Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

# Central Bank of Ireland Sustainable Investment Charter

December 2025

# Purpose and Motivation

We are Ireland's Central Bank, responsible for maintaining monetary and financial stability and ensuring the financial system works in the interests of the community. We are part of Europe's monetary and banking unions, and of the world's network of financial regulators. Our values underpin how we interact with each other and reflect our aspirations, for ourselves and for our community. We believe in the importance of an independent central bank that is transparent, accountable and connected across all public policy domains, in Ireland, in Europe and across the world.

**As part of our overall mission, we are committed to being a socially responsible and sustainable organisation,** which we believe will help us achieve our vision: trusted by the public, respected by our peers and a fulfilling workplace for our people. We are also conscious of our ability to be a positive influence on the behaviour of others by leading on and by promoting important sustainability issues such as climate change.

**The purpose of this Charter is to guide us in considering how sustainable investment principles apply to our investment practices.** As an integral part of the Central Bank's culture of acting sustainably, we will aim to invest our financial assets in a sustainable manner. This is in accordance with the Central Bank Commission's approved risk appetite and consistent with the Central Bank's discretionary Investment Policy Framework. We expect that impacts on the environment and society are considered in the management of our financial assets. We believe that stewardship of the Investment Assets should go hand-in-hand with sustainable investment practices that seek to minimise the sustainability-related risks and impacts of our investments.

# Scope

**The Central Bank's Sustainable Investment Charter covers the management of assets for which we have full and sole responsibility.** This means we will seek to enhance the sustainability of our discretionary Investment Assets. All monetary policy-related assets, as well as the ECB Foreign Reserves[1] and holdings of Special Drawing Rights (SDRs) allocated by the International Monetary Fund (IMF), are outside the scope of this Charter.

# Context

**The Sustainable Investment Charter forms part of the Central Bank's discretionary Investment Policy Framework.** Set by the Central Bank Commission, the overall objective of this Framework is to maintain the resilience of the Central Bank's wider balance sheet. The incorporation of sustainable investment principles, which help to manage sustainability-linked risks and identify sustainability-related opportunities, acts to strengthen this Framework.

**Implementation of the principles underpinning the Charter is ongoing since it was first established in 2022.** Our thinking on what it means to be a sustainable investor continues to develop as we consider changes in the international investment landscape, the evolution of institutional governance practices and our own learnings over time.

**The effects of climate change will continue to be a strategic focus in our Sustainable Investment Charter as it represents a systemic risk that the Central Bank must consider as part of its approach in managing the discretionary Investment Assets.** Climate change, and associated efforts by global policymakers to transition to a low carbon economy, will continue to be one of the main structural forces shaping the investment landscape in which the Central Bank will operate over the coming decades.

[1] The Central Bank of Ireland's share of ECB foreign reserve assets is managed by the Central Bank in a decentralised manner in our role as member of the Eurosystem.

**We take seriously the imperative to play our part in meeting the challenges posed by climate change.** To help achieve this, the Central Bank has set a long-term target to align its Investment Assets with the EU and the Irish State's decarbonisation objectives in support of the Paris Agreement. While policies and actions of governments are a key driver of global decarbonisation efforts, it is important for investors, including the Central Bank, to do what they can within investment mandates to help preserve the resilience and long-term value of the sectors, economies and societies in which they invest.

**Within our Investment Policy Framework, we aim to reduce the greenhouse gas emissions financed by our Investment Assets, while at the same time pursuing investment strategies that will contribute financing toward global decarbonisation efforts.** This will help to mitigate the climate risks faced by our Investment Assets. Further information on our sustainable investment strategy and achievements to date while working toward our long-term target are published annually in our Climate-related Financial Disclosures.

# Our Approach

**Remaining steadfast in fulfilling its mandate, the Central Bank will continue to seek to deliver long-term, sustainable investment returns, while safeguarding its stock of financial assets.** In adopting this Charter, the Central Bank seeks to address risks and pursue opportunities linked to sustainability in our investment portfolios. Furthermore, it is our belief that organisations that consider and manage sustainability effectively are more likely to endure and create sustainable value over the long-term.

**The Central Bank has adopted several approaches to sustainable investment since the implementation of this Charter.** We consider the chosen approaches to be the most relevant for our Investment Assets. This allows us to incorporate sustainability, while continuing to meet the main objectives of our Investment Policy Framework. Our core strategies are **Disclosure**, **Screening**, **Impact Investing** and **Integration**. We expect to continue focusing our efforts on these topics and we will aim to develop and refine our approaches over time. This will help to ensure our Charter remains aligned with our overall investment objectives and the broader sustainable investment landscape.

## Climate-related disclosure

**We report annually on progress made in our commitment to incorporating sustainable investment principles.** Commencing in 2023, we began disclosing climate change-related information on our Investment Assets. We are committed, as members of the Eurosystem, to continue to make these disclosures on an annual basis. Furthermore, as evidenced since our initial disclosure in 2023, we aim to enhance the quality and transparency of our disclosures over time, in line with the Eurosystem's disclosure framework.

**The Central Bank also makes efforts to communicate with stakeholders on sustainability issues.** We actively participate and contribute at international level, for example at Eurosystem taskforces and committees, and via the Central Bank's membership of the Network for Greening the Financial System (NGFS). We also promote awareness of climate and other sustainability-related issues across our external communication channels.

## Screening

**Screening is the strategy that systematically identifies and can remove companies, sectors, or business activities, from an investment universe.** The criteria we apply to screen companies in or out of our investment universe are based on global norms and values, violation of international treaties, environmental harms, and cover an entity's products and/or conduct. The Central Bank recognises this as a constantly evolving landscape and we remain conscious of this in the application of our screening criteria. We expect that our incorporation of sustainable investment principles will result in the removal of corporate activities considered among the most detrimental to long-term environmental sustainability.

**The Central Bank's Screening Policy[2] details the rationale for identifying the products and business practices we consider incompatible with our sustainable investment principles.** The Central Bank will not knowingly invest in any company that is involved in the manufacture of prohibited/controversial weapons as defined in relevant international treaties or in the tobacco-producing

[2] First adopted in May 2022 and reviewed regularly.

industry. We also expect our investee companies to comply with the principles of corporate sustainability defined in the UN Global Compact (UNGC). In relation to fossil fuels, we screen for companies generating revenue from fossil fuel-related activities and exclude companies based on the revenue thresholds defined for EU Paris-aligned Benchmarks[3]. There may also be cases where the Screening Policy applies 'positive screening' such that 'best-in-class' issuers are identified within a peer group, and they may be considered eligible for inclusion in our investment universe on this basis.

## Impact Investing

**Impact investing can be defined as a sustainable investment strategy that aims to generate intentional positive impacts alongside financial returns.** Since the introduction of our Sustainable Investment Charter, the area of impact investing has continued to grow in importance for investors as the realities of climate change lay bare the efforts required to help finance decarbonisation efforts to mitigate against climate risks.

**The Central Bank allocates a portion of its Investment Assets to sustainable debt.** This includes Green, Social, and Sustainability (GSS) bonds[4], primarily issued by multilateral development banks, supranational organisations and sovereign/sovereign-linked agencies. This allocation is comprised of direct investments in fixed income instruments labelled green, social or sustainability, and participation in the Bank for International Settlements' (BIS) green bond funds for central banks.

**The Central Bank's Impact Investing Policy[5] describes our approach to impact investing as part of our portfolio management activity.** As part of this Policy, we set a target allocation to GSS bonds covering our internally managed portfolios, both euro and foreign currency. Our initial target of 2bn nominal was achieved by end-2024. The Central Bank will continue to review regularly our impact investing approach and the GSS bond target, to ensure that it continues to be

[3] Article 12 of Commission Delegated Regulation (EU) 2020/1818 of July 2020
[4] GSS bonds are 'use-of-proceeds' instruments where the proceeds of the bond are allocated to specific eligible projects that provide environmental or social impact.
[5] Adopted in December 2023 with the underlying GSS bond target reviewed annually.

supportive of the transition to a greener and more sustainable economy. To that end, we strive to be ambitious in our allocation to GSS bonds, subject to market conditions and annual review of alignment with the Central Bank's broader Investment Policy Framework.

## Integration

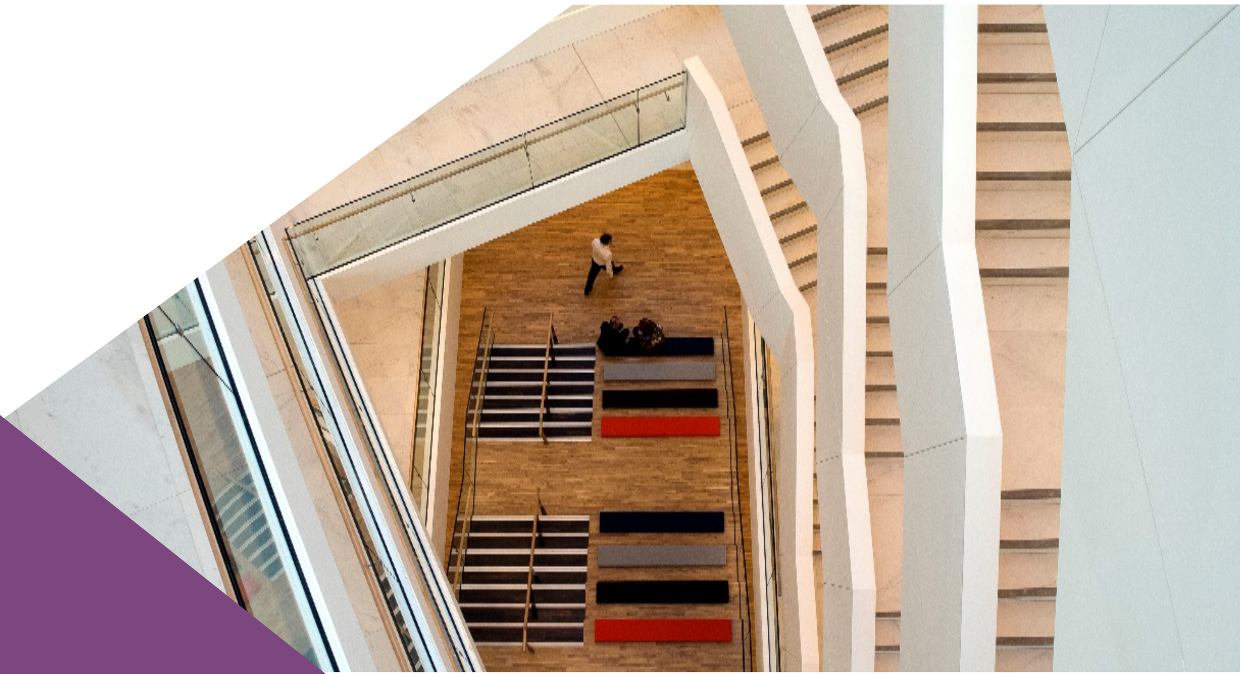
**It is our belief that the inclusion of sustainability factors enhances the understanding of long-term investment risks and opportunities.** Through our Integration activity, we strive to include material sustainability-related factors across our investment approach. This includes consideration of sustainability across a range of aspects including in our investment objective setting, investment analysis, as part of our strategic asset allocation process, portfolio construction and benchmark selection, risk management and asset manager selection. Integrating sustainability across the entire investment process helps improve the risk-return profile of the Investment Assets and enhance long term resilience of the Central Bank balance sheet. We expect Integration to be a continuous process and one that will develop and evolve over the coming years as we refine our approaches further.

**While climate change is the strategic focus of our Charter, as a future-focused organisation, we remain alert to integrating other potential sustainable investment-related risks and opportunities.** For example, nature degradation and biodiversity loss could have significant negative effects on the companies and economies in which we invest. While still a nascent and developing area within sustainable investment, we will aim to consider how nature could be integrated into our sustainable investment approach, if material to our portfolios and in line with the collective efforts of the ECB and national central banks of the Eurosystem.

**As a sustainable investment strategy, stewardship aims to support environmental and social sustainability in the creation of long-term value.** As the Central Bank's corporate investments are managed externally by selected investment managers, the day-to-day implementation of active ownership strategies, such as voting and engagement, reside with our external investment managers. Our external managers are required to be signatories of the UN-sponsored Principles for Responsible Investing (UN PRI), while their voting and engagement activities are reported to us on a regular basis. Regardless of the nature of external investment management arrangements in place, the Central Bank retains ultimate responsibility for the broad sustainable investment principles that are applied to all our Investment Assets.

## Governance and Review

**The Risk Committee of the Central Bank Commission is responsible for the Sustainable Investment Charter.** It is important that we continue to develop this Charter and that it remains relevant to, and aligned with, the Central Bank's values and strategy, as well as to broader developments in the sustainable finance landscape. To this end, our Sustainable Investment Charter will be reviewed at least every three years.



**T**: +353 (0)1 224 5800
**E**: publications@centralbank.ie
www.centralbank.ie

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