



EUROPEAN CENTRAL BANK

EUROSYSTEM

# Climate and nature plan 2024-2025 Updates

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Civil society seminar

26 February 2025



**European Central Bank**  
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Moderated by Daniel Weber

# Today's seminar



The seminar covers the **progress made on the ECB climate and nature plan 2024-2025 published 31 January 2024** and **continues our dialogue** with the civil society.

# Climate change and the ECB's mandate



## We act wherever we can within our mandate:

- Understanding the climate crisis and its implications for the economy and financial sector is **essential to deliver on our primary mandate and core tasks**.
- Within our mandate, we must also support the **EU's general economic policies including climate goals**.

Increasing urgency drives **need for more action**, and we are stepping up our climate work – within **our limits as policy takers**.

# Rationale from our climate and nature plan



Reaffirm our commitment to **do our part to address climate change**:

- **Build on the activities** we put in place since the 2021 strategy review and the 2022 strategy for banking supervision
- Continue with our **supervisory engagement**
- Regularly review the **effectiveness of our measures**

**Stay the course of our climate and nature plan for 2024-2025** to:



- Keep up the **ambition** and the **commitment** across the ECB and the Eurosystem
- **Continue** our work, guided by **3 focus areas**

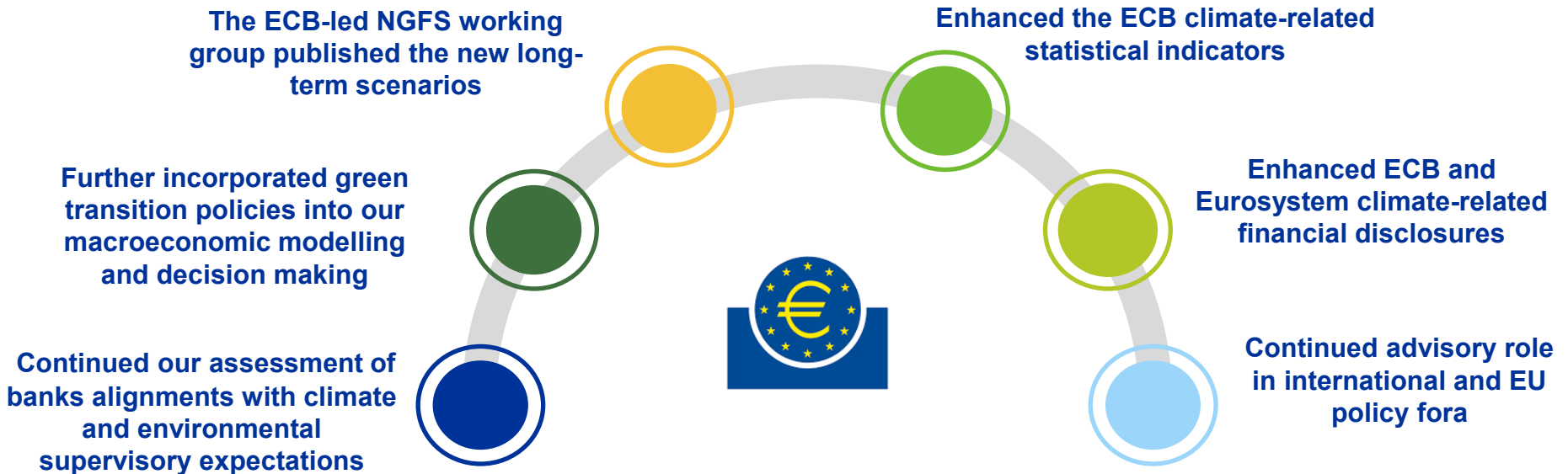
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## Status on the progress on the ECB climate and nature plan 2024-2025

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# What we continued to do – some highlights:

Further progressed in assessing the impact of climate change and nature degradation on our work and have acted where relevant and possible. Some highlights include:



# Progress on the three focus areas for 2024-2025

## 1. Navigating the transition towards a green economy



## 2. Assessing increased physical impact of climate change



## 3. Advancing work on nature related risks



# Focus area 1 - Navigating the transition towards a green economy

- **ECB analysis on the green investment needs.** Occasional Paper published in early January 2025. Available estimates of what would be needed in addition to current green investment levels range for the EU between 3 to 4 % of GDP annually until 2030.
- The one-off **fit-for-55 climate risk scenario analysis** by the ECB and the European Supervisory Authorities, and the related scenarios developed by ESRB. Main takeaway was that **transition risks alone are unlikely to threaten financial stability.**
- The **ECB's Bank Lending Survey** of July 2024 showed that climate risks were increasingly considered in lending conditions.





## Focus area 2 - Increased physical impact of climate change

- **Proposal for policies to reduce the climate insurance protection gap** published in a Joint ECB-EIOPA paper.
- **ECB working paper on adaptation** with a focus on Europe emphasizes the need for enhancing resilience.
- **Research on the economic impact of floods** published as part of the Economic Bulletin.
- ECB contributed to the **NGFS work on physical risks**: enhancements of **physical risk modelling** under the NGFS scenarios, to the Monetary Policy workstream's report on the economic impact of acute physical risks and the conceptual note on adaptation.



## Focus area 3 - Advance work on nature related risks

- Conducted pioneering work on developing integrated nature-climate scenarios together with PIK and Nature Finance.
- Published findings of work on the **Economic and financial impacts of nature degradation and biodiversity loss**.
- Assessed the legal implication for the ECB of nature-related risks and biodiversity loss and ECB led the **NGFS work on nature-related litigation**.
- **Continued working on nature together with our peers** in the NGFS.



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Looking ahead

## Looking ahead

We remain committed and will continue our work to incorporate climate considerations to the extent our mandate allows for it. Examples of our forthcoming work in the short term are:

- We will **continue to monitor and assess full alignment of banks with supervisory expectations**, as well as assess banks' compliance with Pillar 3 disclosure requirements.
- We will **advance our work on the impact of nature-degradation** by further analyse the risks and the economic impact.
- We will continue to **further our understanding of the impact of the green transition and the physical impacts of the climate crisis on the economy** and integrate these risks into our macroeconomic modelling and monetary policy decision making.
- We will **continue to disclose information about the carbon footprint and climate risk of our investments** and the environmental impact of our internal operations. We are also **considering environmental aspects in the preparatory phase of the design of a digital euro and of our banknotes**.
- **We fully endorse and support the work done in the context of the NGFS**, where we will continue as a key stakeholder. We will also continue with our advisory role in international and EU policy fora.

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## Q&A and discussion



Thank you!

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