



# Greening Central Banks' Investments

**Session 14: Green and Transition Finance for Sustainable Investing**  
Speaker: Ms. Natacha Rocher, Banque de France

**2025 ASIAN REGIONAL FORUM**  
ON INVESTMENT MANAGEMENT  
OF FOREIGN EXCHANGE RESERVES

# Priorities in Responsible Investments

- In 2018, only 10% of central bank included ESG criteria in their investment : HSBC Survey 2018

Late 2017 saw the announcement of the “Network for Central Banks and Supervisors for Greening the Financial System”. Do you include ESG (Environmental, Social and Governance) criteria in your investment decision-making?

	Number of central banks	% of respondents
No	70	90
Yes	8	10
Total	78	100

HSBC Reserve Management Trends 2018  
(Number of respondents: 78)

Has your prioritisation of socially responsible investing (SRI) changed over the last 12 months?

	Number of central banks	% of respondents
Increased	16	18.0
Decreased	0	0
No change	52	58.4
Not a priority	21	23.6

HSBC Reserve Management Trends 2025  
(Number of respondents: 91)

# BDF Journey: Sustainable Investment Timeline

Banque de France's greening of financial assets started in 2018 with our own funds and assets related to our pension fund liabilities for which the Banque de France is solely and fully responsible.

In 2020, the Markets Department in charge of Euro investments and FX Reserves decided to follow the same path.

## 2020

- Participation in NGFS Working groups focusing on sovereign debt
- Proof of concept for non monetary policy portfolios denominated in EUR and in FX reserves

## 2023

- First coordinated reporting exercise organised by Eurosystem CBs
- Only EUR non monetary portfolios were disclosed

## 2025

- Extension of the **Nature metrics** disclosure to portfolios held against the monetary base
- Extension of the physical risk and ESG metrics disclosure to portfolios held against the monetary base

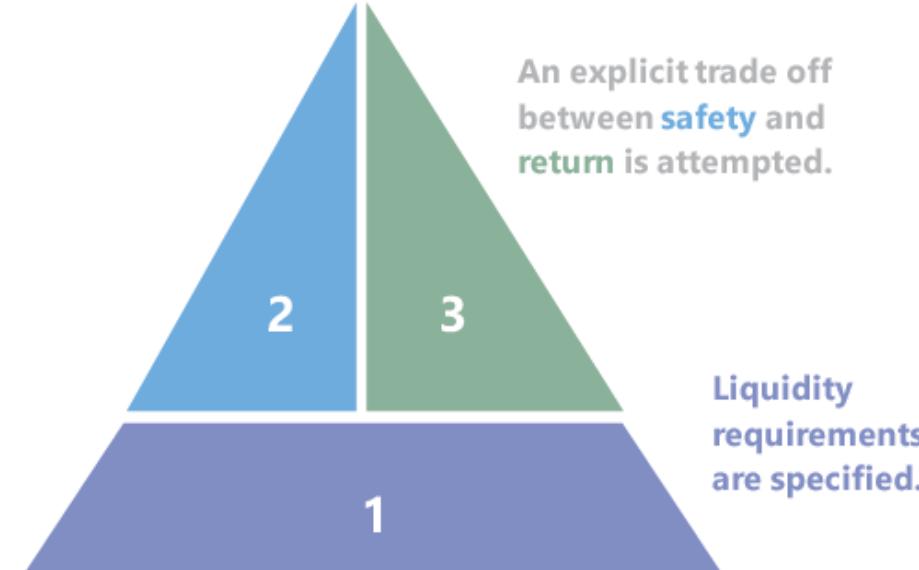
## 2021

- Eurosystem agrees on **common stance** for climate change-related sustainable investments in non-monetary policy portfolios
- Eurosystem aim to start climate-related disclosures for these types of portfolios within two years
- Participation in the Sustainable Task Force, with strong focus on sovereign debt

## 2024

- First publication for **FX reserves**
- First implementation of a **Strategic Asset Allocation model** including a carbon target for FX reserves

# Objectives of FX Reserves and Tranching



BIS Working Papers No 849 - Reserve management and sustainability: the case for green bonds?

Tranche	Objectives	Priorities
Liquidity Tranche	<i>To ensure intervention and financial stability requirements</i>	<ul style="list-style-type: none"><li>Liquidity</li><li>Capital preservation</li></ul>
Working-Capital Tranche	<i>To cover operating costs</i> and hence preserve financial independence	<ul style="list-style-type: none"><li>Capital preservation</li><li>Ensure a minimal accounting result</li></ul>
Investment Tranche	<i>To manage reserves surplus</i> and generate additional revenue using state of the art techniques	<ul style="list-style-type: none"><li>Risk-reward optimization</li><li>Diversification</li><li>Skills and knowledge enhancement</li></ul>

# Sustainable Investment Strategy (Markets Directorate)

## Measure and Communicate

- Responsible investment charter
- Responsible investment report
- Participation in NGFS and internal Eurosystem working groups

## Select impact investments

- Financing the transition through impact bonds

## Having an impact on financed emissions

- Taking into account GHG metrics in SAA and investment decisions

# “MEASURE AND COMMUNICATE”: Disclosure Principles

- The Eurosystem central banks agreed on a common disclosure aligned on the Climate-Related Financial disclosure template. The objective is to publish a harmonised report on a yearly basis to increase transparency on the climate impacts of our investments. The content is mostly linked to climate impacts and carbon emissions.
- The content of the common disclosure evolves every year, according to standards and new commitments. In 2024, the carbon emissions including land and biodiversity impacts were added, along with green bond shares.
- However, each central bank published its own report, with flexibility on optional components. For example, disclosures on Biodiversity impacts are fully optional.

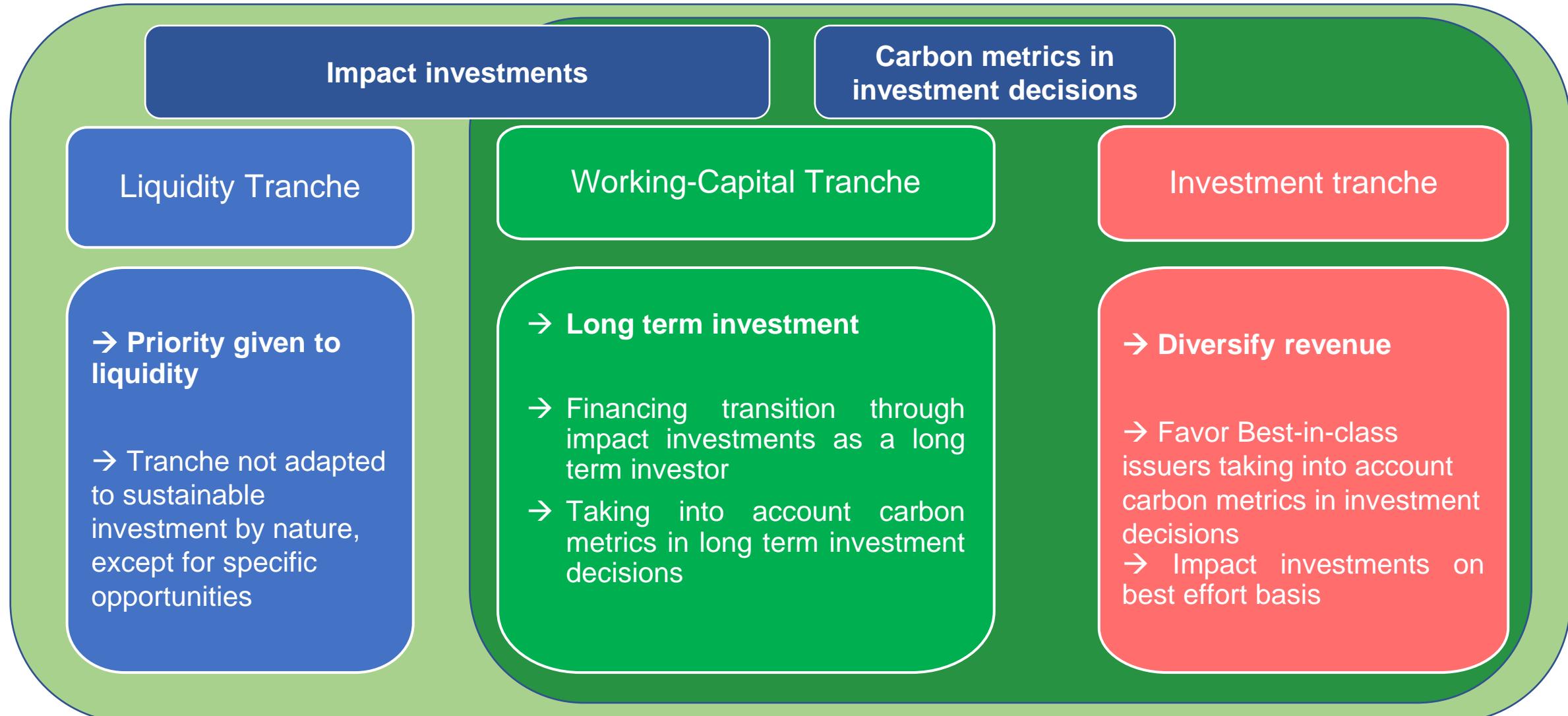
# “MEASURE AND COMMUNICATE”: Sustainability Report 2024

SOVEREIGN SECURITIES Government and local authority bonds							
	Production excluding LULUCF		Production including LULUCF		Consumption		Coverage
	2024	2023	2024	2023	2024	2023	2024
<strong>EURO-DENOMINATED PORTFOLIOS</strong>							
Portfolio size	61,946	48,411	61,946	48,411	61,946	48,411	100
WACI	118	130	110	121	9	9	100
Total emissions	7,285,510	6,310,911	6,837,787	5,870,204	10,108,227	8,334,694	100
Carbon footprint	118	130	110	121	163	172	100
Carbon intensity	118	130	110	121	9	9	100
Share of green bonds	2.24	1.60					
Share of social bonds	0.00						
Share of sustainability bonds	0.43						
<strong>FOREIGN CURRENCY DENOMINATED PORTFOLIOS</strong>							
Portfolio size	24,444	21,513	24,444	21,513	24,444	21,513	100
WACI	249.12	274.00	223.14	248.00	18.24	18.00	100
Total emissions	6,089,337.44	5,899,414.00	5,454,346.67	5,329,167.00	6,534,539.91	6,269,103.00	100
Carbon footprint	249.12	274.00	223.14	248.00	267.33	291.00	100
Carbon intensity	249.12	274.00	223.14	248.00	17.31	17.00	100
Share of green bonds	1.92	2.00					
Share of social bonds	2.00						
Share of sustainability bonds	0.00						

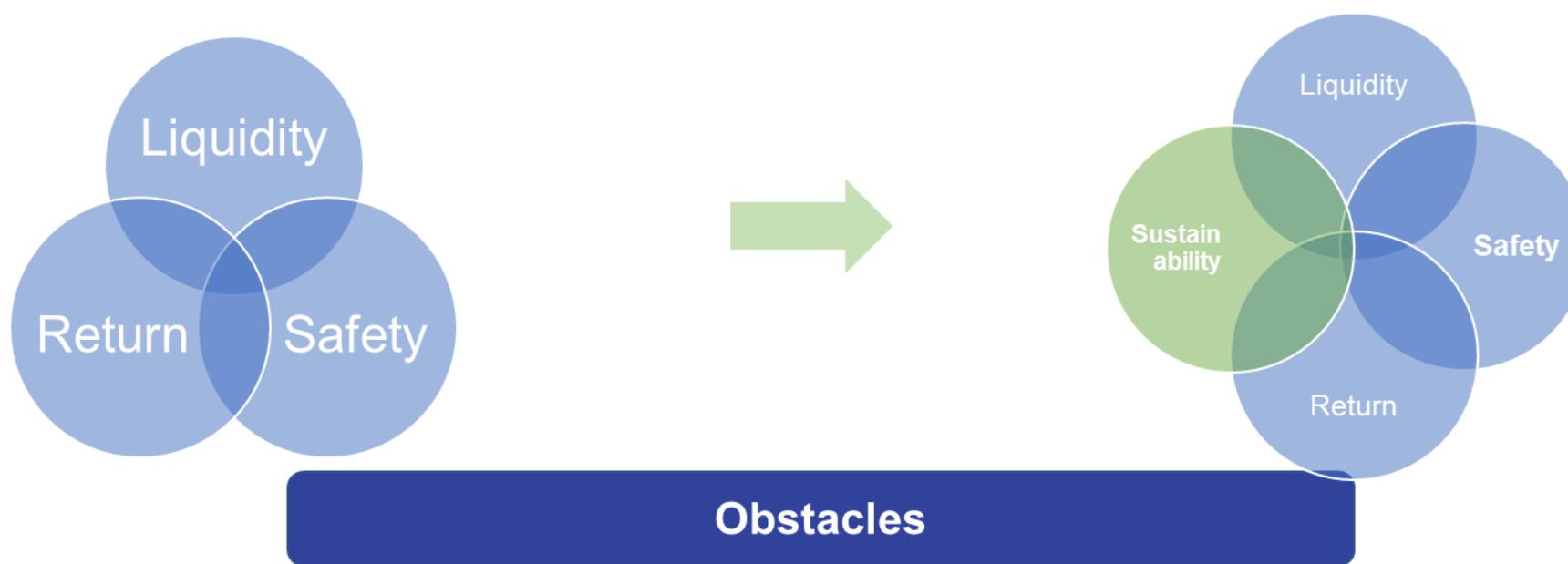
- Continued methodological work at Eurosystem level resulted in the addition of new indicators
- In 2025, reporting was expanded to include the share of social and sustainability bonds held in each portfolio and scope 3 carbon emissions

Banque de France:  
2024 Sustainability report

# Taking Sustainability into Account in our Investment Framework



# “SELECT IMPACT INVESTMENTS”: Obstacles linked to the nature of reserves



- Statutory constraints (mandate, legal framework...)
- Liquidity of investments
- Investment universe : Issuer exclusion and « Best in class » approach first applied to Equities and Corporates
- Some market vehicles (for example ETFs or other open funds) may not be compatible with Central Bank universe
- Limited availability of green investments, with constraints (Held to maturity, high duration, spread risk)
- In particular, the assessment of sovereign bonds is challenging

# Global Sustainable Bond Issuance

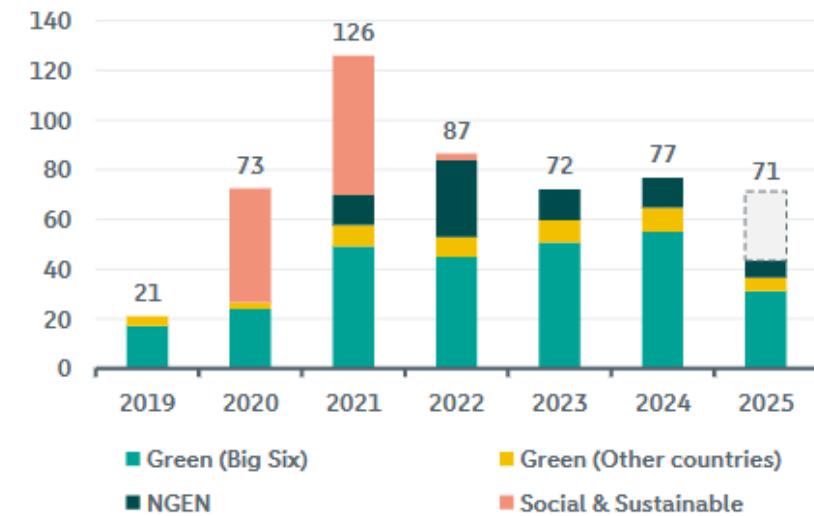
Quarterly Global Sustainable Fund Assets (USD Billion)



Source: Morningstar Direct. Data as of March 2025.

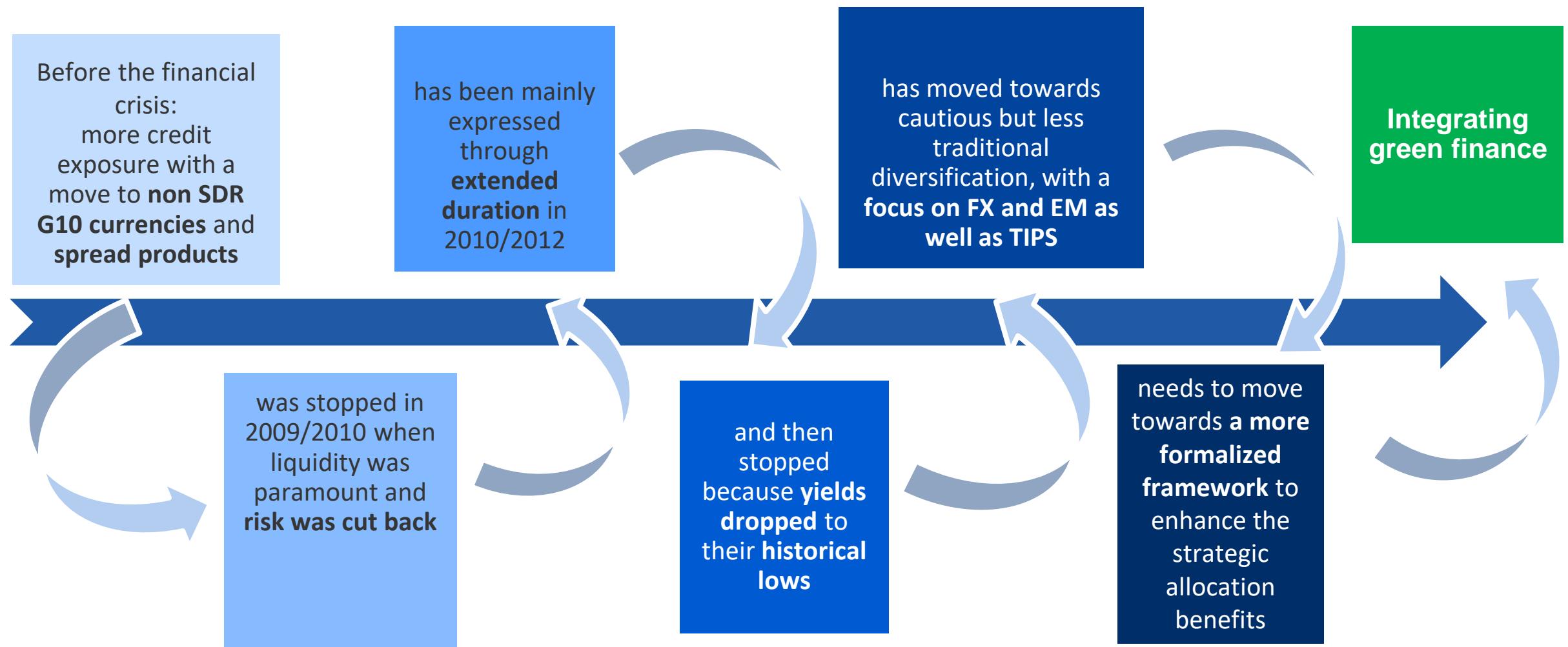
**Sovereign ESG issuance expected to be slightly below previous years**

Issuance of ESG-related bonds per label, in EUR bn\*



Source: Bloomberg, ABN AMRO Group Economics. \*Note: Dotted area represents projected issuance.

# BDF FX Reserves Strategic Evolution at a Glance



# Main Takeaways

- Reconcile sustainability objectives with policy objectives
- New skills, new data, new tools : a step-by-step approach
- European markets are more mature than other markets
- At BdF, a holistic approach



**Thank you for your attention**

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