

Press release

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ECB advances climate and nature work after delivering on 2024-2025 plan

- ECB successfully embedded climate and nature risks into day-to-day processes, in line with its climate and nature plan 2024-2025
- ECB remains committed to accounting for climate and nature-related risks within its mandate, in view of growing economic and financial impacts
- Future work aims to improve analytical and operational readiness across the institution

The European Central Bank (ECB) has further embedded climate and nature-related risks into its core work, by concluding its [climate and nature plan 2024-2025](#). Over the past two years the ECB has refined its assessment of climate and nature-related risks, including the way they inform policy decisions. It has also improved how it supervises banks and manages its own portfolios and operations. This reinforces the ECB's ability to deliver on its mandate and helps safeguard the stability of the European banking system.

Climate and nature-related risks are now more deeply integrated across the relevant areas:

- **Strengthened integration in monetary policy framework:** the ECB has further integrated climate and nature-related considerations into its policy framework, including the [Eurosystem's collateral framework](#), and [reduced the carbon emissions](#) of the Eurosystem's corporate bond holdings. Climate considerations, including transition policies such as [Emissions Trading System 2](#), are now part of macroeconomic assessments and projections.
- **Better data and risk assessment:** the ECB has both carried out and contributed to climate stress testing and scenario analysis, including the [Fit-for-55 exercise](#), and is leading the work to design [climate scenarios](#) within the Network for Greening the Financial System. The [statistical climate indicators](#) have been updated with new methodologies and data, improving

the monitoring of developments in sustainable finance, carbon emissions reduction efforts and of the impact of climate-related physical hazards.

- **Improved banking sector resilience:** banks are now better able to assess climate and nature risks, supported by continuous follow-up from ECB Banking Supervision, including the issuance of binding decisions where necessary.
- **Accounting for climate risks in managing the ECB's own operations and balance sheet:** the ECB has continued to integrate climate considerations into its [non-monetary policy portfolios](#). It also reduced emissions from its own operations by 39% in 2024 compared with 2019, in line with its [2030 environmental targets](#).
- **Advancing work on nature:** the ECB's updated [monetary policy strategy statement](#) explicitly acknowledges the implications of nature degradation for monetary policy. ECB [research on nature-related risks](#) showed a deep interconnectedness between nature and the euro area economy, with water-related risks emerging as the most material.

The economic and financial consequences of climate change and nature degradation continue to grow. The ECB therefore remains firmly committed to embedding climate and nature into its work, ensuring resilience to rising physical risks and transition challenges. The ECB will continue intensifying work in three priority areas:

- **transition to a green economy**, including assessing banks' prudential transition plans, further analysis on energy and fiscal costs, and exploring how climate-related considerations could be further incorporated into the operational framework;
- **coping with the growing physical impacts of climate change on the economy and the financial system**, by strengthening macroeconomic analysis, improving data and risk monitoring and conducting further analysis of banks' capabilities to tackle challenges related to physical risk;
- **impact of nature-related risks and ecosystem degradation**, including assessing the impact of water-related risks.

These priorities will complement the ECB's ongoing climate-related actions covering monetary policy, banking supervision and financial stability, such as implementing the [climate factor in the Eurosystem collateral framework](#), further developing scenario and stress test methodologies and ensuring banks' prudent management of climate and nature-related risks. The ECB will also continue to improve data

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relevant to its work and refine its climate-related indicators and disclosures. It will also contribute to European and global policy discourse where relevant.

By staying the course and enhancing its analytical and operational capacity, the ECB will carry out its mandate in an environment increasingly shaped by climate and nature-related risks. More information can be found on the [ECB's website](#).

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Notes

- The ECB needs to account for the effects of climate change and nature degradation in the conduct of its tasks within its mandate. Climate change has profound implications for price stability through its impact on the structure and cyclical dynamics of the economy and the financial system. Additionally, without prejudice to its price stability objective, the ECB must support the general economic policies in the European Union, with a view to contributing to a high level of protection of and improvement in the quality of the environment. This includes the goals of the European Climate Law. Under Article 11 of the Treaty on the Functioning of the European Union, the ECB is also required to integrate environmental protection requirements into the definition and implementation of its policies and activities.
- The ECB introduced [climate change considerations](#) into its monetary policy framework following its strategy review in 2021. The ECB included a specific reference to considering [nature degradation](#) in its monetary policy framework in its updated monetary policy strategy statement in 2025.

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