



Banco de Portugal Responsible Investment Charter

The economic and financial implications of climate change have become increasingly important within the central bank community and have led to the establishment of the [Network for Greening the Financial System](#) (NGFS) – in which the Banco de Portugal actively participates. The Banco de Portugal regards mitigating climate-related risks and contributing to climate transition as essential factors to be taken into account in the performance of the tasks entrusted to it.

The document [Acting for Sustainability](#), published in January 2022, presents the Banco de Portugal's vision and priorities for the next four years in promoting environmental, social and governance sustainability. These topics play a relevant role in performing its mission of safeguarding financial stability and maintaining price stability.

The Responsible Investment Charter follows on from this document and presents the general principles guiding the actions of the Banco de Portugal:

Principle 1: Commitment to sustainability and promoting sustainable finance

Responsible investment is part of a set of targets for the management of the Banco de Portugal's own investment assets. This principle is explicitly set out in the guidelines for the management of its own investment assets.

For this purpose, the Banco de Portugal will strive to promote sustainability and sustainable finance in all its actions (focusing on environmental sustainability), ensuring that staff more directly involved in investment decision-making are provided with appropriate information and training.

Principle 2: Adoption of responsible investment implementation strategies

The inclusion of responsible investment criteria (focusing on environmental sustainability) both in direct and indirect management (i.e. carried out by other parties) uses a set of implementation strategies that are appropriate for each asset class. The Banco de Portugal specifically:

- invests in sovereign and quasi-sovereign issuers as well as non-financial corporations through funds managed by a third party incorporating appropriate metrics to assess whether these are sustainable and responsible; and
- makes direct investments, namely by purchasing green bonds, certified by specialised third parties.

Without prejudice to these guidelines, the Banco de Portugal examines new ways of deepening its investment strategies to pursue the sustainability objectives set out. The possibility of adopting policies to exclude certain investments on the basis of international rules and conventions and strengthening investments in addition to existing ones are weighed during the decision-making process.



Principle 3: Environmental impact measurement and public disclosure

The Banco de Portugal will publish key indicators on the environmental impact of its own financial assets, namely their carbon footprint. The common stance agreed within the Eurosystem establishes that this public disclosure, to be carried out on an annual basis starting from 2023, will comply with the recommendations of the [Task Force on Climate-related Financial Disclosures](#) (TCFD) and the NGFS.

Principle 4: Ongoing evolution

This Charter will be reviewed every two years in order to update and deepen the Banco de Portugal's commitment to sustainability. It will reflect the advances achieved in areas such as the harmonisation of market standards and the quality of data on the impact of climate change.