

## Press release

23 March 2023

# ECB starts disclosing climate impact of portfolios on road to Paris-alignment

- First climate-related disclosures show Eurosystem corporate sector portfolios and ECB non-monetary policy portfolios on decarbonisation path
- Disclosures reflect Eurosystem-wide effort to boost transparency
- Eurosystem to disclose climate-related information on additional portfolios

The European Central Bank (ECB) has today published its first climate-related financial disclosures, which provide information on its portfolios' carbon footprint and exposure to climate risks, as well as on climate-related governance, strategy and risk management.

Presented in two reports, the disclosures cover the [Eurosystem's corporate security holdings](#) under the corporate sector purchase programme (CSPP) and the pandemic emergency purchase programme (PEPP), as well as the [ECB's euro-denominated non-monetary policy portfolios](#) (NMPPs), including its own funds portfolio and its staff pension fund.

“These disclosures are a further piece of the puzzle in our efforts to contribute to fighting climate change,” says President Christine Lagarde. “They give us a clear view of our progress in decarbonising our portfolios and, over time, they will help us to chart the most effective course towards the goals of the Paris Agreement.”

The disclosures show that the corporate bonds held under the CSPP and PEPP are on a decarbonisation path. Although the portfolios' absolute greenhouse gas emissions have increased in recent years because the Eurosystem has purchased more securities for monetary policy purposes, issuers' carbon intensity has gradually declined. This is partly due to the fact that the companies in our portfolio have lowered their emissions for every million euro of revenue they earn, reflecting their efforts to significantly reduce their emissions and boost carbon efficiency.

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A second factor reducing the relative emissions associated with corporate sector purchases since October 2022 is the [ECB's decision to tilt its holdings](#) towards issuers with a better climate performance, which is helping to decarbonise the Eurosystem's corporate sector portfolios on a path in line with the goals of the Paris Agreement.

The disclosures also show that the ECB has more than halved emissions from corporate and equity investments in its staff pension fund since 2019. These assets are already aligned with the Paris Agreement and low-carbon benchmarks, which has resulted in the reallocation of funds towards more carbon-efficient issuers, putting the portfolio on a firm decarbonisation path. For its own funds portfolio, the ECB has gradually increased the share of green bonds, up from 1% in 2019 to 13% in 2022. As this portfolio consists mainly of euro area government bonds, its decarbonisation depends to a large extent on countries' efforts to reduce their emissions and meet Paris Agreement goals.

From now on, the ECB will disclose climate-related information on these portfolios every year, while continuously improving the disclosures as the quality and availability of data progress. Over time, it will expand the scope of the disclosures to cover other monetary policy portfolios, such as those under the public sector purchase programme (PSPP), the third covered bond purchase programme (CBPP3) and other assets under the PEPP. The ECB also aims to set interim decarbonisation targets for its own funds portfolio and staff pension fund to stay on track with Paris Agreement goals. Similarly, the ECB Governing Council will consider setting such targets for corporate sector portfolios.

The ECB's NMPP disclosures are part of a [concerted effort by all Eurosystem central banks](#) to publish climate-related financial disclosures on their euro-denominated NMPPs using a common framework that defines minimum reporting requirements based on the recommendations of the Task Force on Climate-related Financial Disclosures. A [dedicated ECB page](#) will list the disclosures of all Eurosystem central banks as they are published over the coming weeks.

By publishing these disclosures, the Eurosystem is delivering on one of the key commitments outlined in its [climate change action plan](#). Looking ahead, the ECB will regularly review its climate-related measures to ensure, within its mandate, that it continues to support a decarbonisation path in line with the goals of the Paris Agreement and EU climate neutrality objectives.

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## Notes

- Euro-denominated non-monetary policy portfolios (NMPPs) contain the assets held by Eurosystem central banks that are not related to monetary policy operations. They include euro-denominated investment portfolios and staff pension funds that are managed by the national central banks, which have sole responsibility for their NMPPs and climate-related financial disclosures.
- The Task Force on Climate-related Financial Disclosures was created by the Financial Stability Board to improve and increase reporting of climate-related financial information, by developing recommendations on the types of information that companies should disclose.

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