

Press release

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Eurosystem and ECB portfolios steadily decarbonising, climate-related disclosures show

- Eurosystem tilting framework played a meaningful part in reducing financed emissions associated with corporate assets in monetary policy portfolios in 2022 and 2023
- Disclosures expanded to cover over 99% of Eurosystem monetary policy holdings
- Disclosures aim to improve transparency and support wider efforts to narrow climate data gap
- Interim targets to be set to monitor emission reduction trajectory of corporate asset portfolios on a path that supports the goals of the Paris Agreement

The European Central Bank (ECB) has today published its second set of climate-related financial disclosures, which provides information on the carbon footprint of its portfolios and their exposure to climate risks, as well as on climate-related governance, strategy and risk management.

The disclosures show that carbon emissions associated with Eurosystem corporate sector portfolios have continued to decline. Most of this reduction was due to securities issuers becoming more carbon-efficient. About one-fifth of the total emission reduction in 2022 and 2023 was due to the Eurosystem's efforts to tilt reinvestments towards issuers with better climate performance.

In addition, the Governing Council agreed that interim emission reduction targets will be set for the corporate sector portfolios in the asset purchase programme (APP) and pandemic emergency purchase programme (PEPP). These interim targets will take into account, as guidance, the requirements of the [EU Benchmarks Regulation](#) and accompanying [Commission Delegated Regulation](#). At this stage, these interim targets will be used internally to monitor the corporate sector portfolios' emission reduction trajectory. If deviations from the desired trajectory are identified, remedial actions will be assessed, within the Governing Council's mandate, on a case-by-case basis.

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The scope of the [disclosures on assets held for monetary policy purposes](#) has been significantly expanded. Last year they focused exclusively on corporate sector assets, whereas this year's set of disclosures also includes Eurosystem holdings of public sector assets and covered bonds under the APP and the PEPP, as well as the ECB's foreign reserves. This means that the disclosures now cover 99.7% of the total assets held for monetary policy purposes under the APP and the PEPP. Only holdings of asset-backed securities (ABS), for which sufficient data are not available, are excluded. The available data for the assets subject to disclosure show that their associated emissions are also gradually declining, in line with decarbonisation efforts by issuers.

The [disclosures on the ECB's non-monetary policy portfolios](#) cover ECB staff pension fund investments and the ECB's own funds. All corporate sector investments in the ECB staff pension fund now track EU Paris-aligned Benchmarks and their associated emissions were reduced by around 50% in 2023 compared to the previous year. Following the introduction of these benchmarks, the ECB aims to further reduce the carbon footprint of these investments by an annual average of at least 7% in future. The share of green bonds in the ECB's own funds portfolio increased from 13% in 2022 to 20% in 2023, and now provides over €4.5 billion in funding for the green transition. The ECB plans to increase this share to 25% in 2024.

By supplying climate-related information on central banking portfolios, the ECB and the Eurosystem aim to lead by example, improve transparency, and support wider efforts by regulators and other stakeholders to close gaps in climate data and reporting.

Looking ahead, the ECB and the Eurosystem will continue to improve the quality of their disclosures in line with advancements in climate-related data. Within its mandate, the Eurosystem will also keep reducing the carbon footprint of its corporate sector portfolios under the APP and the PEPP on a path that supports the goals of the Paris Agreement.

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Notes

- The ECB's non-monetary policy (NMP) disclosures are part of a [concerted effort by all Eurosystem central banks](#) to publish climate-related financial disclosures on their NMP portfolios using a common framework that defines minimum reporting requirements based on the recommendations of the Task Force on Climate-related Financial Disclosures.

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