



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC
COURTESY TRANSLATION

Christine LAGARDE
President

Mr Marco Zanni
Mr Antonio Maria Rinaldi
Members of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 26 April 2024

L/CL/24/86

Re: Your letter (QZ-002)

Honourable Members of the European Parliament, dear Mr Zanni and Mr Rinaldi,

Thank you for your letter, which was passed on to me by Ms Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 13 March 2024.

Diversity and inclusion are deeply embedded in the ECB's working culture. We greatly welcome and value the diversity colleagues bring to our organisation through their different experiences, backgrounds, viewpoints and expertise.

Embracing diversity and critical thinking is essential for a good functioning of the ECB, especially to address complex problems. In this respect, diversity of thought and open dialogue are vital to uncover critical blind spots and make sound decisions based on facts, while mitigating groupthink. The ECB is therefore committed to fostering an inclusive work environment, as this enhances an organisation's performance and resilience. This is outlined in our system-wide equality, diversity and inclusion charter.¹

¹ In 2022 the ECB launched a cross-institutional charter on equality, diversity and inclusion in collaboration with other institutions from the European System of Central Banks (ESCB) and European banking supervision, also known as the Single Supervisory Mechanism (SSM). See "ECB launches equality, diversity and inclusion charter", *press release*, ECB, 26 July 2022, available at: https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr220726_1~ccfe9fa207.en.html.

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In view of the ECB's mandate under the Treaties, understanding and accounting for the consequences of climate change and nature degradation is necessary when carrying out our tasks. Climate and nature-related risks can be relevant for maintaining price stability and assessing them appropriately is therefore an important element in fulfilling the ECB's primary objective. These risks can also affect how we supervise banks, how we monitor financial stability and how we manage our own risk exposure.

In addition, under the ECB's secondary objective and without prejudice to its primary objective, the ECB is obliged to support the general economic policies in the Union with a view to contributing to the objectives of the Union. The institutions with competence for setting out these general policies have stressed that addressing climate change is a priority also among the Union's economic policies.² The ECB is thus committed to playing its part to address climate change within its mandate and according to EU law, as most recently outlined in its climate and nature plan.³

The relevance of climate change for the ECB's mandate means that we need to build on and deepen our understanding of its impact on the economy and the financial sector. It is in this context that Frank Elderson's comments should be understood.

The ECB frequently arranges internal workshops and presentations focusing on climate change and nature degradation to facilitate open discussions, feedback and commentary on early research findings. Such constructive dialogues serve as vital instruments for the ongoing improvement of our work. They foster discussions and feed our decision-making from diverse perspectives that are grounded in facts, thereby contributing to the fulfilment of our mandate.

Yours sincerely,

[signed]

Christine Lagarde

² See for example the EU's Sustainable Finance Strategy, the European Green Deal, the "Fit for 55" package and, more recently, the European Climate Law.

³ See "ECB steps up climate work with focus on green transition, climate and nature-related risks", *press release*, ECB, 30 January 2024, available at: <https://www.ecb.europa.eu/press/pr/date/2024/html/ecb.pr240130~afa3d90e07.en.html>.

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