

Press Release

Analysing the role of Banks in accelerating Climate Action and for Spain's Green Recovery



Financial institutions play a key role in a world post Covid-19 focused on rebuilding economies with a green recovery.

New [report](#) by [Climate Strategy & Partners](#) examines BBVA, CaixaBank and Banco Santander's current plans to accelerate their climate action and contribute to a green recovery in Spain and Europe.

Madrid. February 1st, 2022 – Press release

Climate Strategy & Partners [publishes today its analysis](#) of the climate action plans from Spain's three largest banking groups: BBVA, Banco Santander and CaixaBank. With over 70% of the banking market¹ and 55% of assets under management,² the alignment of these three large banks with the Paris Agreement is key to ensure Spain's green recovery.

Peter Sweatman, CEO of [Climate Strategy](#) says "With an unprecedented injection of European money into the Spanish economy, 2022 is key for the acceleration of banks' climate action in order to channel these funds towards sustainable investments and the decarbonization of their clients."

BBVA, Banco Santander and CaixaBank have joined international leaders with their COP26 commitments under the Glasgow Financial Alliance for Net Zero (GFANZ). While these commitments are positive progress in the financial sector's climate ambition, several reports - and the European Central Bank's (ECB) own analysis - show that all banks still have a lot of work to do to align with best practices in climate action.³

In the report published today, Climate Strategy assesses the case of BBVA, Banco Santander and CaixaBank in detail and finds that, while all three banks lead in several international best practices, more specific and sectoral efforts are needed on their part to develop comprehensive climate action plans in line with the Paris Agreement's 1.5°C target.

"While the three banks have made progress in developing sectoral climate targets and good climate governance measures, we expect to see new comprehensive climate action plans that integrate all international recommendations and are aligned with the Paris Agreement," explains Peter Sweatman.

¹ Europa Press. (2020). *CaixaBank-Bankia, BBVA-Sabadell y Santander sumarían una cuota de mercado en España de más del 70%*. [Sitio web]. Disponible en <https://www.europapress.es/economia/finanzas-00340/noticia-caixabank-bankia-bbva-sabadell-santander-sumarian-cuota-mercado-espana-mas-70-20201118134645.html>

² Cinco Días. (2021). *CaixaBank AM integra Bankia Fondos tras su inscripción en la CNMV*. [Website]. Retrieved from https://cincodias.elpais.com/cincodias/2021/07/16/companias/1626432375_710609.html

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Sánchez, S. (2021). *Ibercaja, Kutxabank y Mutua roban clientes de fondos al BBVA*. Expansión. [Sitio web]. Disponible en <https://www.expansion.com/mercados/2021/08/18/611c2419e5fdea59748b462b.html>

³ See as examples: ShareAction. (2021). *Countdown to COP26: An analysis of the climate and biodiversity practices of Europe's largest banks*. Retrieved from <https://api.shareaction.org/resources/reports/Countdown-to-COP26.pdf>

Reclaim Finance. (2021). *IT'S NOT WHAT YOU SAY, IT'S WHAT YOU DO: Making the finance sector's net-zero alliances work for the climate*. Retrieved from https://reclaimfinance.org/site/wp-content/uploads/2021/11/FINAL_GFANZ_Report_02_11_21.pdf

European Central Bank. (2021). *The state of climate and environmental risk management in the banking sector*. Retrieved from <https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202111guideonclimate-relatedandenvironmentalrisks-4b25454055.en.pdf>



Using as a frame of reference the Best Practice Guide produced by the Spanish Green Growth Group for COP26, which compiles international best practices in the development of climate action plans, Climate Strategy summarizes its findings on banking groups in three pillars:

1. **Targets:** The three banks have made progress towards greater climate ambition by announcing emissions reduction targets for some of their carbon-intensive sectors. However, for the rest of material sectors, the timelines to drive climate action in line with 1.5°C scenarios are concerning.
2. **Concrete plans:** The three Spanish banks have not yet published comprehensive climate action plans that include all international best practices. Deepening work at the corporate level to integrate climate risks into the banks' operational frameworks and establishing clearer fossil fuel exclusion policies without exceptions are essential actions that should be taken.
3. **Governance:** The three Spanish banks are taking positive steps to align governance structures and bodies with their climate strategies. The next step will be for these banks to link directors' remuneration to concrete results and the achievement of their emissions reduction targets.

[Climate Strategy's report](#) also examines the climate actions taken by the asset managers of BBVA, Banco Santander and CaixaBank. The results show that Spanish asset managers lag behind their host banks in all three pillars analyzed. Notably, none have yet announced decarbonization targets for their portfolios with high exposure to fossil fuels or robust financing policies that restrict their exposure to sectors with high greenhouse gas emissions. Asset managers should therefore accelerate the development of robust climate action plans to keep the pace of their banking groups.

2022 is a key year for the improvement and acceleration of Spanish banks' climate action. Spain will be the recipient of €140 billion from the NextGenerationEU funds,⁴ with almost 40% of these funds contributing to green investments by 2026.⁵ Spanish banking groups can be a strategic distribution channel for this unprecedented public input, ensuring that they meet Spain's climate targets for green investments in SMEs and households in the face of a historic rise in energy prices.

According to Peter Sweatman: "In the long term, sustainable investments will produce sustainable returns, while the value of stranded assets (with a high intensity of emissions) will fall sharply".

In 2022, the ECB will conduct the first climate stress test in the banking sector. In a preliminary analysis based on guidelines with supervisory expectations,⁶ the ECB has concluded that the pace of progress in managing climate risks "remains slow in most cases" and estimates that many banks will not be in line with its supervisory expectations in 2022.⁷

⁴ Euractiv. (2021). Spain, EU Commission agree on instrument to finance recovery plan. [Website]. Retrieved from <https://www.euractiv.com/section/economy-jobs/news/spain-eu-commission-agree-on-instrument-to-finance-recovery-plan/>

⁵ Commission Staff Working Document. Analysis of the recovery and resilience plan of Spain Accompanying the document Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Spain (SWD/2021/147 final)

⁶ European Central Bank. (2021). Guide on climate-related and environmental risks: Supervisory expectations relating to risk management and disclosure. Retrieved from <https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202011finalguideonclimaterelatedandenvironmentalrisks-58213f6564.en.pdf>

⁷ European Central Bank. (2021). The state of climate and environmental risk management in the banking sector. Retrieved from <https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202111guideonclimate-relatedandenvironmentalrisks-4b25454055.en.pdf>



Notes to the editor

[Climate Strategy & Partners](#) is a leading policy advisory and consulting firm in areas of climate finance, innovation, energy efficiency investments and the corporate strategies and Government policies required for the transition to a net zero-emissions economy. For 13 years, the Climate Strategy team has been providing global companies, banks and Governments advice on how to accelerate the economic transition to a low carbon economy. Climate Strategy has supported energy transition policy development in Mexico, France, UK and Spain and continues to implement leading low carbon business solutions for global clients. 6 years ago, Climate Strategy launched a subsidiary called Energy Efficiency Capital Advisors which has structured and executed ten energy efficiency placements worth over Euro 60 mm from Iberian cities, companies and buildings for international investors.

[Peter Sweatman](#), CEO of Climate Strategy, has authored or co-authored 19 white papers and is a rapporteur to the European Commission and UN Environment Finance Initiative's Energy Efficiency Financial Institutions Group (EEFIG). Peter has 30 years of experience in finance, 18 of which have focused on climate finance and energy efficiency, and he has chaired, moderated or spoken at over 400 conferences and workshops on the global energy transition to a net-zero emissions economy. In addition to his role at Climate Strategy, Peter is also chairman and founder of Energy Efficiency Capital Advisors, co-chair of the EU Climate Innovation Hub, founding advisor to the Climate Bonds Initiative, founding member of the Ashoka Support Network in Spain, advisor to the Climate Lab, advisor to Braemar Energy Ventures, board member of the Menorca Preservation Fund and visiting lecturer at IIT-Comillas University.


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