EUROPEAN CENTRAL BANK

EUROSYSTEM

Press release

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ECB to extend use of climate factors in Eurosystem collateral framework to non-financial corporate credit claims

- Climate factor extension to protect Eurosystem against potential decline in collateral value due to climate-related transition shocks
- Measure complements existing risk control framework and increases resilience of monetary policy implementation
- Implementation by end-2027 at earliest, with climate factor values updated annually

The Governing Council of the European Central Bank (ECB) has decided to extend the use of climate factors in the Eurosystem collateral framework to certain eligible credit claims whose debtor is a non-financial corporation. The extension is designed to further strengthen the Eurosystem's risk management framework by addressing financial uncertainties related to the green transition. The measure builds on the introduction of a climate factor for marketable assets issued by non-financial corporations and their affiliated entities, which was approved in July 2025 and became effective on 15 June 2026.

Collateral pledged by counterparties in Eurosystem refinancing operations may be exposed to unexpected climate-related transition shocks, such as changes in climate policy, technological developments, shifts in consumer behaviour, litigation and broader macroeconomic adjustments. These factors may affect the value of collateral, including credit claims, at times when the Eurosystem might need to liquidate such assets.

The higher the sensitivity of the collateral to climate uncertainties, the greater the reduction applied to its collateral value. The climate factor will be based on an asset-level uncertainty score comprising three elements: a sector-level stressor derived from the latest Eurosystem climate stress test, the debtor's exposure to transition-related uncertainties and the residual maturity of the credit claim. The Eurosystem may rely on sector-level data, or alternative data suited to assess the risks in question, where industry-level or debtor-level data are unavailable.

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The maximum additional reduction in the final collateral value, including both bonds and credit claims, will be 5%. Climate factors for individual credit claims will not be publicly disclosed.

This measure is expected to be implemented at the earliest by the end of 2027. Climate factor values will be updated annually, following the same process as for non-financial corporate bonds, to incorporate the latest available climate-related data.

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