

ECB climate agenda 2022

4 July 2022

It is governments and legislators who are primarily responsible for tackling climate change and they who have the most appropriate tools to address this issue. Yet, we must all play our part in the fight against climate change and that includes the ECB.

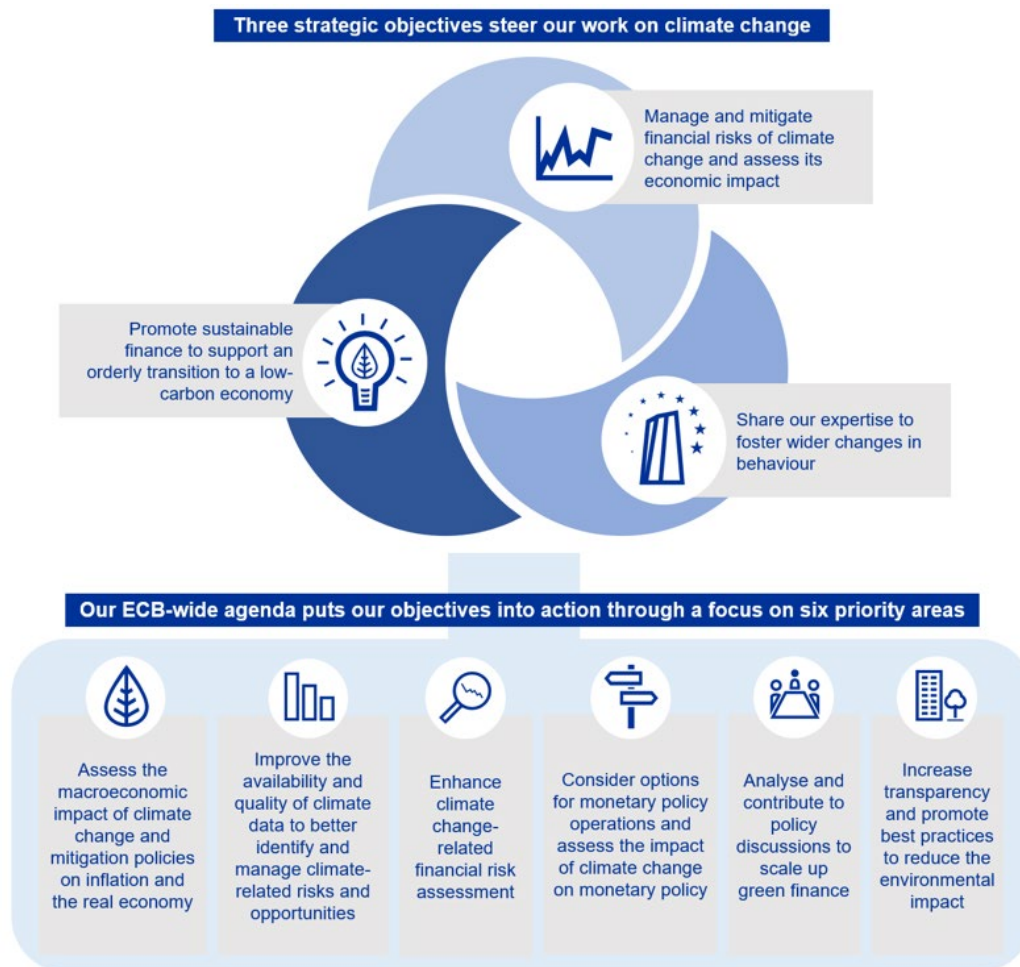
Climate change and the transition to a greener economy affect our primary objective of maintaining price stability due to their impact on our economy and on the risk profile and value of the assets on the Eurosystem balance sheet. As a supervisory authority, it is our duty to contribute to the safety and soundness of the banking sector by ensuring the industry has made adequate preparations to manage climate-related risk. Furthermore, as a European institution, acting within our mandate and without prejudicing our primary objective, it is our duty to play our part in supporting general economic policies which contribute towards the achievement of the EU's Treaty-based objectives. Such objectives include protecting the environment.

With this in mind, we at the ECB have three core objectives which steer our work on climate change: managing and mitigating the financial risks associated with climate change and assessing its economic impact, promoting sustainable finance to support an orderly transition to a low-carbon economy, and sharing our expertise to foster wider changes in behaviour. It is these objectives which help us to ensure that our policies are effective, legitimate and appropriate for a changing world.

To help us meet our objectives, we need a solid and thorough analysis of the impact of climate change. But we know that urgent action is needed and that time is of the essence. That's why we are striving to improve our models and to collect more data to better account for the risks stemming from climate change. This means that our strategy and actions in the face of climate change will naturally evolve over time.

Our ECB-wide climate agenda details the priorities and activities that will help us put these objectives into practice. It incorporates all of our ongoing climate change-related work, clustered around six strategic priority areas aimed at meeting our core objectives. The agenda will be updated regularly as actions are completed, allowing us to reflect on new developments in different areas as we go along. All of these actions combined will help us play our part in the fight against climate change by dealing with the task at hand, which is to prepare our economy for what is to come and to contribute to a more sustainable future overall.

Our strategic objectives and the ECB-wide agenda on climate change¹



1. Assess the macroeconomic impact of climate change and mitigation policies on inflation and the real economy

Action	2022	2023
A. Evaluate the impact of climate change mitigation policies on Eurosystem/ECB staff macroeconomic and fiscal projections *		
B. Include climate change considerations in macroeconomic modelling for the purpose of policy simulations *		
C. Assess the impact of energy transition (including carbon prices) on energy prices, inflation, output and monetary policy	<i>Recurring; regular publications</i>	
D. Assess the impact of climate change and mitigation policies on global commodity and financial markets		

¹ Actions that are included in the “[Detailed roadmap of climate change-related actions](#)” are marked with an asterisk (*).

E. Analyse the medium- to long-term economic impact of climate change and the green transition	Recurring
F. Monitor and contribute to discussions on climate change-related policies (in particular carbon pricing) within EU and international fora	Recurring

2. Improve the availability and quality of climate data to better identify and manage climate-related risks and opportunities

Action	2022	2023
A. Develop experimental data indicators for use in climate change-related analysis *		Develop statistical collections by 2024
B. Procure climate change-related commercial data for use by the ECB	Recurring	
C. Assess data for use in transition and physical risk analysis	Recurring	

3. Enhance climate change-related financial risk assessment

Action	2022	2023
A. Develop and perform a (pilot) climate stress test of the Eurosystem balance sheet *		Regular climate stress testing
B. Review and evaluate climate change-related risks in credit ratings; develop minimum standards for in-house credit assessment systems *		Introduce requirements into Eurosystem framework, if necessary
C. Monitor climate change-related risks for the financial system	Recurring; biannual publications	
D. Develop and perform climate stress tests of the financial system	Macroprudential and supervisory stress tests	Fit-for-55 package stress test
E. Conduct supervisory assessments and follow-ups in respect of banks' climate risk management capabilities (including a thematic review of climate-related and environmental risk, a targeted review of commercial real estate, and on-site inspections)	Feedback letters and possible requirements for banks	Regular supervisory assessments

F. Develop and share best practices with regard to banks' climate risk strategies, governance, risk management and disclosures	<i>Recurring; regular publications</i>
G. Assess and follow up on banks' alignment with ECB supervisory expectations in respect of climate change-related disclosures and compliance with regulatory standards	<i>Recurring; regular publications and feedback letters for banks</i>
H. Fully integrate climate risks into supervisory methodologies and processes	<i>Recurring; regular publications</i>
I. Contribute to policy development to integrate climate change-related risks into the prudential framework	<i>Recurring; regular publications</i>







4. Consider options for monetary policy operations and assess the impact of climate change on monetary policy

Action	2022	2023
A. Introduce climate change-related disclosures as an eligibility requirement in the collateral framework and asset purchases *	<i>Design policies</i>	<i>Adaptation period (implementation dependent on the timeline of the Corporate Sustainability Reporting Directive)</i>
B. Climate change-related risks in the collateral framework: consider policy proposals *		<i>Regular reviews and adjustments, if warranted</i>
C. Consider climate change in corporate sector asset purchases *	<i>Develop proposals</i>	<i>Adapt framework</i>
D. Assess the impact of climate change on the monetary policy stance and transmission mechanism (as a sub-item of point 1B) *		

5. Analyse and contribute to policy discussions to scale up green finance

Action	2022	2023
A. Assess the role of green financial instruments and investors in financing the transition to a net-zero emissions economy, and other related policies	<i>Recurring; regular publications</i>	
B. Research the potential role of central banks in financial markets and green innovation		
C. Monitor and contribute to EU-wide and international policy discussions to scale up green and sustainable finance, including by carrying out analytical work to inform the ECB's policy positions	<i>Recurring</i>	

6. Increase transparency and promote best practices to reduce the environmental impact

Action	2022	2023
A. Disclose climate change-related information about the corporate sector purchase programme * and Eurosystem euro-denominated non-monetary policy portfolios		Annual publications 
B. Invest the ECB's non-monetary policy portfolios in a sustainable and responsible manner	Recurring; annual targets 	
C. Produce and report the ECB's corporate sustainability disclosures	Recurring; annual publications 	
D. Achieve the ECB's Paris Agreement-aligned corporate sustainability targets	End goal in 2030; annual publications 	
E. Increase the environmental sustainability of the cash cycle	Recurring 	
F. Ensure effective and transparent communication with key audiences on climate change-related matters	Recurring; regular publications 	

© European Central Bank, 2022

Postal address 60640 Frankfurt am Main, Germany

Telephone +49 69 1344 0

Website www.ecb.europa.eu

All rights reserved. Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.

For specific terminology please refer to the [ECB glossary](#) (available in English only).