



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

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60, rue Wiertz

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Frankfurt, 10 October 2017

L/MD/17/383

**Re: Your letter (QZ-091)**

Honourable Members of the European Parliament,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 13 September 2017.

The ECB's primary objective, as mandated by the Treaty on the Functioning of the European Union, is to maintain price stability over the medium term.<sup>1</sup> Furthermore, "without prejudice to the objective of price stability", the Eurosystem shall also "support the general economic policies in the Union with a view to contributing to the achievement of the objectives of the Union". Among these objectives, Article 3 of the Treaty on the European Union includes "the sustainable development of Europe based on balanced economic growth [...], aiming at [...] a high level of protection and improvement of the quality of the environment."

Against this background, the ECB recognises the challenge posed by climate change and shares the view that achieving the environmental goals of the Union, including those set out in the Paris Agreement, is of great importance to our societies. Whereas the ECB will fully respect any decisions taken at the EU level to implement the Paris Agreement, in line with the division of competences within the EU – in first instance – it

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<sup>1</sup> Article 127(1) of the Treaty on the Functioning of the European Union, available at <http://eur-lex.europa.eu>

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falls to the political authorities to define and decide on the appropriate measures to achieve the objectives of the Paris Agreement.

The ECB recognises that the correct pricing and supervision of financial risks stemming from climate change and environmental factors are key to promoting sustainable development and preserving a well-functioning financial system. The ECB thus supports the ongoing work in various international and European fora (such as the G20 Green Finance Study Group, the Financial Stability Board's Task Force on Climate-related Financial Disclosures, the EU High-Level Expert Group on Sustainable Finance) aimed at overcoming obstacles which hold back green finance, enhancing disclosure of climate-related risks and understanding whether environmental risks could be better integrated into risk management practices and regulatory frameworks. For instance, it has been proposed to explore how sustainability considerations could be better reflected in key tools for decision-making by market actors and policymakers, such as benchmarks and credit ratings. At the same time, it is important that any potential changes to regulatory frameworks or prudential regulation are justified from a prudential perspective and do not undermine their primary purpose.

Finally, I would like to highlight that, as an organisation, the ECB established a green initiative and adopted its first environmental policy as early as 2007, with the aim of continuously improving its environmental performance and reducing its emissions. To help achieve this aim, it has implemented an Environmental Management System covering all activities at the ECB's buildings since 2010. The yearly ECB Environmental Statement provides a comprehensive overview of the ECB's internal environmental objectives and activities<sup>2</sup> and outlines its long-term goals that are intended to support the EU's 2030 framework for climate and energy. The ECB fully complies with current environmental regulations and would fully comply with any future legislation on this matter.

Yours sincerely,

[signed]

Mario Draghi

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<sup>2</sup> The statement is available on the ECB's website at: <http://www.ecb.europa.eu/ecb/orga/escb/green/html/index.en.html>