputs in 2024:

Evaluation and fitness checks

Output	Indicator	Target	Latest known result
Evaluation of the Governance Regulation of the Energy Union and Climate Action Regulation (together with DG Energy)	Adoption by the Commission of the evaluation staff working document	Q2 2024	Report and staff working document on the Review of the Governance Regulation adopted on 11 September 2024.

Other important outputs			
Output	**Indicator**	**Target**	**Latest known results**
Support to Member States to finalise their National Energy and Climate Plans (NECPs)	Continuous support to Member States	2024	Continuous support to Member States to submit their final updated NECPs
Commission assessment of final NECPs	Delivery	2024	Planned for Q2 2025
Contribution to reflection of climate priorities in the implementation of the recovery and resilience plans, including RepowerEU chapter	Delivery	2024	Ongoing. Final contribution planned for Q4 2026
State of the energy union report, including climate action progress report for 2024	Adoption by the Commission	Q3 2024	State of the Energy Union Report 2024 adopted on 11 September 2024 Climate Action Progress Report adopted on 31 October 2024
Annual Report on CO2 Emissions from Maritime Transport	Adoption by the Commission	Q1 2024	Report adopted on 8 April 2024
Amendment of the climate reporting implementing regulation under the Governance Regulation to reflect the Fit for 55 outcomes, including ETS auction revenue use reporting	Adoption by the Commission	Q2 2024	Amendment adopted on 7 May 2024 (Commission Implementing Regulation (EU) 2024/1281).
Procurement contracts	Contracts signed	2 contracts signed by 31 December 2024	2 contracts signed by 31 December 2024

Specific objective 1.3: Climate-related spending mainstreamed in the EU budget and in private funds to finance the green and just transition and invest in particular in low carbon and other climate innovations.

Related spending programme(s): LIFE programme 2021–2027 (Regulation 2021/783)

Result indicator: GHG emissions reduction or avoidance triggered by projects financed under the Innovation Fund and the Private Finance for Energy Efficiency (PF4EE)

Explanation: The three instruments mentioned above finance concrete low-carbon projects
Source of the data: Annual operational report from the European Investment Bank (for PF4EE), annual reports from the Innovation and Networks Executive Agency (for the Innovation Fund)
Methodology for calculating the indicator: In general, data reported will correspond to the achieved reduction (or avoidance) of GHG emissions triggered by the projects. However, for the Innovation Fund during the first years of implementation, data reported will correspond to the expected GHG emissions avoided or reduced, until first projects enter into operation. This is due to the time lag between contract signature and entry of projects into operation.

Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2024)
For the Innovation Fund: Not applicable because it is a new instrument	N/A before award of financing to first projects	N/A before award of financing to first projects	Planned GHG emission avoidance: 452 million tonnes CO2eq [24] Achieved GHG emission avoidance: 39,9 tonnes CO2eq [25]
For PF4EE: 57 190 tons of CO2	152 000 tCO2	247 000 tCO2	114 367,09 tCO2 [26]

Result indicator: Investment mobilised through the Innovation Fund and the Private Finance for Energy Efficiency (PF4EE) and NER300.
Explanation: The level of investment mobilised corresponds to the volume of clean-tech investments mobilised by the NER300, PF4EE and the Innovation Fund.
Source of the data: Respective programme annual reports.
Methodology for calculating the indicator: Total volume of investments triggered by the financing provided by the respective programme.

The Private Finance for Energy Efficiency (PF4EE)

Baseline	Interim Milestone	Target	Latest known results (2024)
EUR 150 million	EUR 400 million	EUR 700 million	EUR 691 million [27]

Innovation Fund

(24) For all projects under implementation on 31 December 2023. This figure does not include an outlier project from the first call for small scale projects which accounts for 26,9 million tonnes CO2eq.
(25) For the projects that entered into operation and reported by 31 December 2023 (i.e. only 1 project).
(26) Awaiting the Annual Operational Report for 2024. The information will be updated accordingly.
(27) Awaiting the Annual Operational Report for 2024. The information will be updated accordingly.

Baseline	Interim Milestone	Target	Latest known results (2024)
N/A because new instrument	N/A before award of financing to first projects	N/A before award of financing to first projects	EUR 38,684 million [28]

Result indicator: Expected reduction of GHG emissions triggered by LIFE projects
Explanation: Results from projects financed by the LIFE programme
Source of the data: Programme Statement LIFE programme, based on the LIFE Key Performance Indicators (KPI) database managed by CINEA

Methodology for calculating the indicator: This indicator catches the additional GHG reductions of CO2 and other GHGs emissions, reported in tonnes of CO2 equivalent per year (CO2e/year). Considering the project life cycle and the delays in the start-up of the programme implementation, data on 2021 projects are available starting from 2024. Data are cumulative and will be progressively updated. Milestones and targets are purely indicative and based on historical trends and projections on the average size and the estimated budget allocations for these projects. The actual result will depend on these variables and on the intervention area of projects retained for funding after the evaluation process.

Baseline (2020)	Interim Milestone (2022)	Target (2030)	Latest known results (2024)
12 000 000 tCO2eq/year	12 000 000 tCO2eq/year	16 466 390 tCO2eq/year	13 444 40100 tCO2eq/year

Result indicator: Population in vulnerable areas/cities benefitting from further protection against the adverse effects of climate change
Explanation: Results from projects financed by the LIFE programme that aim to strengthen resilience and adaptive capacity to climate-related hazards and natural disasters
Source of the data: Programme Statement LIFE programme, based on the LIFE Key Performance Indicators (KPI) database managed by the Executive Agency for Small and Medium-sized Enterprises (EASME)
Methodology for calculating the indicator: number of people whose climate sensitivities are reduced and adaptive capacities are increased as a result of LIFE projects. Considering the project life cycle and the delays in the start-up of the programme implementation, data on 2021 projects are available starting from 2024. Data are cumulative and will be progressively updated. Milestones and targets are purely indicative and based on historical trends and projections on the average size and the estimated budget allocations for these projects. The actual result will depend on these variables and on the intervention area of projects retained for funding after the evaluation process.

(28) Expected volume of investments triggered, calculated as total CAPEX including the Innovation Fund grant, for the projects that signed a grant agreement by the end of 2023

Baseline (2020)	Interim Milestone (2022)	Target (2030)	Latest known results (2021)
1 700 000	1 700 000	3 140 408	3 427 190 ([29])

Main outputs in 2024:

Evaluations and fitness checks

Output	Indicator	Target	Latest known results
Monitoring and Evaluation framework for LIFE programme 2021-2027 (together with DG Environment and DG Energy)	Adoption by the Commission of the staff working document	Q1 2024	Adopted on 16 April 2024
Mid-term evaluation of the LIFE programme 2021-2027 (together with DG Environment and DG Energy)	Adoption by the Commission of the evaluation staff working document	Q4 2024	Study to support the Commission's mid-term evaluation of the LIFE Programme 2021-2027 as per article 20(2) of the LIFE Regulation (EU)2021/783 delivered in Q1 2024. Date of adoption TBD.

External communication actions

Output	Indicator	Target	Latest known results
Innovation Fund - Hybrid stakeholders workshops for the preparation of the next calls for proposals	Number of attendees	50 participants / event (in total 4 events)	Done in June 2024, 210 participants in total in person and 1.000 participants online
Knowledge-sharing events for Innovation Fund projects	Number of attendees	30 participants/event (in total 2 events)	3 events organised with around 50 participants per event
Info Days to promote the 2 Innovation Fund calls to be launched in Q4 2024	Number of attendees	300 participants/event (in total 2 infodays)	2 Infodays organized: If24Auction Infoday with 1200 participants and IF24 Calls Infoday with 3000 participants.

Other important outputs

Output	Indicator	Target	Latest known results
Innovation Fund progress	Adoption	Q3 2024	Adopted in December

([29]) The value for this indicator exceeds the initial planning. The scope of the projects on climate adaptation is wider than expected. Milestones and target will need to be revised as soon as more data will become available to confirm the trend.

report for 2024			2024
Award decisions on the Innovation Fund 2023 calls and auctions	Decision adopted	Q2 2024 and Q4 2024	IF23 Auction award decision adopted in Q3 2024. IF23 Call award decision adopted in Q1 2025.
LIFE programme – Multiannual work programme for the years 2025-2027	Adoption	Q4 2024	21 February 2025
Award of grants under the 2023 LIFE Climate Change Mitigation and Adaptation calls	Signature of grant agreements	Q2 2024 for proposals on standard action projects Q4 2024 for proposals on strategic integrated projects	Standard action projects awarded in Q3 2024. Strategic integrated projects awarded in Q4 2024.
Two disbursement decisions under the Modernisation Fund	Decisions adopted	One disbursement decision in Q1 2024 and one disbursement decision in Q3 2024	First disbursement decision on 12 June 2024. Second disbursement decision on 11 December 2024.
Horizon Europe Strategic Plan 2025-27	Adoption	Q1 2024	Adopted in March 2024
Procurement contracts	Contract signed	Five contracts signed by 31 December 2024	Five contracts signed by 31 December 2024

Specific objective 1.4: A voice and a space is given to citizens, cities, regions and all stakeholders to design and implement climate actions, share information, launch grassroots activities and showcase solutions that others can follow through the Climate Pact and the EU Covenant of Mayors

Related spending programme(s): LIFE programme 2021–2027 (Regulation 2021/783)

Result indicator: % of respondents that have personally taken action to fight climate change

Explanation: Result of face-to-face interviews carried out in all Member States of the EU with respondents from different social and demographic groups. The following question is asked: "Have you personally taken any action to fight climate change over the past six months?"

Source of the data: EU barometer survey (conducted every two years)

Baseline (2018)	**Interim Milestone (2020)**	**Target (2024)**	**Latest known results (2023)**
60%	Further increase	As high as possible, further increase	63% ([30])

Result indicator: Population covered by the EU Covenant of Mayors for Climate and Energy

Explanation: Population covered by the EU Covenant of Mayors for Climate and Energy, representing the size of population living in jurisdiction that have voluntarily committed to achieving and exceeding the EU climate and energy targets

Source of the data: Sustainable development goals indicators, (Eurostat online data code: sdg_13_60)

Baseline (2019) ([31])	**Target (2024)**	**Latest known results (2022)**
188.5 million people	Steady increase	195.950 million people

Main outputs in 2024

External communication actions

Output	**Indicator**	**Target**	**Latest known results**
European Climate Pact	Number of attendees	400 attendees (in	210 Community

([30]) The Special Eurobarometer on Climate Change is conducted every 2 years, the 2023 result remains the latest (next survey to be conducted in 2025).

([31]) Slightly differs from the data presented in DG CLIMA Strategic plan 2020-2024 because Eurostat periodically revises its published data (including corrections of baselines retrospectively) to reflect new or improved information, also for previous years

event		person and/or online)	members (Ambassadors and Partners) joined the Climate Pact event in Brussels and 197 online on 5 Mach 2024.
Annual dialogue with stakeholders	Number of attendees	500 attendees (in person and/or online)	100 attendees
EU Day for the Victims of the Global Climate Crisis - Event	Number of attendees	100 attendees (in person and/or online)	150-200 persons participated in the commemoration Ceremony organised in Brussels on 15 July 2024.

Other important outputs

Output	**Indicator**	**Target**	**Latest known results**
Outreach and engagement activities in Member States	Number of activities recorded	6	26 Roadshow stops
Climate Pact ambassadors	Number of ambassadors	700 by the end of 2024	811 Ambassadors and 52 Partners organisations on 31/12/2024.

Specific objective 1.5: *EU society (people, nature and welfare) is increasingly climate-resilient, adapted and equipped, protected and insured against the adverse impacts of* climate change
Related spending programme(s): LIFE programme 2021–2027 (Regulation 2021/783)

Result indicator: Number of Member States with adaptation plans
Explanation: Number of EU Member States that have communicated the establishment or operationalisation of an integrated plan which increases their ability to adapt to the adverse impacts of climate change and foster climate resilience. National Adaptation Plans usually aim to implement National Adaptation Strategies and to organise activities for achieving their objectives.
Source of the data: Climate-ADAPT, https://climate-adapt.eea.europa.eu/countries-regions/countries

Baseline (2018)	**Interim Milestone (2022)**	**Target (2024)**	**Latest known results (2024)**
20	23	All Member States	All 27 Member States met this target.

Main outputs in 2024:

New policy initiatives

Output	Indicator	Target	Latest known results
Communication on managing EU climate risks	Adoption by the Commission of the Communication	Q1 2024	Adopted in Q1 2024.

External communication actions

Output	Indicator	Target	Latest known results
Climate adaptation mission – annual mission forum	Number of attendees	350 in-person attendees and up to 700 online attendees	296 in-person attendees and 151 attendees online

Other important outputs

Output	Indicator	Target	Latest known results
Horizon Europe – Mission on adaptation - Active involvement of regional and local actors in projects demonstrating innovative climate resilience solutions	Number of projects	Addition of 10 projects (40 active regions) to the Mission portfolio	19 new projects retained for granting (will be add to the running portfolio of 46 projects)
Organise climate resilience dialogue	Two meetings organised Final report published	Q1 and Q2 2024	In-person meeting on 25/01/24 with 40 attendees. Second meeting cancelled due to delays in the delivery of the final report. Final report published in July 2024.
Procurement contracts	Contracts signed	One contract signed by 31/12/2024	One contract signed by 31/12/2024

Specific objective 6: INTERNATIONAL NEGOTIATIONS: The level of ambition of other GHG emitters is increased thanks to the EU's leading role in climate diplomacy in line with the Paris Agreement and SDG 13

Related spending programme(s): LIFE programme 2021–2027 (Regulation 2021/783)

Main outputs in 2024:

External communication actions

Output	Indicator	Target	Latest known results
Information hub hosted by the EU at COP29 [32]	Completion	Q4 2024	Completed in Q4 2024

Other important outputs

Output	Indicator	Target	Latest known results
Lead the EU negotiations at COP29	Completion	Q4 2024	Completed in Q4 2024
Preparation of Environment Council conclusions on COP29	Adoption	Q4 2024	Completed in Q4 2024
Preparation,	Completion	Q2 2024	Completed in Q2 2024

(32) This indicator was changed as instead of side events at COP29, EU hosted an information hub.

organisation, delivery and follow-up of the annual Florence meeting			
Ministerial on Climate Action (MoCA) process	Completion	Q3 2024	Completed in Q3 2024
Procurement contracts	Contracts signed	Two contracts signed by 31 December 2024	2 contracts signed by 31 December 2024

ANNEX 3: Draft annual accounts and financial reports

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2024 (in Mio €) for DG CLIMA					
			Commitment appropriations authorised*	Commitments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.01	0.00	14.86 %
	01 02	Horizon Europe	0.00	0.00	0.00 %
Total Title 01			**0.01**	**0.00**	**14.86 %**
Title 02 European Strategic Investments					
02	02 02	InvestEU Fund	0.00	0.00	0.00 %
Total Title 02			**0.00**	**0.00**	**0.00 %**
Title 09 Environment and Climate Action					
09	09 01	Support administrative expenditure of the `Environment and Climate Action¿ Cluster	2.73	2.71	99.53 %
	09 02	Programme for the Environment and Climate Action (LIFE)	34.85	33.90	97.26 %
Total Title 09			**37.58**	**36.61**	**97.43 %**
Title 14 External Action					
14	14 02	Neighbourhood, Development and International Cooperation Instrument ¿ Global Europe (NDICI ¿ Global Europe)	17.53	17.00	96.98 %
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	1.02	1.02	100.00 %
Total Title 14			**18.55**	**18.02**	**97.15 %**
Title 15 Pre-accession Assistance					
15	15 02	Instrument for Pre-accession Assistance (IPA III)	0.00	0.00	0.00 %
Total Title 15			**0.00**	**0.00**	**0.00 %**
Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework					
16	16 01	Support administrative expenditure outside the annual ceilings set out in the Multiannual Financial Framework	20.21	0.00	0.00 %
	16 03	Support innovation in low-carbon technologies and processes under the Emission Trading System (ETS)	3,277.35	14.28	0.44 %
Total Title 16			**3,297.56**	**14.28**	**0.43 %**
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0.82	0.82	99.97 %
Total Title 20			**0.82**	**0.82**	**99.97 %**
Total Excluding NGEU			**3,354.52**	**69.74**	**2.08 %**

Title 01 Research and Innovation

01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.01	0.00	0.00 %
Total Title 01			**0.01**	**0.00**	**0.00 %**
Total NGEU Only			**0.01**	**0.00**	**0.00 %**
Total DG CLIMA			**3,354.54**	**69.74**	**2.08 %**

** Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).*

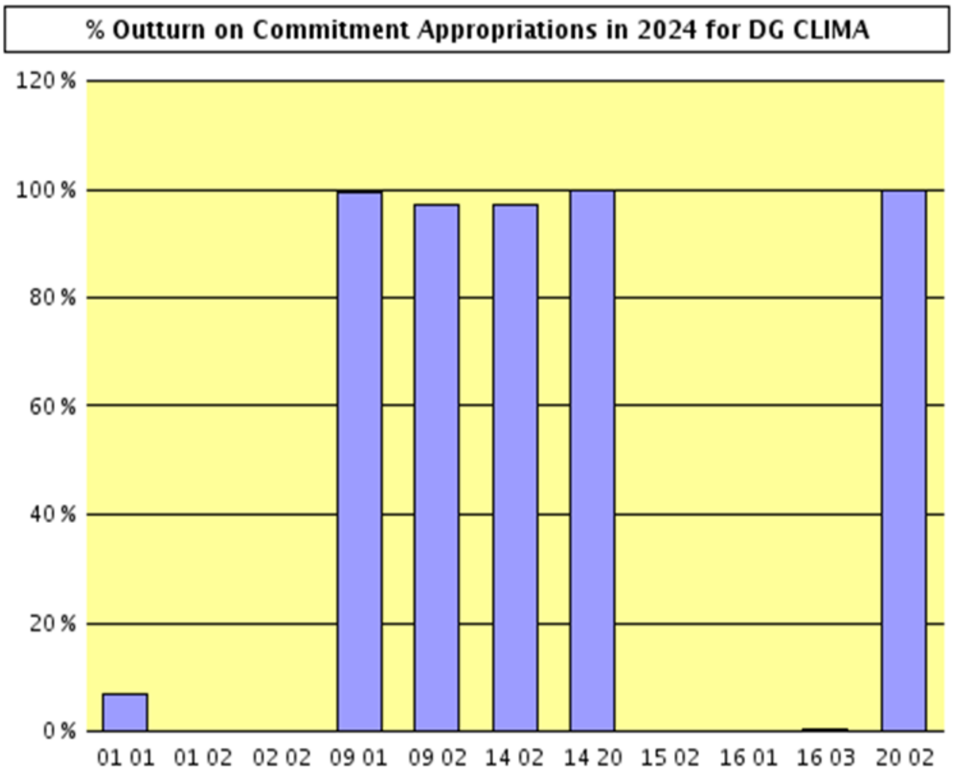


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2024 (in Mio €) for DG CLIMA					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.02	0.01	47.81 %
	01 02	Horizon Europe	1.33	1.33	100.00 %
Total Title 01			**1.35**	**1.34**	**99.07%**
Title 02 European Strategic Investments					
02	02 02	InvestEU Fund	0.00	0.00	0.00 %
Total Title 02			**0.00**	**0.00**	**0.00%**
Title 09 Environment and Climate Action					
09	09 01	Support administrative expenditure of the `Environment and Climate Action¿ Cluster	5.13	3.01	58.57 %
	09 02	Programme for the Environment and Climate Action (LIFE)	25.88	25.78	99.61 %
Total Title 09			**31.01**	**28.79**	**92.81%**
Title 14 External Action					
14	14 02	Neighbourhood, Development and International Cooperation Instrument ¿ Global Europe (NDICI ¿ Global Europe)	10.13	9.60	94.78 %
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	1.02	1.02	100.00 %
Total Title 14			**11.15**	**10.62**	**95.26%**
Title 15 Pre-accession Assistance					
15	15 02	Instrument for Pre-accession Assistance (IPA III)	0.37	0.37	100.00 %
Total Title 15			**0.37**	**0.37**	**100.00%**
Title 16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework					
16	16 01	Support administrative expenditure outside the annual ceilings set out in the Multiannual Financial Framework	20.21	0.00	0.00 %
	16 03	Support innovation in low-carbon technologies and processes under the Emission Trading System (ETS)	9,925.05	20.40	0.21 %
Total Title 16			**9,945.26**	**20.40**	**0.21%**
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0.83	0.82	99.69 %
Total Title 20			**0.83**	**0.82**	**99.69%**
Total Excluding NGEU			**9,989.97**	**62.34**	**0.62%**

Title 01 Research and Innovation					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.01	0.00	0.00 %
Total Title 01			**0.01**	**0.00**	**0.00%**

Total NGEU Only	**0.01**	**0.00**	**0.00%**
Total DG CLIMA	**9,989.98**	**62.34**	**0.62 %**

** Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).*

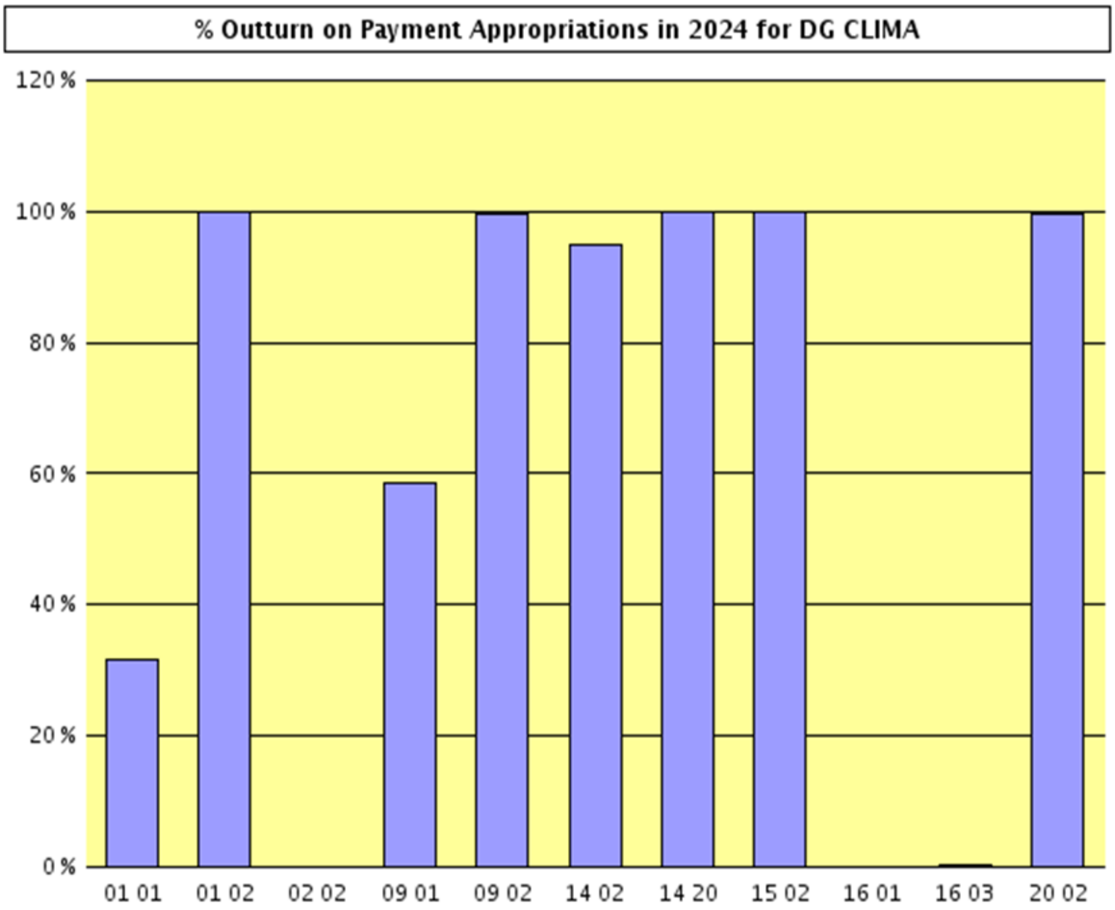


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG CLIMA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.00	0.00	0.00	1.02%	0.00	0.00	0.01
	01 02	Horizon Europe	0.00	0.00	0.00	0.00%	2.38	2.38	3.75
Total Title 01			**0.00**	**0.00**	**0.00**	**1.02%**	**2.38**	**2.38**	**3.76**

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG CLIMA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 02	InvestEU Fund	0.00	0.00	0.00	0.00%	24.16	24.16	24.16
Total Title 02			**0.00**	**0.00**	**0.00**	**0.00%**	**24.16**	**24.16**	**24.16**

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG CLIMA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7

09	09 01	Support administrative expenditure of the `Environment and Climate Action¿ Cluster	2.71	0.61	2.11	77.68%	0.00	2.11	2.41
	09 02	Programme for the Environment and Climate Action (LIFE)	33.90	3.24	30.66	90.45%	18.16	48.82	41.90
Total Title 09			**36.61**	**3.84**	**32.77**	**89.51%**	**18.16**	**50.93**	**44.30**
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG CLIMA									
			Commitments to be settled				**Commitments to be settled from financial years previous to 2023**	**Total of commitments to be settled at end of financial year 2024**	**Total of commitments to be settled at end of financial year 2023**
Chapter			**Commitments**	**Payments**	**RAL**	**% to be settled**			
			1	**2**	**3=1-2**	**4=1-2/1**	**5**	**6=3+5**	**7**
14	14 02	Neighbourhood, Development and International Cooperation Instrument ¿ Global Europe (NDICI ¿ Global Europe)	17.00	0.79	16.21	95.33%	22.96	39.17	32.62
	14 20	Pilot projects, preparatory actions, prerogatives and other actions	1.02	1.02	0.00	0.00%	0.00	0.00	0.00
Total Title 14			**18.02**	**1.82**	**16.21**	**89.92%**	**22.96**	**39.17**	**32.62**
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG CLIMA									
			Commitments to be settled				**Commitments to be settled from financial years previous to 2023**	**Total of commitments to be settled at end of financial year 2024**	**Total of commitments to be settled at end of financial year 2023**

Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
15	15 02	Instrument for Pre-accession Assistance (IPA III)	0.00	0.00	0.00	0.00%	0.43	0.43	0.80
Total Title 15			**0.00**	**0.00**	**0.00**	**0.00%**	**0.43**	**0.43**	**0.80**

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG CLIMA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
16	16 01	Support administrative expenditure outside the annual ceilings set out in the Multiannual Financial Framework	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
	16 03	Support innovation in low-carbon technologies and processes under the Emission Trading System (ETS)	14.28	12.63	1.65	11.54%	8.79	10.44	16.80
Total Title 16			**14.28**	**12.63**	**1.65**	**11.54%**	**8.79**	**10.44**	**16.80**

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG CLIMA					
	Commitments to be settled		Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023

Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons	0.82	0.82	0.00	0.24%	0.00	0.00	0.01
Total Title 20			**0.82**	**0.82**	**0.00**	**0.24%**	**0.00**	**0.00**	**0.01**
Total Excluding NGEU			**69.74**	**19.11**	**50.63**	**72.59%**	**76.88**	**127.51**	**122.45**

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2024 (in Mio €) for DG CLIMA									
			Commitments to be settled				Commitments to be settled from financial years previous to 2023	Total of commitments to be settled at end of financial year 2024	Total of commitments to be settled at end of financial year 2023
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
Total Title 01			**0.00**	**0.00**	**0.00**	**0.00%**	**0.00**	**0.00**	**0.00**
Total NGEU Only			**0.00**	**0.00**	**0.00**	**0.00%**	**0.00**	**0.00**	**0.00**

Total for DG CLIMA	**69.74**	**19.11**	**50.63**	**72.59 %**	**76.88**	**127.51**	**122.45**

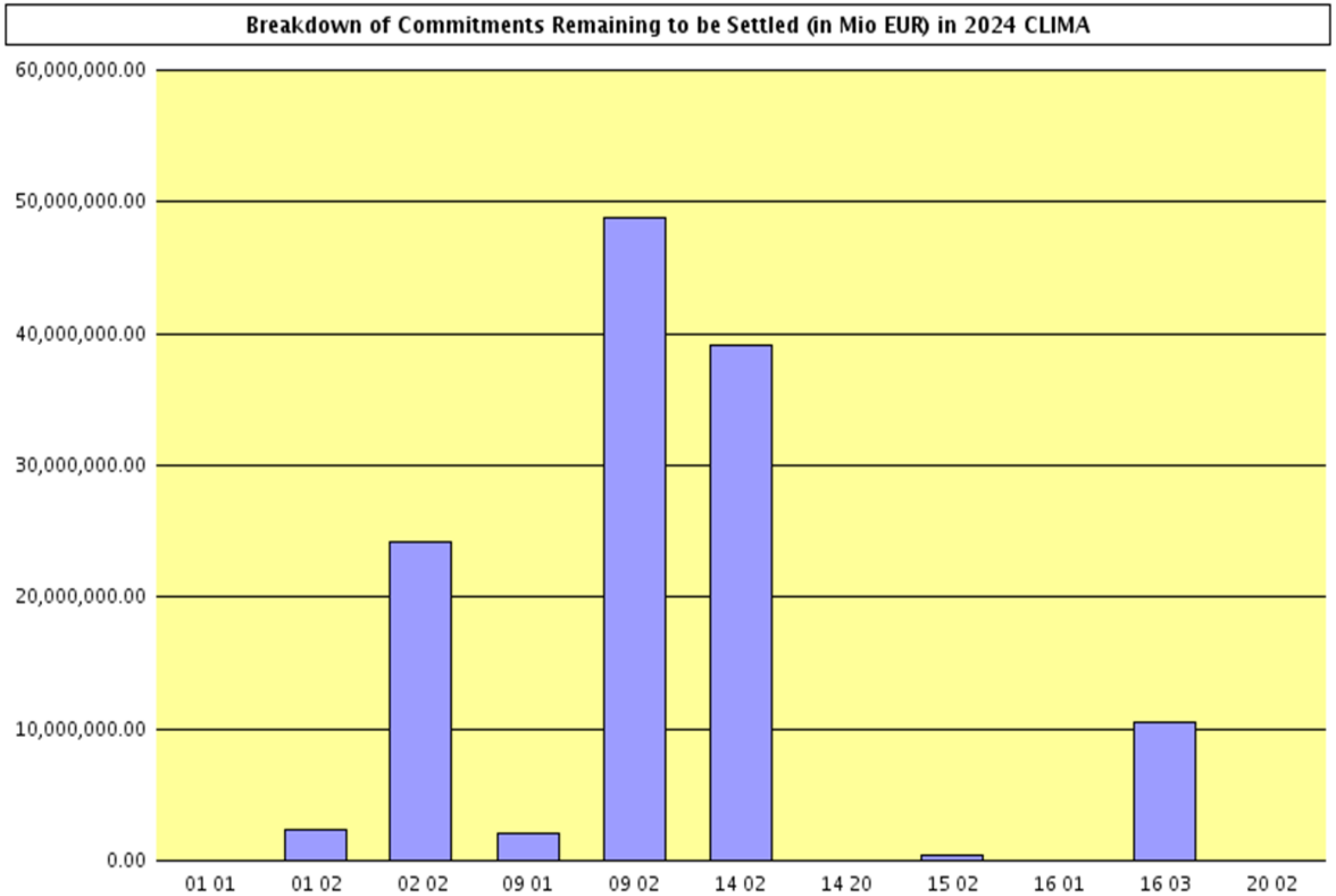

Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2024 CLIMA
60,000,000.00
50,000,000.00
40,000,000.00
30,000,000.00
20,000,000.00
10,000,000.00
0.00
01 01
01 02
02 02
09 01
09 02
14 02
14 20
15 02
16 01
16 03
20 02

TABLE 4 : BALANCE SHEET for DG CLIMA

BALANCE SHEET	2024	2023
A.I. NON CURRENT ASSETS	9,451,760,020.00	7,770,525,755.24
A.I.1. Intangible Assets	0.00	837,776.84
A.I.4. Non-Current Financial Assets	9,450,524,203.00	7,768,355,231.40
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	1,235,817.00	1,332,747.00
A.II. CURRENT ASSETS	-4,069,397,663.08	-2,970,979,639.77
A.II.1. Current Financial Assets	1,165,701,845.66	985,555,210.65
A.II.2. Current Pre-Financing	24,449,038.44	28,339,764.91
A.II.3. Curr Exch Receiv &Non-Ex Recoverables	-6,092,943,896.07	-4,316,149,390.62
A.II.6. Cash and Cash Equivalents	833,395,348.89	331,274,775.29
ASSETS	**5,382,362,356.92**	**4,799,546,115.47**
P.II. CURRENT LIABILITIES	-21,076,535.17	-18,152,878.14
P.II.3. Current Financial Liabilities	-16,251,943.00	-14,156,646.00
P.II.4. Current Payables	-4,824,592.17	-3,996,232.14
P.II.5. Current Accrued Charges &Defrd Income	0.00	0.00
LIABILITIES	**-21,076,535.17**	**-18,152,878.14**
NET ASSETS (ASSETS less LIABILITIES)	**5,361,285,821.75**	**4,781,393,237.33**

P.III.2. Accumulated Surplus/Deficit	-9,366,480,212.79	-6628628414

Non-allocated central (surplus)/deficit*	4,005,194,391.04	1,847,235,176.72

TOTAL DG CLIMA	**0.00**	**0.00**

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG CLIMA

STATEMENT OF FINANCIAL PERFORMANCE	**2024**	**2023**
II.1 REVENUES	-2,646,699,806.31	-2,785,258,149.93
II.1.1. NON-EXCHANGE REVENUES	-2,296,930,795.72	-2,317,918,605.09
II.1.1.5. FINES	-341,046.96	-505,903,727.82
II.1.1.6. RECOVERY OF EXPENSES		-186.98
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-2,296,589,748.76	-1,812,014,690.29
II.1.2. EXCHANGE REVENUES	-349,769,010.59	-467,339,544.84
II.1.2.1. FINANCIAL INCOME	-365,696,052.94	-478,765,659.25
II.1.2.2. OTHER EXCHANGE REVENUE	15,927,042.35	11,426,114.41
II.2. EXPENSES	59,444,663.90	47,406,351.19
II.2. EXPENSES	59,444,663.90	47,406,351.19
II.2.11.OTHER EXPENSES	13,809,212.78	9,759,595.86
II.2.2. EXP IMPLEM BY COMMISS&EX.AGENC. (DM)	25,248,478.97	15,860,876.12
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	7,822,883.22	5,548,871.46
II.2.5. EXP IMPLEM BY OTHER ENTITIES (IM)	6,722,386.27	6,993,187.82
II.2.8. FINANCE COSTS	5,841,702.66	9,243,819.93
STATEMENT OF FINANCIAL PERFORMANCE	**-2,587,255,142.41**	**-2,737,851,798.74**

TABLE 5bis : OFF BALANCE SHEET for DG CLIMA

OFF BALANCE	**2024**	**2023**
OB.1. Contingent Assets	412,444.60	0.00
GR for pre-financing	412,444.60	0.00
OB.2. Contingent Liabilities	-61,614,282.32	-67,784,855.00
OB.2.1. Guarantees given for EU FI	-61,614,282.32	-67,784,855.00
OB.4. Balancing Accounts	61,201,837.72	67,784,855.00
OB.4. Balancing Accounts	61,201,837.72	67,784,855.00
OFF BALANCE	**0.00**	**0.00**

Legal Times									
Maximum Payment Time (Days)	**Total Nbr of Payments**	**Nbr of Payments within Time Limit**	**Percentage**	**Average Payment Times (Days)**	**Nbr of Late Payments**	**Percentage**	**Average Payment Times (Days)**	**Late Payments Amount**	**Percentage**
30	422	415	98.34 %	12.08	7	1.66 %	34.43	87,098.04	0. %
45	1	1	100.00 %	22.00				0.00	0. %
60	101	101	100.00 %	19.40				0.00	0. %
90	19	18	94.74 %	46.67	1	5.26 %	91.00	148,441.82	2. %

Total Number of Payments	**543**	**535**	**98.53 %**		**8**	**1.47 %**		**235539.86**	**0. %**
Average Net Payment Time	**15.03867403**			**14.64**			**41.50**		
Average Gross Payment Time	**17.27808471**			**16.87664**			**44.125**		

Suspensions							
Average Report Approval Suspension Days	**Average Payment Suspension Days**	**Number of Suspended Payments**	**% of Total Number**	**Total Number of Payments**	**Amount of Suspended Payments**	**% of Total Amount**	**Total Paid Amount**
0	17	70	12.89 %	543	7,627,910.30	12.29 %	62,047,808.27

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2024 for DG CLIMA								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	7=3-6
33	Other administrative revenue	26,536.00	0.00	26,536.00	26,536.00	0.00	26,536.00	0.00
42	Fines and penalties	341,046.96	9,935,264.84	10,276,311.80	341,046.96	9,935,264.84	10,276,311.80	0.00
65	Neighbourhood and the world	528,172.00	0.00	528,172.00	528,172.00	0.00	528,172.00	0.00
66	Other contributions and refunds	2,296,589,748.76	920,584,965.39	3,217,174,714.15	1,148,449,014.89	920,584,965.39	2,069,033,980.28	1,148,140,733.87
Total DG CLIMA		**2,297,485,503.72**	**930,520,230.23**	**3,228,005,733.95**	**1,149,344,769.85**	**930,520,230.23**	**2,079,865,000.08**	**1,148,140,733.87**

TABLE 8 : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in for DG CLIMA

EX-ANTE CONTROLS BY TRANSACTION	**Irregularity**	**Total ex-ante amounts**
NON ELIGIBLE IN COST CLAIMS		
CREDIT NOTES	81,211.01	**81,211.01**
RECOVERY ORDERS ON PRE-FINANCING		
Sub-Total	**81,211.01**	**81,211.01**
EX-POST CONTROLS BY TRANSACTION	**Irregularity**	**Total ex-post amounts**
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING		
INCOME LINES IN INVOICES		
Sub-Total		
GRAND TOTAL (EX-ANTE + EX-POST)	**81,211.01**	**81,211.01**

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 12/31/2024 for DG CLIMA

	Number at 1/1/2024 1	**Number at 12/31/2024**	**Evolution**	**Open Amount (Eur) at 1/1/2024 1**	**Open Amount (Eur) at 12/31/2024**	**Evolution**
2023	9		-100.00 %	930,520,230.23		-100.00 %
2024		2			1,148,140,733.87	
	9	**2**	**-77.78 %**	**930,520,230.23**	**1,148,140,733.87**	**23.39 %**

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2024 for DG CLIMA

Waiver Central Key	**Linked RO Central Key**	**RO Accepted Amount (Eur)**	**LE Account Group**	**Commission Decision**	**Comments**

Total DG CLIMA	

Number of RO waivers	

There are no waivers below 60 000 €

TABLE 11 : Negotiated Procedures in 2024 for DG CLIMA

The procedures are presented in the Annual Management and Performance Report of 2024

TABLE 12 : Summary of Procedures in 2024 for DG CLIMA

The procedures are presented in the Annual Management and Performance Report of 2024

TABLE 13 : BUILDING CONTRACTS in 2024 for DG CLIMA

Legal Base	Procedure subject	Contract Number	Contractor Name	Contract Subject	Contracted Amount (€)

TABLE 14 : CONTRACTS DECLARED SECRET in 2024 for DG CLIMA

Legal Base	LC Date	Contract Number	Contract Subject	Contracted Amount (€)

TABLE 15 : FPA duration exceeds 4 years - DG CLIMA

TABLE 16 : Commitments co-delegation type 3 in 2024 for DG CLIMA

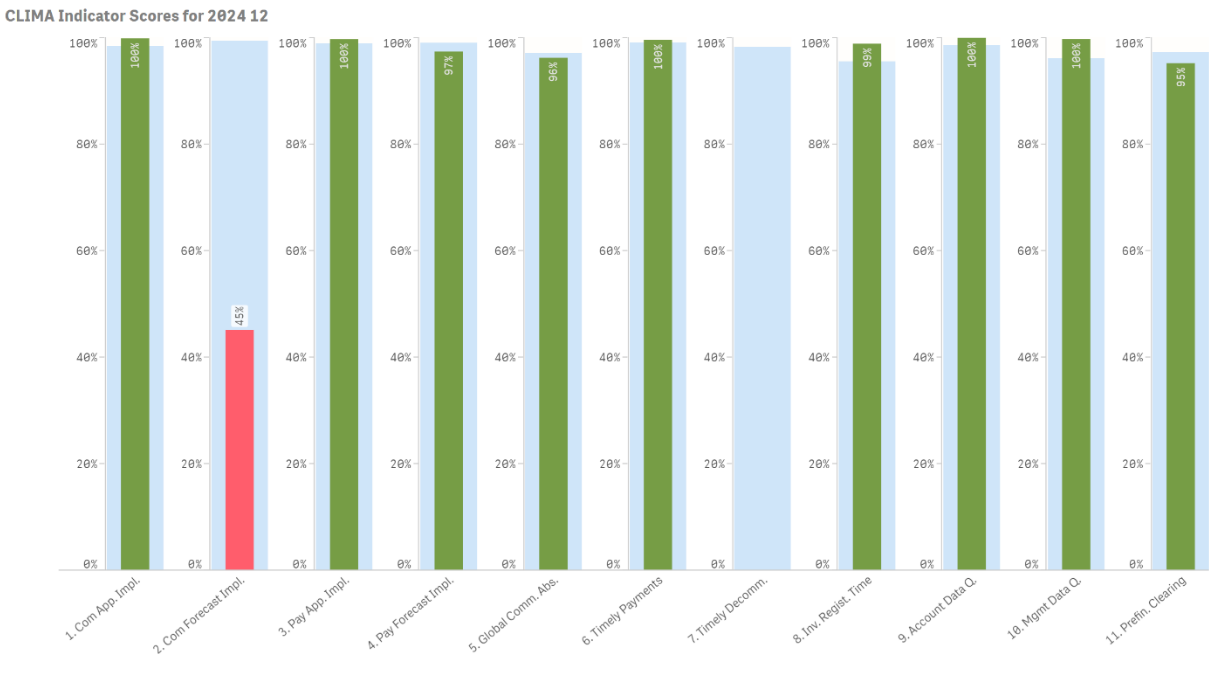
ANNEX 4: Financial scorecard

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2024, 11 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes) ([33]):

- Commitment Appropriations (CA) Implementation
- CA Forecast Implementation
- Payment Appropriations (PA) Implementation
- PA Forecast Implementation
- Global Commitment Absorption
- Timely Payments
- Timely Decommitments
- Invoice Registration Time
- Accounting Data Quality
- Management Data Quality
- Timely Invoice PF Clearing

For each indicator, its value (in %) for the Commission service is compared to the common target (in %). The difference between the indicator's value and the target is colour coded as follows:

- 100 – >95% of the target: dark green
- 95 – >90% of the target: light green
- 90 – >85% of the target: yellow
- 85 – >80% of the target: light red
- 80 – 0% of the target: dark red



For each indicator the light blue bar denotes the EC Score.

([33]) If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as "-") in this Annex.

Indicator	Objective	Comment (34)	CLIMA Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		100%	99%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	A planned agreement funded from external assigned revenues could not be concluded before year end. As unused appropriations can be used in the year n+1. The agreement is planned to be signed in the course of 2025. In the future a more cautious approach as to the forecast is to be applied.	45%	99%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		100%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year		97%	99%
5. Global Commitment Absorption (35)	Ensure efficient use of already earmarked commitment appropriations (at L1		96%	97%

(34) An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

(35) Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude

	level)			
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	Due to the efficient and effective financial circuits DG CLIMA achieved excellent result of 100% timely payments	100%	99%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	The indicator is not applicable for DG CLIMA in 2024 due to the lack of underlying transactions recorded by DG.	-	98%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		99%	96%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		100%	99%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		100%	96%
11. Timely Invoice PF clearing	Ensure efficient clearing by invoices of prefinancing payments within the invoice payment time limit		95%	100%

the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

ANNEX 5: Materiality criteria

Section 2.1 of this report sets out the main elements used to identify possible weaknesses in the internal control system. The significance/materiality of any weaknesses identified is assessed according to the following criteria:

1. Qualitative criteria

The qualitative criteria for assessing the significance of any weaknesses identified are:

- the nature and scope of the weakness
- the duration of the weakness
- the existence of compensatory measures
- the existence of effective corrective actions to correct the weaknesses
- the residual reputational, financial, operational and legal/regulatory risk
- significant deficiencies in one of the control systems
- issues outlined by auditors or OLAF

2. Quantitative criteria

In the context of a transaction-based approach, DG Climate Action considers that identified erroneous transactions which expose DG Climate Action to an actual financial loss could lead to a reservation to Director's General declaration under the following conditions:

- A significant weakness described in the AAR has been identified, and
- The weakness affects at least one the areas of the declaration of assurance:
  (i)control systems, (ii)sound financial management, or (iii)legality and regularity of transactions, and
- An actual financial loss or reputational issue has already occurred or is very likely to materialise, and
- The amount has actually exceeded or is very likely to exceed the threshold of 2% of the relevant payment budget actually implemented, that means if the issue is not already corrected during the reporting period, for example by recovery orders or offsetting with future payments due.

Since 2019 ([36]), a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

([36]) Agreement of the Corporate Management Board of 30/4/2019.

3. Revenue criteria

DG Climate Action conservatively fixed the materiality criteria related to the management and processing of the revenues at 1%, which are stricter than the materiality level (of 2%) for expenditure.

ANNEX 6: Relevant Control System(s) for budget implementation (RCSs)

Procurement – direct management (ex-ante controls*)

Stage 1 – Planning – Preparation phase

Main Internal Control Objectives: Effectiveness, efficiency and economy. Compliance, legality and regularity.

Main Risks:	**Mitigating Controls:**	**Coverage Frequency and depth of Controls:**	**Possible cost effectiveness indicators**
The needs are not well defined and the decision to procure was inappropriate to meet the operational objectives	Validation by AOSD of the justification for launching a procurement process	100% of the forecast procurements (open procedures with prior notification) are justified in a note addressed to the AOSD	**Effectiveness**: Number of projected tenders cancelled. Number of procedures where only one or no offers were received. Number of complaints received. Number of exceptions / non-compliance with FR registered.
	Decisions are discussed at management meeting	All procurement procedures having significant impact on the objectives of the DG are discussed at a resources management meeting	
The best offers are not submitted due to the pure definition of tender specifications	Agreement between operational unit and financial unit on the final version of tender specs	100% of tender specifications are reviewed by the financial unit. The depth of controls may be determined by the amount and/or the significance / complexity of the file	

Main Risks:	Mitigating Controls:	Coverage Frequency and depth of Controls:	Possible cost effectiveness indicators
			Efficiency: Average cost per tender **Economy**: Estimation of total cost of staff involved in the procurement process
	Upstream control: Additional verification and responsible AOSD supervision	100% of tender specification are submitted for the approval of the AOSD.	
Undisclosed conflict of interest that could lead to information leakages before tender	Opening and evaluation committee members sign a declaration of absence of conflict of interests	100% of evaluation committee members sign a declaration of conflict of interest	
	Additional checks by the financial unit	100% of procurement files are checked by the financial unit	
	Red flags checked for every file	For all public procurement files red flags are checked	

*No ex-post controls are carried out in DG CLIMA

Procurement – direct management (ex-ante controls*)

Stage 2 – Evaluation – Award phase

Main Internal Control Objectives: Effectiveness, efficiency and economy. Compliance, legality and regularity. Fraud prevention and detection.

Main Risks:	**Mitigating Controls:**	**Coverage Frequency and depth of Controls:**	**Possible cost effectiveness indicators**
The most economically advantageous offer not being selected due to a biased inaccurate or unfair evaluation process	Existence of formal evaluation process – Opening and evaluation committee for tenders	100% of tenders are analysed. Depth: Check of all submitted documents	**Effectiveness**: Number of tenders cancelled. Numbers of complaints received. Number of litigation cases. Number of tenders received non-favourable CPAC opinion. Number of tenders extended beyond the standstill period. **Efficiency**: Average cost
	The decision of the evaluation committee is documented	100% of tenders	
	Guidelines and templates to be used are accessible in the Intranet	Guidelines are constantly kept up to date and are easily accessible to all staff	

Main Risks:	Mitigating Controls:	Coverage Frequency and depth of Controls:	Possible cost effectiveness indicators
			per tender **Economy**: Estimation of total cost of staff involved in the procurement process

*No ex-post controls are carried out in DG CLIMA

Procurement – direct management (ex-ante controls*)

Stage 3 – Implementation phase

Main Internal Control Objectives: Ensure that the implementation of the contract is in compliance with the signed contract

Main Risks:	Mitigating Controls:	Coverage Frequency and depth of Controls:	Possible cost effectiveness indicators
The products/services/ works foreseen are not (totally or partially)	Reinforced monitoring on deliverables submission timing	100% of contracts	**Effectiveness**: Number of tenders

Main Risks:	Mitigating Controls:	Coverage Frequency and depth of Controls:	Possible cost effectiveness indicators
provided in accordance with the requirements of the signed contract The contractor fails to deliver The amounts paid exceeds the amounts due, (as those defined in the contract)			cancelled. Numbers of complaints received. Number of litigation cases. Number of tenders received. Non-favourable CPAC opinion. Number of tenders extended beyond the standstill period. **Efficiency**: Average cost per tender **Economy**: Estimation of total cost of staff involved in the procurement process
	Operational and financial checks in accordance with the financial circuits (“certified correct”)	100% of payments Depth: The depth of controls depends on risk criteria	
	AOSD authorization for transactions	100% of payments are authorized by AOSD	
	Request for a bank guarantee (to cover pre financing payments)	100% of “risky” contracts	
	Non-performance contractual clauses	100% of contracts	
	Check for plagiarism – double funding for	In suspicious / risky cases using appropriate	

Main Risks:	Mitigating Controls:	Coverage Frequency and depth of Controls:	Possible cost effectiveness indicators
	the same study / service	IT tools	

*No ex-post controls are carried out in DG CLIMA

Grants – direct management (ex-ante controls*)

Stage 1 – Evaluation ranking and selection of proposals

Main Internal Control Objectives: Ensure that the most promising projects for meeting the policy objectives are among the proposals selected. Compliance, legality and regularity. Fraud prevention and detection.

Main Risks:	Mitigating Controls:	Coverage Frequency and depth of Controls:	Possible cost effectiveness indicators
The evaluation, ranking and selection of proposals are not carried out in accordance with the established procedures,	Assignment of staff (operational officers) to evaluate proposals.	100% vetting of technical expertise and independence (conflicts of interest, nationality bias, ex-employer bias etc.).	**Effectiveness**: Number of proposals received over proposals

Main Risks:	Mitigating Controls:	Coverage Frequency and depth of Controls:	Possible cost effectiveness indicators
the policy objectives, and the eligibility, selection and award criteria.	Assessment of proposals by staff.	100% of proposals are evaluated.	expected. Number of proposals challenged. **Efficiency**: Average cost per proposal **Economy**: Estimation of total cost of staff involved in the grant management process
	Review by a mixed panel and hierarchical validation by the responsible AOSD of ranked list of proposals.	100% of ranked lists of proposals. Depth of review depends on risk factors.	
	Additional checks by the financial unit.	Prior to the evaluation of proposals, the financial unit is consulted.	
	Red flags checked.	For all proposals, red flags are checked.	

*No ex-post controls are carried out in DG CLIMA

Grants – direct management (ex-ante controls*)

Stage 2 – Grant awarding phase

Main Internal Control Objectives: Effectiveness, efficiency and economy. Compliance, legality and regularity. Fraud prevention and detection.

Main Risks:	Mitigating Controls:	Coverage Frequency and depth of Controls:	Possible cost effectiveness indicators
The description of the actions in the grant agreement includes tasks, which do not contribute to the objectives set. The budget foreseen overestimates the costs necessary to carry out the action. The beneficiary lacks operational and/or co-financing capacity to carry out the action. Procedures do not comply with the regulatory framework.	Assignment of staff (operational officers) to review and negotiate the grant agreements with Beneficiaries. Hierarchical validation of proposed adjustments.	100% of the selected proposals are scrutinized	**Effectiveness**: Amount of proposed costs rejected **Efficiency**: Time to grant **Economy**: Estimation of total cost of staff involved in the grant management process
	In depth financial verification, especially of the budget figures by the financial unit.	100% of the selected proposals are scrutinized by the financial unit	
	Signature of the grant agreement by the AOSD.	100% of grant agreements	

*No ex-post controls are carried out in DG CLIMA

Grants – direct management (ex-ante controls *)

Stage 3 – Implementation phase

Main Internal Control Objectives: Ensure that the operational results (deliverables) from the projects are of good value and are in accordance with the signed grant agreement. Ensure that the related financial operations comply with the regulatory and contractual provisions.

Main Risks:	Mitigating Controls:	Coverage Frequency and depth of Controls:	Possible cost effectiveness indicators
The products/services/ works foreseen are not (totally or partially) provided in accordance with the requirements of the signed grant agreement The contractor fails to deliver	Reinforced monitoring on deliverables and reports, submission timing	100% of grant agreements are controlled	**Effectiveness**: Rejected costs as a percentage of total costs claimed **Efficiency**: Time to pay **Economy**: Estimation of total cost of staff involved in
	Operational and financial checks in accordance with the financial circuits	100% of payments. Operational and financial checks in accordance with financial circuits. Technical reports have to be approved by the operational unit before the payment. Depth: The depth of controls depends on risk criteria	

Main Risks:	Mitigating Controls:	Coverage Frequency and depth of Controls:	Possible cost effectiveness indicators
The amounts paid exceed the amounts due, (as those defined in the grant agreement) Ineligible costs paid	AOSD authorization for transactions	100% of payments are authorized by AOSD	the grant management process
	Non-performance contractual clauses	100% of grant agreements	
	Check for plagiarism – double funding for the same study / service	In suspicious / risky cases using appropriate IT tools	

*No ex-post controls are carried out in DG CLIMA

Charge-back – direct management (ex-ante controls *)

Main Internal Control Objectives: Ensuring that administrative charges are correctly calculated and that the service against payment is delivered with the appropriate quality. Ensure that the related financial operations comply with the regulatory and contractual provisions.

Main Risks:	Mitigating Controls:	Coverage Frequency and depth of Controls:	Possible cost effectiveness indicators
Lack of transparency of the charge-back mechanism Breach of the "no profit/ loss" principle Non respect of the corporate reporting requirement Lack of extensive documentation may lead to errors and business continuity of this aspect of the process	The process is fully managed by the egrant and eprocurment steering board (GPSB)	Interservice Consultation launched by DG BUDG on IT Implementation Plan 202X - Allocation of IT corporate resources	**Effectiveness**: Meeting the demand for services, whilst ensuring costs are kept within the targets. **Efficiency**: 100% coverage **Economy**: Estimation of total cost
	Operational and financial checks in accordance with the financial circuits	100% of payments. Operational and financial checks in accordance with financial circuits. The proposal have to be approved by the operational unit before the payment. Depth: The depth of controls depends on risk criteria	
	AOSD authorization for transactions	100% of payments are authorized by AOSD	

*No ex-post controls are carried out in DG CLIMA

Indirect management (Ex-ante controls*)

Stage 1 Establishment or prolongation of the mandate to the entrusted entity

Main Internal Control Objectives: Ensure that the legal framework for the management of the relevant funds is fully compliant with the regulatory framework. Ensure that the management of the funds is delegated to an appropriate entity (best value for public money, economy, efficiency) and that there is no conflict of interest.

Main risks	Mitigating controls	Coverage frequency and depth of controls	Possible control indicators

The actions supported through the Financial Instrument do not adequately reflect the policy objectives (no compliance with Fin. Reg. art. 140 and instrument specific objectives) The entrusted International Financial Institution does not have the experience to ensure effective implementation of this type of Financial Instrument Financial Institutions are not selected based on an open, transparent, justified on objective grounds procedure, or there are conflicts of interests in the selection process.	Ex–ante evaluation of the International Financial Institution – Hierarchical validation by AOSD	100% of cases. Depth: Checklist includes a list of the requirements of the regulatory provisions to be complied with.	**Effectiveness**: Number of litigation cases. Number of European Court of Auditors requirements. Number of control failures. **Economy** Estimation of the cost of staff involved in the management of the financial instruments.

Indirect management (Ex-ante controls*)

Stage 2 Ex-ante assessment of the entrusted entity's financial and control framework

Main Internal Control Objectives: Ensure that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously.

Main risks	Mitigating controls	Coverage frequency and depth of controls	Possible control indicators
The financial and control framework deployed by the entrusted entity is not fully mature to assure the management of funds in accordance with the regulatory provisions The design of the accounting and reporting arrangements of the entrusted entity does not ensure sufficient transparency The investment strategy and the risk profile of the financial institution or Final Recipient is not clearly defined	Ex–ante evaluation of the International Financial Institution or Final Recipient– Prior eligibility confirmation of the Designated Service involved, for every entrusted entity - Hierarchical validation by AOSD	100% of cases. Depth: May be determined after considering the type and nature of the entrusted entity and/or the value of the budget concerned	**Economy** Estimation of the cost of staff involved in the management of the financial instruments
	Ensure the provision of justification and prior consent of the Designated Service for any deviation from the signed agreement with the entrusted entity	100% of cases. Depth: Study of reports by the entrusted entity, of the summary of audits and controls carried out, of independent audit opinions etc., all to be taken into account before the prolongation	

*No ex-post controls are carried out in DG CLIMA

Indirect management (Ex-ante controls*)

Stage 3 Operations - monitoring supervision reporting

Main Internal Control Objectives: Ensure that the Commission is fully and timely informed of any relevant management issues encountered by the entrusted entity in order to possibly mitigate any potential financial and/or reputational impact. Ensure that the Commission fully assesses the management situation of the entrusted entity before any payment or decision to suspend / interrupt the contribution.

Main risks	Mitigating controls	Coverage frequency and depth of controls	Possible control indicators
The Designated Service is not timely informed of relevant management issues encountered by the entrusted entity and does not timely react upon notified issues It may also pay the contribution to the entity without being informed on problematic issues This may reflect negatively on the Commission's governance reputation. The Financial Institutions, fail to produce a number of operations	Delegation Act/Contribution agreement specifying the control, accounting, audit, publication etc. related requirements	100% of signed agreements	**Effectiveness:** Quality of reports. Relevance of the reported data. European Court of Auditors and Internal Audit Service findings. Amount of unused budget recovered/suspended.
	Monitoring/supervision of the entrusted entity, review of reporting control results and management audit reports	100% of entities involved are monitored/supervised on a regular basis. In case of operational/financial issues measures are reinforced. Depth: This depends on the mandate, and on the type of the entity. It also depends on risk criteria such as past experience with the entity, complexity or lack of experience in the area of financed actions or the management modalities.	

significant to give conclusive results Internal controls weaknesses irregularities errors and fraud are not detected/corrected by the entrusted entities.	Management review of the supervision results. Ex-ante in depth operational and financial verification. Validation of any payment or recovery by the AOSD, and if deemed appropriate suspension or interruption of payments.	100% of payments. Depth: This depends on the mandate, and on the type of the entity. If needed suspension or interruption of payments or even application of an exit strategy.	**Efficiency:** Cost benefit ratios. Average cost per entrusted entity. Ratio of cost over amount delegated. Time to pay. **Economy** Estimation of the cost of staff involved in the management of the financial instruments. Asset management fees.

*No ex-post controls are carried out in DG Climate Action

ANNEX 7: Specific annexes related to "financial management"

DG CLIMA has put in place the internal control system framework in order assures efficiency and effectiveness of controls. The framework specifically addresses controls on the administrative and operational budget and applies to budget implementation in direct and indirect management, as well as charge back and non-financial assets. Apart for the details described in point 2 of annual activity report 2024, below some additional elements of internal control system of DG CLIMA:

1. Reports and documentation considered for the assessment of the DG's functioning in view of the AOD's assurance:

- the annual reports and declarations by AOD and AOSDs, in which all financial transactions are verified;
- the reports on control results from entrusted entities in indirect management, along with the results of the department's supervisory controls from the European Investment Bank (EIB).
- the input from the Director in charge of Risk Management and Internal Control, including the results of internal control monitoring at department level;
- the register of recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 FR);
- the report of the independent external audit on Innovation Fund annual accounts.[37]
- the EEX group ([38]) Emission Spot Primary Market Auction report on the revenue accruing to the Innovation Fund from the EU Emission Trading System (EU ETS);
- the limited conclusion of the Internal Auditor on the state of internal control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA);
- the Commission's supervisory controls on the activities of European Climate, Infrastructure and Environment Executive Agency (CINEA) assured by the members of the steering committee of this body;
- the reports on the assessment of local systems;

([37]) Annual Account for 2022 and 2023 delivered in 2024
([38]) https://www.eex.com/en/market-data/environmental-markets/eua-primary-auction-spot-download.

- the annual review report of the DG Climate Action Advisory Committee on public procurement (the CPAC report);
- the periodic review and reporting of DG Climate Action risk registry embedded in the meeting of senior management on resources;
- the periodic report and dashboards to management on resource issues.

2. Financial Regulation: Additional reporting requirements resulting from the 2018 and 2024 revisions.

In line with the requirements of the Financial Regulation, DG Climate Action reports for the year 2024:

1. cases of any in-kind donation made to the Union, for the purposes of humanitarian aid, emergency support, civil protection or crisis management aid (FR art 25.3) - no such cases for the department
2. cases of "confirmation of instructions" (FR art 92.3) - no such cases for the department
3. cases of financing not linked to costs (FR art 125.3) - no such cases for the department
4. financial Framework Partnerships >4 years (FR art 131.4) - no such cases for the department
5. cases of flat-rates >7% for funding indirect costs (FR art 184.6) - no such cases for the department
6. derogations from the principle of non-retroactivity pursuant to Article 196 of the Financial Regulation. - no such cases for the department
7. cases of financial support to third parties >EUR 60 000 (FR art 207) - no such cases for the department
8. cases of non-financial donations provided in the form of services, supplies or works (FR art 244.3) - no such cases for the department

3. Table Y on the estimated "cost of controls" at Commission level

Overview of department 's estimated cost of controls at Commission (EC) level:

- Overview of CLIMA's estimated cost of controls at Commission (EC) level

EXPENDITURE

The absolute values are presented in EUR

CLIMA	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** *(a)/(b)*	EC total costs	total value verified and/or audited	Ratio (%) *(d)/(e)*	EC total estimated cost of controls *(a)+(d)*	Ratio (%)** *(g)/(b)*
Procurement/SLA/AA/Other	1,308,220.00 €	35,152,526.41 €	3.72%	- €	- €	0.00%	1,308,220.00 €	3.72%
Grant	45,032.00 €	379,373.95 €	11.87%	- €	- €	0.00%	45,032.00 €	11.87%
External Actions	394,619.00 €	14,173,783.44 €	2.78%	- €	- €	0.00%	394,619.00 €	2.78%
Charge back	10,209.00 €	12,637,833.27 €	0.08%	- €	- €	0.00%	10,209.00 €	0.08%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
OVERALL total estimated cost of control at EC level for expenditure	**1,758,080.00 €**	**62,343,517.07 €**	**2.82%**	**- €**	**- €**	**0.00%**	**1,758,080.00 €**	**2.82%**

Details of the estimated cost of controls related to shared/pooled control activities carried out by REA are reported in the Annual activity reports of REA.

ANNEX 8: Reporting on the internal and external audits and assessing the effectiveness of Internal control systems

Audit observations and recommendations (section 2.2)

- *IAS limited review of the security plan and associated security measures of the EU emissions trading system (ETS) information system managed by DG Climate Action*

The main objective was to assess whether DG Climate Action had designed adequate security measures in the IT security plan and established an effective framework for their implementation. The IAS reviewed the methodology used for the design of the 2022 IT security plan, the governance framework for the implementation of the security plan, the project management of the security measures to be implemented, and the management of service providers and contractors.

The IAS acknowledged that the EU ETS information system (Union Registry) is very different in terms of operations, architecture and security requirements from other information systems administered by the Commission since its needs and specificities are not supported by a specific compliance framework as it exists for other institutions managing similar financial instruments. As a result, DG Climate Action and DG DIGIT as its main IT service provider, are faced with the challenge of providing, in a resource constrained environment, an IT security control environment that meets the constantly evolving security needs. In particular, the IAS noted that some of the security requirements that DG Climate Action had originally identified for the EU ETS information system were too specific compared to the corporate standard IT services offered in the Commission and lengthy negotiations had been necessary with its main service provider to identify satisfactory solutions eventually approved by the EU ETS Steering Committee.

The IAS issued two very important recommendations related to the **IT security plan** and the **implementation of the IT security plan**:

1. Ensure that (i) security risks and the security plan are reviewed on an annual basis (translated into specific tasks and resources in the annual work plan), and (ii) improve the documentation of decisions, the control over changes to the tools supporting the risk analysis, and clearly define the role of all stakeholders (in particular DG DIGIT) in the validation of the results.
2. Improve the monitoring of the success criteria of each security measure defined in the IT security plan to ensure that their implementation is no longer delayed or weakened, and discuss with DG DIGIT how to meet the needs to confirm the effectiveness of internal controls over the security of the EU ETS information system.

DG Climate Action has developed an action plan and completed the implementation of both very important recommendations. Further to the IAS's follow up review of their implementation, they concluded that both have been adequately and effectively implemented and are therefore closed.

- *IAS audit on the implementation of the Innovation Fund (IF) in DG Climate Change and the European Climate, Environment and Infrastructure Executive Agency (CINEA)*

The main objective was to assess the design, efficiency and effectiveness of the governance and control processes set up by DG Climate Action and CINEA for the implementation of the IF (up to the grant agreement signature) to ensure the achievement of the Innovation Fund's objectives, in compliance with applicable rules and in accordance with the principles of sound financial management. The audit covered the preparation, evaluation and implementation of the first three calls for proposals launched in 2020 and 2021.

The IAS auditors recognised the expertise of the staff of CINEA and DG Climate Action involved in the management of the Innovation Fund, as well as their strong and continuous commitment, despite the high workload, in particular in light of the challenging context within which the audited calls were evaluated (e.g., COVID-19 pandemic, and political imperatives resulting from the Russian invasion of Ukraine).

As a result, there were three very important recommendations issued:

1. Based on the Amending Delegated Regulation, DG Climate Action and CINEA should revise the specific memorandum of understanding for the Innovation Fund to provide for the formal establishment of an evaluation committee for the ongoing and future calls.
2. CINEA should include detailed provisions on CoI in its manual of procedures for the Innovation Fund – namely how to perform and document checks, and how to assess the existence of a conflict of interest and decide on follow-up actions – and implement them accordingly
3. CINEA should (i) detail and clarify the procedure for taking decisions on ineligibility and inadmissibility throughout the evaluation process, (ii) properly document all the admissibility and eligibility checks performed and final decisions, and (iii) in cooperation with DG Climate Action clarify further, in future two-stage call texts, which changes may be allowed to proposals in the second stage without changing the outcome of the first stage selection.

A joint action plan was prepared in cooperation with CINEA, and a number of actions were already taken in 2023 to implement the recommendations. For example, following the first communication of findings made by the IAS auditors, DG CLIMA and CINEA already implemented corrective measures in relation to the first very important recommendation. A proposal for amendment of the Delegated Regulation was prepared to formally appoint an evaluation committee for the ongoing evaluations and allow the evaluation committee to be partly or fully composed of external experts.

Moreover, in coordination with CINEA, and based on the Amending Delegated Regulation, DG CLIMA reported on findings and also revised the specific memorandum of understanding for the Innovation Fund to provide for the formal establishment of an evaluation committee, which may be partially or fully composed of external experts, for the ongoing and future calls. In the IAS follow up review of the implementation concluded that this recommendation was adequately and effectively implemented and therefore closed.

The recommendation addressed only to CINEA are described in its annual activity report 2024.

- *IAS audit on the implementation and monitoring of the EU Emission Trading System*

The objective of the audit was to assess the adequacy of the design and effective implementation of the processes (governance, risk management and internal controls) put in place by DG CLIMA for implementing and monitoring the EU ETS (stationary installations only), including the Union Registry and related tools and the management of EU ETS auctions.

The scope of the audit covered the following areas:

- review and management of change requests on the national allocation tables (stationary installations only) by EU MS ([39]) and adoption of the quarterly and annual updates of national allocation tables (stationary installations only);
- monitoring of the implementation by EU MS of the EU ETS legislative framework (without covering the infringement procedure);
- analysis of data included in the Union Registry and related IT tools (but not covering detailed transactions in the EU transaction log, MS registries and operators account);
- management of the access rights to the Union Registry and related IT tools;
- calculation of the cap and management of the Market Stability Reserve;
- management of EU ETS auctions and coordination with the external contractor;
- the Commission reporting on the EU ETS.

The IAS auditors recognised that despite the heavy workload and complex legal framework, DG CLIMA staff showed commitment to perform their tasks and willingness to improve the efficiency of the EU ETS related processes. They also confirm the immense work and efforts by DG CLIMA in the areas of EU ETS reviewed (including the management of auctions), despite the scarce resources they operate with.

The audits concluded very important recommendations in the following areas:

(1) Administration of free allowances
(2) Monitoring of allowances under phare 4 of the EU ETS
(3) The process for updating the national allocation tables
(4) Monitoring of the Member States implementation of the EU ETS legal framework
(5) Reliance on external consultants
(6) User access management, confidentiality of information and sensitive functions

The action plan has been prepared by DG CLIMA and agreed with IAS.

Considering the above outlined outstanding recommendations, DG CLIMA has assessed the potential material impact on the effectiveness of the internal control and the achievement of its objectives.

([39]) The auditors did not include in their scope the review of the quality of the assessments from the technical perspective.

- In terms of the limited review on the IT security of the EU ETS, the implementation of the action plan progressed very well, and there are no new elements which point to issues affecting assurance. Nevertheless, the recommendations are linked to the structural concerns detailed in Annex 9 related to DG CLIMA's reservation on the IT security of ETS.
- With regards the audit on the Innovation Fund, all the recommendations have been adequately and effectively implemented, it is considered as closed, and therefore does not influence the internal control system.
- Concerning the IAS audit on the implementation and monitoring of the EU Emission Trading System, the audit was finalised at the very end of 2024 and while it resulted in ten very important recommendations this was as a result of the extensive scope of the audit. Moreover, the implementation of several of the recommendations already started, with the majority of the actions planned to be completed in 2025.

Therefore, after thorough analysis and taking into consideration the character, status of the recommendations and progress made, the conclusion is that they do not lead to any material impact or concerns in relation to the assurance for 2024.

ANNEX 9: Specific annexes related to "Control results" and “Assurance: Reservations”

A. Annex related to "Control results" - Table X: Estimated risk at payment and at closure

DG CLIMA -1	Payments made (2024;MEUR) -2	minus new prefinancing [plus retentions made] (in 2024;MEUR) -3	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2024;MEUR) -4	Relevant expenditure (for 2024;MEUR) -5	Detected error rate or equivalent estimates -6	Estimated risk at payment (2024;MEUR) -7	Adjusted Average Recoveries and Corrections (*adjusted* ARC; %) -8	Estimated future corrections [and deductions] (for 2024;MEUR) -9	Estimated risk at Closure (2024;MEUR) -10
Procurement	29.07	- 0.65	0.18	28.60	0.50% - 0.50%	0.14 - 0.14	0.00% - 0.00%	0.00 - 0.00	0.14 - 0.14
Contribution Agreement	14.17	- 7.26	7.50	14.42	0.50% - 0.50%	0.07 - 0.07	0.00% - 0.00%	0.00 - 0.00	0.07 - 0.07
Charge back	12.64	0.00	0.00	12.64	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
Administrative Agreement	3.53	0.00	0.00	3.53	0.50% - 0.50%	0.02 - 0.02	0.00% - 0.00%	0.00 - 0.00	0.02 - 0.02
Service Level Agreement	1.51	- 1.51	3.54	3.54	0.50% - 0.50%	0.02 - 0.02	0.00% - 0.00%	0.00 - 0.00	0.02 - 0.02
Other	1.04	0.00	0.00	1.04	0.50% - 0.50%	0.01 - 0.01	0.00% - 0.00%	0.00 - 0.00	0.01 - 0.01
Grant	0.38	0.00	1.74	2.12	0.50% - 0.50%	0.01 - 0.01	0.00% - 0.00%	0.00 - 0.00	0.01 - 0.01
DG total	**62.34**	**- 9.42**	**12.96**	**65.89**		**0.27 - 0.27**	**0.00% - 0.00%**	**0.00 - 0.00**	**0.27 - 0.27**
					Overall risk at payment in %	**0.40% - 0.40%** *(7) / (5)*		**Overall risk at closure in %**	**0.40% - 0.40%** *(10) / (5)*

Notes to the table X

(1) Relevant Control Systems [if possible] differentiated per relevant portfolio segments and at a level which is lower than the total.

(2) Payments made or equivalent, e.g. expenditure registered in the Commission’s accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.

In all cases of Co-Delegations (Internal Rules Article 3), "payments made" are reported by the Delegated departments. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating departments.

(3) New pre-financing actually paid by out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). as per note 2.5.1 to the Commission annual accounts thus excluding "Other advances to Member States" which are covered on a purely payment-made basis (note 2.5.2). Pre-financing paid/cleared" are always covered by the Delegated departments, even for Cross-SubDelegations.

Retentions: in Cohesion, the 10% retention applied during the year.

(4) Pre-financing actually cleared during the financial year (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption'). Retentions: in Cohesion, the retentions released during the year by the Commission.

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological annex 1.1), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out [& adds the retentions made], and adds the pre-financing actually cleared [& subtracts the retentions released; and any deductions of *expenditure made by MS*] during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In this column, we disclose the detected error rates or equivalent estimates. [*Equivalents might be e.g. the "adjusted error rates", AGRI, or the “residual total error rates”, REGIO, EMPL, MARE, HOME. In other cases, e.g. INTPA and NEAR, they are derived by a backwards calculation based on results from the residual error rate studies; i.e. by adding the estimated future corrections (if not assumed to be zero) to the risk at closure.*]

For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (*e.g. administrative expenditure, operating contributions to agencies)*, the rate which should be used is 0.5% as a conservative estimate, unless the department has a more precise estimate based on evidence.

Similarly the subsidies given by partner DGs to decentralised agencies as part of their establishment and core tasks are considered error-free types of expenditure and the rate which should be used is 0%.

(8) The adjusted average recovery and corrections percentage is [*mostly / to some extent*] based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective measures each department applied over the past years as a result of ex post controls.

B. Reservations

A fiche must be completed for each reservation at the end of the reporting year.

DG	DG Climate Action
Title of the reservation, including its scope	Security Weakness in the union Registry of the Emissions Trading System (EU ETS)
Domain	EU Emissions Trading System (EU ETS)
Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	EU Emissions Trading System (EU ETS). This reservation has no financial impact. Financial risks are proportional to asset value. The carbon price has overall been rising since 2014 (from approximately €6 in 2014, peaking over €100 in early 2023 and remaining on previous year (2022) level of €85 for the rest of 2023. In 2024, the EUA price had a low at 53,71 in February and a high at 74,92 in May. Overall, the price remains volatile and so does the total value of holdings due to the compliance cycle (holdings drop at the surrender deadline), On average, the Union Registry holds allowances in the value of over 200 billion Euro. This amount is expected to grow with the extension of the Emission Trading System to more sectors over the coming years.

Reason for the reservation	Since 2010, DG Climate Action has issued a reservation in all its AARs on reputational/legal/financial grounds related to **security weaknesses** identified in the **Union Registry for the EU ETS**. Operational since January 2005, the registries system ensures the accurate accounting of allowances issued under the EU ETS. In **2010/11 several successful cyber-attacks occurred against national registries** and theft of allowances was reported. Since the **migration of the national registries in June 2012 to a single Union Registry**, classified as a critical system and operated by the Commission, the Union Registry would have been exposed to a reputational risk and legal/financial liabilities if new cyber-attacks would have succeeded. The **2019 risk assessment** confirmed a number of vulnerabilities to be addressed in a 'security plan' involving **12 reinforcing security measures**. As the Director General could not accept the residual risks, in compliance with Commission Decision 2017/46 and its implementing rules (CD 2017/8841), the unusually high residual risk situation was **escalated** in September 2019 to the **IT and Cybersecurity Board (ITCB) for advice**. In addition, an independent **study** was commissioned in **2019 to benchmark the resources and operating model of the Union Registry** (the main information system underpinning the EU ETS) against other institutions with comparable systems. The results highlighted **significant weaknesses** in terms of economic and human resources, and suboptimal alignment with the kind of IT services observed in financial institutions. As the conclusions and identified risks levels in the study seem to point to structural issues, a **subsequent study** was launched in December **2020** on **potential alternative operating models** for the Union Registry. The evaluation of the options put forward by the consultant at the end of 2021 concluded that there was a pressing need to reduce the persistently high risks resulting from holding and handling high value assets that the current operating model fails to address. As part of the risk management cycle, a **risk assessment** was finalised in July 2022. It reconfirmed that the risk landscape had evolved in such a way that the 2019 measures even upon completion would not result in acceptable risk levels. A **security plan was proposed in 2022** that recommends finalising the implementation of the measures from the previous plan (2019) and suggested 10 additional measures. Following this, in 2023, an internal risk assessment review was conducted, which updated the business impact assessment, particularly increasing the emphasis on availability. However, no new security measures were introduced, as several from the previous assessment were still underway. A new external Risk Assessment has been completed in 2024 with the result of 7 additional measures. But other challenges to operate the system in the Commission internal governance structure facing the budgetary and HR constraints, remain. Therefore, a new business operating model may be required to address thoroughly the remaining issues. Should the risk landscape be similar (or higher) in the future (asset value, visibility of the system, etcetera), even if the security plan is completed, the Union Registry and the EU Transaction Log would **still be exposed to major security threats** that may possibly affect the confidentiality of the data, the integrity of the transactions and the availability of the system for the Member States and all account holders. This ultimately may result in legal disputes and reputational consequences for the Commission with potential financial losses. The trading of EU allowances (emissions rights) is regulated as trading of 'financial instruments' under the revised 'Markets in Financial Instruments Directive (MiFID)'. During 2022, an Interservice Group was tasked to analyse the issue. It presented its recommendations to the CMB on 8 March 2023. Following the ISG proposal, the CMB suggested that DG Climate Action launches **a cost/risk reduction assessment with an external consultancy firm to evaluate in detail the feasibility and costs of the retained models**. The study was contracted in August 2023 and was delivered in early April 2024. Its results and the operational conclusions of the meetings around the study with InterService Group DGs. This latest study proved once again there were structural issues in the management of the system and proposed three alternatives as way forward. An office model was the alternative that reached highest compliance with applicable financial market frameworks, and this was the option chosen by the interservice group to be presented to the CMB. 17 April 2024, the CMB endorsed the proposal and asked CLIMA to liaise with MSs to agree on governance and financing models. In 2023 IAS also finalized the **limited review of ETS IT security audit**, with some very important findings. The action plan was established and is already partially implemented. However, the agreed actions will not allow to reduce **the residual risks to the acceptable level**. 3 out of

Materiality criterion/criteria	The **significance of the events** of 2010/11 was assessed against the following 3 criteria, that still **remain valid**: - **nature of the impact on reputation of the Commission** vis-à-vis stakeholders to manage a market based instrument : medium-term negative stakeholder perception with limited impact on ability of the Commission (DG Climate Action) to meet key objectives, - **breadth of awareness of the events** : international and national press coverage, pro-active communication with the MS in full transparency by the Commission via the dedicated website 'EU Climate Action', via a webpage dedicated to ETS on the Europa server and in the Climate Change Committee. - **duration**: a series of incidents started in November 2010 continuing in January 2011 led to a suspension of trading of allowances on the 'spot' market that accounts for less than 20% of the ETS. Another incident occurred in a national registry in October 2011.
Quantification of the financial impact (amount at risk)	**Non-quantifiable** – impossible to assess the financial impact accurately. The financial risks are proportional to asset value. The carbon price has overall been rising since 2014 (from approximately €6 in 2014, peaking over €100 in early 2023 and remaining on previous year (2022) level of €85for the rest of 2023., At current prices, the Union Registry again holds allowances in the value of over 200 billion Euro. This amount is expected to grow with the extension of the Emission Trading System to more sectors over the coming years. More significant is the **reputational risk which is critical** and impossible to quantify. The EU ETS is a key element of the "European Green Deal", and a potential interest of certain groups to disrupt the system cannot be entirely discarded. Not with the intention to steal, but simply with the intention to damage the reputation of the Commission or the reliability of the ETS as an effective tool to combat climate change.
Impact on the assurance	The event falls within the scope of the declaration as it is a **core activity of EU climate policy**, managed by the Commission (DG Climate Action) with high visibility and media coverage and to which considerable human and financial resources are and will continue to be allocated in the future. The **EU ETS** is one of the **main instruments for achieving and implementing the 2030 target**: at least 55% net greenhouse gas emissions reduction compared to 1990 levels covering three quarters of the economy, around 80% after the extension to new sectors over the coming years. The critical IT system supporting EU ETS is managed in-house by the Commission. However, the weakness does not invalidate the declaration of reasonable assurance by the Director General
Responsibility for the weakness	The Commission (DG Climate Action), as central administrator, has a key role in the functioning of the EU ETS in managing the Union Registry and the Union Transaction Log.

Responsibility for the corrective action	**DG Climate Action** finalised a risk assessment in July 2022. 10 additional security measures were proposed, a new risk assessment delivered in 2024 will bring some additional measures (7 at this time). The implementation of these new measures along with the outstanding ones from former security plans will continue in 2025**, in full collaboration with the Directorate-General for Informatics (DIGIT).** However, it should be noted that upon completion of the security plan, including these new measures, the residual risk would still remain too high to be acceptable. In parallel, **an inter-service group led by DG Climate Action and comprising the Secretariat-General, DG Budget, DG Informatics, DG Financial Stability, Financial Services and Capital Markets Union, and DG Taxation and Customs Union** is exploring alternative operating models for the Union Registry. In 2023, an in-depth feasibility assessment and a cost–benefit analysis was contracted to inform a possible decision on the new modus operandi of the Union Registry (e.g. outsourcing through a delegation agreement). This latest study continued to prove the structural issues and proposed 3 alternatives as way forward. The Corporate Management Board has endorsed an alternative which offered the highest alignment with applicable financial market standards. **Conclusion** The measures requested in the action plan that followed the IAS audit of 2014 were implemented in full. Despite fulfilling all the requirements, the measures did not lower the risks to business acceptable levels. Unfortunately, the increased risks and threats coupled with the growth in value (due to the rising carbon price in recent years) seem to outpace the implementation rate of the security measures that DG Climate Action and DIGIT can sustain. This may add to the structural issues that the studies referred. Namely, that the staff and financial strength is not proportionate to the total value of assets managed, and that the IT services of the Commission do not match those of the financial sector. Also, that there is a need to move towards an alternative operating model for the Union Registry as the only way to properly handle risks in a financial information systems like ETS Registry. **The unmitigated residual risks at the end of 2024 remain too high to be acceptable. The ensuing financial and reputational risks are still material.**

ANNEX 10: Reporting – Human resources, digital transformation and information management and sound environmental management

A. Human resource management

Objective: DG CLIMA employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business			
Indicator 1 : Number and percentage of first female appointments to middle management positions **Source of data:** SEC(2020)146 and SEC (2023)200			
Baseline (2019)	**Interim milestone (2022)**	**Target (2024)**	**Latest known results (31/12/2024)**
33% of female in middle management positions (4 middle managers out of 12)	DG CLIMA needed to make 1 female appointment to middle management position by December 2022; the target was achieved	2023-2024 target: 2 female first appointments (achieved)	In 2024 DG CLIMA appointed 2 men on Head of Unit positions. The DG has currently 7 women out of 18 middle management occupied positions (31/12/2024), which corresponds to 39% (end of 2023: 8 out of 17 positions; 47%).

Indicator 2: DG CLIMA staff engagement index **Source of data:** Commission staff survey			
Baseline (2018)		**Target (2024)**	**Latest known results (2024)**
75%		76%-80% and maintain above the Commission average (73% in 2023)	77%

Main outputs in 2024:			
Description	**Indicator**	**Target**	**Latest known results (31/12/2024)**

Description	Indicator	Target	Latest known results (31/12/2024)
DG Climate Action HR plan	Implementation of actions	Implementation of the actions in progress planned in the CLIMA HR plan	A new HR action plan has been adopted in September 2024 and it partially integrates the 2022 action plan. The actions in progress which were only on the 2022 action plan are all implemented.
Rebalance Underrepresented Member States (URMS)	Representation of URMS at the middle management level	Special attention on systematically interviewing eligible applicants from URMS for any vacant middle or senior management function in the DG	Candidates from URMS were systematically interviewed for middle and senior management functions. This aspect was closely monitored by DG HR who is managing this selection process.
Newcomers' welcome sessions	Number of sessions	2	4
Events for managers on wellbeing or HR-related topics	Number of sessions	1	3 (integrated in the management meetings)
Events for staff on wellbeing or HR-related topics	Number of sessions	1	4
Programme of internal communication actions such as: - Lunchtime conferences - Debriefing breakfasts with Senior Management	Series of presentations organised and participation rate	On average, 50 Participants for lunchtime conference and 120 participants for debriefs with senior management	In 2024 we organised 27 lunchtime conferences, with in most cases well over 50 participants per event. A townhall meeting took place on 15 April with 260 participants.

B. Sound financial management

Objective: The authorising officer by delegation has reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that cost-effective controls are in place which give the necessary guarantees concerning the legality and regularity of underlying transactions		
Indicator: Estimated risk at closure **Source of data:** DG CLIMA Annual Activity Report		
Baseline (2019)	**Target (2024)**	**Latest known results (31/12/2024)**
Below 2% of relevant expenditure	< 2% of relevant expenditure	0.40%

Main outputs in 2024:			
Description	**Indicator**	**Target**	**Latest known results (31/12/2024)**
Effective controls: Legal and regular transactions	Estimated risk at payment	Remains <2 % of relevant expenditure	0.40%
	Estimated risk at closure	Remains <2 % of relevant expenditure	0.40%
Effective controls: Safeguarded assets – innovation Fund	Implementation of the contribution agreement on Monetisation and Asset Management with the EIB	2 conclusive steering committee meetings Validation of the reporting pack including financial statements prepared by the EIB	7/6/2024 and 13/12/24 via video conference Validated
Safeguarded information	Implementation of the 12 security measures in the Union Registry	100% of the measures implemented	75% implemented
	Implementation of 10 additional security measures following the 2022 risk assessment	100% of the measures implemented	80% implemented

Efficient controls	Budget execution Timely payments	Remains 100% of commitment appropriations Remains 99% payment appropriations Remains >98% of payments (in value) made on time	100% of budget expiring in 2024 100% of budget expiring in 2024 100% of payments made on time
Economy of controls	Overall estimated cost of controls	Remains <3.2% of funds managed	2.82%
Open recommendation for Internal Audit Service (IAS) Open recommendation for European Courts of Auditors (ECA)	Number of recommendations overdue for more than 6 months Number of recommendations overdue for more than 6 months	None None	None 2

C. Fraud risk management

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CAFS) ([40]) aimed at the prevention, detection and correction ([41]) of fraud.

Indicator : Implementation of the actions included in DG CLIMA anti-fraud strategy over the whole strategic plan lifecycle (2020-2024)
Source of data: DG CLIMA annual activity report, DG CLIMA anti-fraud strategy, OLAF reporting

Baseline	**Target (2024)**	**Latest known results (31/12/2024)**
100% of actions points of the 2021 anti-fraud strategy (AFS)[42]	100% of action points (of the revised AFS) implemented in time	Fully implemented, but some actions coming from the ETS security plans

([40]) Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 196 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2023) 245 – 'the CAFS Action Plan'.
([41]) Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.
([42]) DG CLIMA revised its 2016 anti-fraud strategy in July 2021

Main outputs in 2024:			
Description	**Indicator**	**Target**	**Latest known results (31/12/2024)**
Targeted awareness raising on anti-fraud matters to ensure that DG Climate Action staff remains vigilant to fraud	Communication actions	3	Fully implemented
Collaboration with OLAF and participation in anti-fraud networks	Meetings with OLAF	Throughout the year	Fully implemented
DG Climate Action local anti-fraud strategy 2025–2028	Revision of the current Climate Action local anti-fraud strategy 2021-2024	Validation of the new anti-fraud strategy 2025-2028	Partially implemented DG CLIMA new strategy is currently undergoing final approval

D. Digital transformation and information management

Objective: DG CLIMA is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission[43]

Indicator 1: Degree of implementation of the digital strategy principles by the EU ETS Union registry
Source of data: a state-of-play on the implementation of the 11 core principles defined by the EC Digital Strategy for the EU ETS Union registry. It reflects the degree of implementation of each of the 11 principles ("2-well implemented"/ "1-partially implemented"/ "0-not implemented"), and is expressed as a percentage of the implementation (a total score of 22 being 100%).

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (31/12/2023)
23%	50%	73%	70,59%

([43]) No information is reported for the following indicator "Review of existing ARES files to identify those that can be usefully shared with other DGs". This is due to a lack of data (data collection was discontinued in 2021), mainly because the priority of the DG in that field has shifted to introducing paperless processes, managing sensitive information and protecting personal data (Cf. DG CLIMA Management plan 2023).

Indicator 2: Percentage of DG CLIMA key data assets for which corporate principles for data governance have been implemented **Source of data:** Key data assets as defined in CLIMA's contribution to the Commission's data inventory, the baseline estimate represents a numerical average of a preliminary assessment by local data correspondent and data stewards of the degree of current application of the four principles to each of the key data assets under CLIMA responsibility. What is measured is the extent to which corporate principles for data governance are implemented for CLIMA 's nine key data assets			
Baseline (2019)	**Interim milestone (2022)**	**Target (2024)**	**Latest known results (31/12/2024)**
50%	66%	80%	83%

Indicator 3: Percentage of staff attending awareness raising activities on data protection compliance **Source of data:** DG CLIMA Annual Activity Report			
Baseline (2018)	**Interim milestone (2021)**	**Target (2024)**	**Latest known results (31/12/2024)**
25%	50%	100% of staff	100%

Objective: DG Climate Action is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission

Main outputs in 2024:

Description	**Indicator**	**Target**	**Latest known results (31/12/2024)**
Digital Culture Coaching sessions on collaboration tools	Percentage of DG Climate action's staff that attended Microsoft Office 365 trainings	80% of DG Climate Action's users	80%
Digital Culture Specific trainings on cybersecurity	Quarterly trainings	4	4
Green, Resilient and Secure Digital Infrastructure Migration of users to welcome	Users in units handing SNC documents	100%	100%
Green, Resilient and Secure Digital Infrastructure Documents and content moved to SIFC	Documents and pages migrated to Sharepoint Online	50%	50%
Green, Resilient and Secure Digital Infrastructure Information systems with updated Security Plans	Information systems with a Security Plan not older than 2 years	100%	100%

Green, Resilient and Secure Digital Infrastructure SNC Information Systems make use of Multi-factor Authentication (MFA)	Information systems handling SNC data implementing MFA	100%	100%
Information Management and Data Protection Personal data protection compliance of processing activities	Percentage of revised Data Protection Records over the period 2024-2025	50%	30%

E. Sound environmental management

Objective: DG Climate Action takes account of the environmental impact of its day-to-day actions, taking measures to reduce the impact of the administration work, supported by their respective EMAS Correspondents or EMAS Site Coordinators.

Main outputs in 2024:

I Reducing emissions from staff and expert' business travel and reducing CO2 and other atmospheric emissions

Output	**Indicator**	**Target (2019 as baseline)**	**Latest known results (31/12/2024)**
Reduced emissions from staff missions (44)	CO2 emissions from DG's, Office's or other department's staff missions	Reduction by 50% (45)	588,995kg CO2 which represents a reduction of emissions per capita of 53.68% compared to 2019, and by 26% in absolute number
Reduced emissions from experts travel under the administrative budget	CO2 emissions from DG's, Office's or other department's expert missions	Reduction of experts' emissions where department is in the lead 50%	No data available

II. Reducing resource use in buildings and workspace (energy)
More efficient use of resources (energy):

Output	**Indicator**	**Target (2019 as baseline, as appropriate)**	**Latest known results (31/12/2024)**
Participation in corporate energy saving actions through building closure.	Number of department's buildings participating in end of year energy saving action	100% of department's buildings participating in end of year energy saving action	CLIMA took part in the energy saving action.

III. Organise sustainable events

Output	**Indicator**	**Target (2019 as baseline, as appropriate)**	**Latest known results (31/12/2024)**

(44) Data provided by PMO/MiPs
(45) Overall reduction of CO_2 emissions from missions for department from 2019-2024 (%). Overall corporate target is 50 % under the Greening Communication.

List actions taken to implement the EC guidelines for sustainable meetings and events	Number (or %) of green events	1 article on intranet promoting the use of EC guidelines for sustainable meetings and events 50% of meetings organised on Commission premises.	The EC guidelines for sustainable meetings and events were promoted on the intranet and on CLIMA Teams/Viva Engage. AGM Meetings: 5% were fully presential; 21% only online; 68% hybrid. 88.7% of ordered items for lunch were vegetarian items.
IV. Circular economy (public procurement (GPP), waste, biodiversity and sustainable food			
Output	**Indicator**	**Target (2019 as baseline, as appropriate)**	**Latest known results (31/12/2024)**
Gradual introduction of GPP criteria in contracts and starting to monitor the process ([46]).	% of contracts with "green" provisions in %	Increase in the % of contracts with "green" selection criteria	One contract with green selection criteria (no increase comparing to last year)

([46]) For information, technical support is provided by the Interinstitutional GPP Helpdesk. See also GPP webpage on MY IC for EU reference/guidelines by DG ENV and the Vade-mecum on Public Procurement by DG BUDG.

ANNEX 11: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (not applicable)

ANNEX 12: EAMR of the Union Delegations (not applicable)

ANNEX 13: Decentralised agencies and other EU bodies (not applicable)

ANNEX 14: Reporting on the Recovery and Resilience Facility (not applicable)