

Press release

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ECB to invest in Bank for International Settlements' green bond fund

- ECB to use own funds portfolio to invest in BIS' euro-denominated green bond fund
- BIS' fund invests in renewable energy production and energy efficiency projects
- Step marks ECB's contribution to environmental objectives and EU climate goals

The European Central Bank (ECB) has decided to use part of its own funds portfolio to invest in the euro-denominated green bond investment fund for central banks (EUR BISIP G2) introduced by the Bank for International Settlements (BIS). With this investment, the ECB contributes, within its mandate, to global efforts to promote environmental objectives – including the EU climate goals – and to combat climate change. The BIS green bond fund invests in renewable energy production, energy efficiency and other environmentally friendly projects.

This investment in the EUR BISIP G2 is part of the ECB's sustainable and responsible investment (SRI) strategy that targets an increase in the share of green securities in its own funds portfolio. Such investment complements direct purchases of green bonds in secondary markets. The ECB already holds green bonds amounting to 3.5% of its own funds portfolio, which has a total market value of €20.8 billion. The ECB plans to increase this share over the coming years.

The EUR BISIP G2 is part of the BIS's green bond fund initiative, which helps central banks to incorporate environmental sustainability objectives in the management of their reserves and capital. In September 2019, the BIS launched a US-dollar-denominated green bond fund under the same initiative.

The ECB is also taking steps to increase sustainable and responsible investments in its staff pension fund. In 2020 all conventional equity benchmark indices tracked by the staff pension fund were replaced with low-carbon equivalents, which has significantly reduced the carbon footprint of the equity funds. The ECB is exploring a possible expansion of use of low-carbon benchmark indices to fixed-income asset classes within its pension fund.

European Central Bank

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The ECB is a member of the Network for Greening the Financial System, the international network of central banks, supervisors and international organisations promoting environmental responsibility in the financial sector.

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Notes

- The ECB's own funds portfolio consists of its paid-up capital, the general reserve fund and the provision for financial risks.
- The ECB staff pension fund is passively managed by two external asset managers. It pursues a broad sustainable and responsible investment policy based on limited exclusions and proxy voting guidelines that are incorporating environmental, social and governance standards.
- For further information see the BIS press release on the launch of the EUR BISIP G2 fund <https://www.bis.org/press/p210125.htm>

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