



## IPS Paper

### First set of Euro Area indicators for physical and transition risks, and green financial instruments

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#### Brief Description

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Reliable data and meaningful statistical indicators are key to address these challenges and measure progress.

This paper reports on the joint effort of the European System of Central Banks (ESCB) to develop and publish a first set of statistical climate change indicators for the financial sector, including transition risk/CO2 footprint indicators, physical risk indicators, and indicators on green and sustainable finance.

The indicators are largely based on public and official ESCB data sources and use harmonised and fully transparent methodologies across euro area countries.

The paper presents the first results and outlines the next steps that are planned for 2023-2024 for further methodological improvement.

#### Abstract

Changes in climate and weather extremes as well as the transformation of a fossil-intense to a carbon-neutral economy are expected to strongly affect the financial system. Reliable data and meaningful statistical indicators are key to address these challenges and measure progress. This paper reports on the joint effort of the European System of Central Banks (ESCB) to develop and publish a first set of statistical climate change indicators for the financial sector, including transition risk/CO2 footprint indicators, physical risk indicators, and indicators on green and sustainable finance. The indicators are largely based on public and official ESCB data sources and use harmonised and fully transparent methodologies across euro area countries. The paper presents the first results and outlines the next steps that are planned for 2023-2024 for further methodological improvement.