



Frankfurt School



Afi

Sustainable finance in a turbulent year:

European banks fit for Paris?

Launch of the finance fit for Paris (3fP) Banks handbook and assessment report

— AGENDA



EUROPEAN PERSPECTIVES

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An aerial photograph showing a dense forest of green trees in the foreground, with a city skyline visible in the background under a sunset sky. The sun is low on the horizon, casting a warm glow over the scene. The city skyline includes various skyscrapers and buildings, with a prominent blue glass building on the right side. The sky is filled with soft, orange-tinted clouds.

An eventful
2020 for
sustainable
finance in
Germany



- Green and Sustainable
- Finance Cluster
- Germany

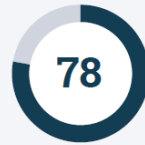
Download now!



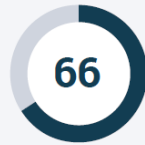
Key insights from the market assessment



47% of the institutions surveyed engage in depth with the disclosure of climate risks and opportunities.



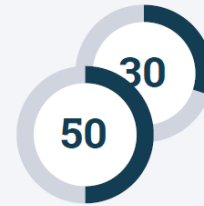
In **78%** of the institutions surveyed, the holistic integration of sustainable finance has progressed in the last two years.



In **66%** of the institutions, scope 1 and 2 emissions are used as a KPI to measure climate impact.



Only **30%** of the institutions currently link remuneration to sustainability performance.



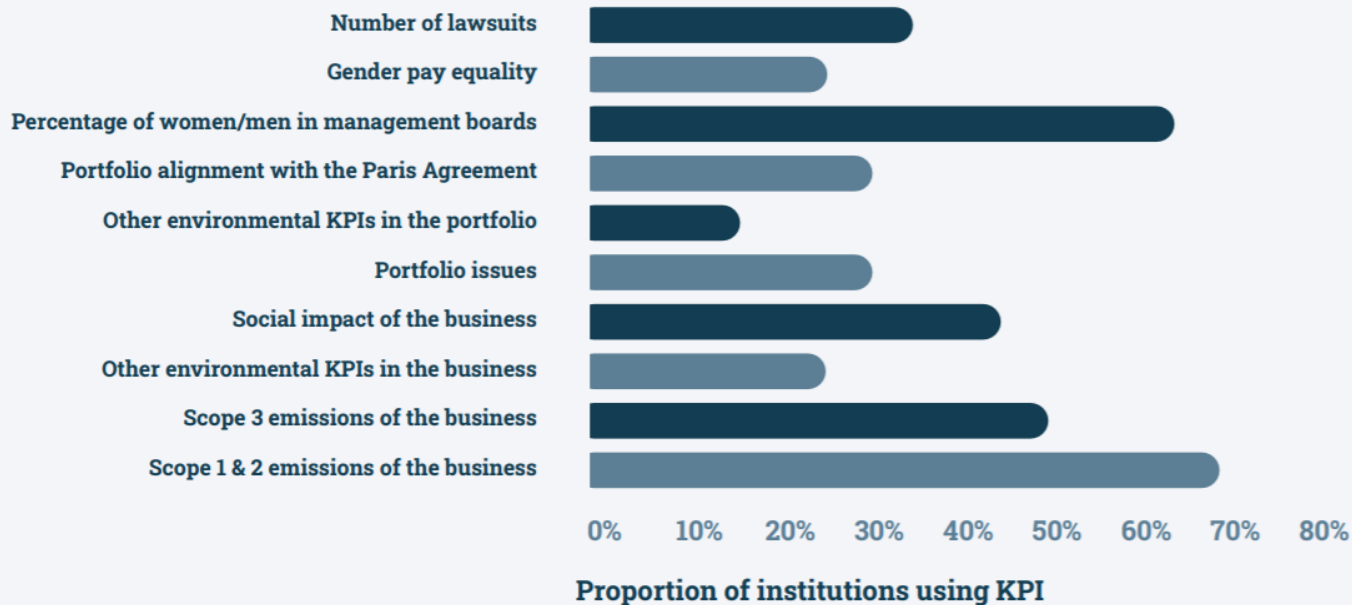
Taxonomy-related tools play an important role at **30%** of the institutions and are being rolled out in **50%**.



ESG and positive/negative screening are so far the most commonly used tools in risk management.

Diverse use of Sustainability KPIs

Which sustainability KPIs does your institution use?



International Dialogue at the European Sustainable Finance Summit



Dynamic developments ahead of us



MONICA MALO

FOUNDER FINRESP

Sustainable finance in a turbulent year

Madrid – Responsible and Sustainable Financial Centre

Madrid, December 9th



2019, a turning point in Finresp's strategic agenda

2019

From the initial agreement among
the whole financial industry in
Spain...

...to our institutional
declaration during Madrid's
COP25 in December 2019



Joint agreement of the
whole financial system



Member of the UN's FC4S
network



Roadmap (bottom-up) and
strategic plan



Organizational structure



Participation in COP25
and institutional
declaration



Finresp's institutional statement at COP25



- 1 **Encourage and promote industry-specific actions** aimed at contributing to the implementation of the **global agreement on climate set at the Paris Conference (COP21)** and to the achievement of the **United Nations' Sustainable Development Goals (SDAs)** more closely linked to the financial activity.
- 2 Implement **actions to spread the word on sustainable finance** and climate change through conferences, debates, statements and practical initiatives.
- 3 **Actively collaborate with public authorities** in shaping and implementing an effective regulatory framework to achieve the objectives in the fight against climate change.
- 4 **Promote the adherence of financial players to the principles and standards for sustainability** developed by the United Nations, which encourage the integration of environmental, social and governance (ESG) aspects in the decision-making processes; raising awareness among clients and suppliers on sustainability topics; and the public and regular disclosures and transparency initiatives on the advances implementing these principles.
- 5 **Prepare an annual report on the progress on sustainable finances in Spain**

2019, COP25 was also a great moment for Spanish Banks

- The main Spanish banks –which represent more than 95% of the sector–presented a joint commitment to reduce the carbon footprint in their credit portfolios, in a way that can be measured with internationally approved criteria and in line with the goals of the Paris Agreement.



The agreement seeks to bring Spain's banks in line with the Paris Agreement and the United Nations SDGs

AEB & CECA are joining efforts to support Spanish Banks to move forward



Knowledge alignment and best practices

1. Analysis and comparison of different methodologies and best practices
2. Webinars and sessions with the providers and the banks that are already applying some methodologies
3. Final document after one year of the agreement

PACTA; PCAF; Climate Value at Risk; SSI Climate Assessment; KPMG on real state; S&P; ING-Terra Approach; EBF taxonomía Banca; SBT;

Spanish Collective Commitment to Climate Action

A successful COP25 will result in reviewing the ambition of all the countries that signed the Paris Agreement five years ago and adjust them to the levels required to comply with the climate pledges, as well as in finalizing the guidelines to make the agreement be fully operational.

To coincide with the COP25 held in Madrid, which will be mainly focused on renewable energy, circular economy, ecosystems, biodiversity and electromobility, the Spanish banking sector is taking the initiative of further contributing to the necessary transition by identifying and implementing pathways and trajectories of restructuring actions required to meet the Paris Agreement targets. The main objectives of the Spanish climate agreement, aligned with the Collective Commitment to Climate Action, is to reinforce climate action pledges by keeping a global temperature rise well below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius.

To this end, in accordance with their role in the financial chain, responsibility and capacity, the undersigned parties are pledging to take the following actions:

- The parties concerned will focus their efforts where they have or can have the most significant impact, i.e. initially focusing on the most carbon-intensive and climate-vulnerable sectors within their portfolios, which are key to the transition to a low-carbon economy and to building resilience in the most climate-vulnerable communities.
- Engaging their clients to work on their transition. As the banking sector is keen to make substantial contribution to sustainable economic activities in order to adequately shape the energy transition in the various sectors of the economy and society. This is how the banks can contribute most effectively to realizing the changes required in the real economy to achieve a low-carbon, climate-resilient economy.
- The parties pledge to work together and support each other in developing each bank's capabilities and the necessary methodologies to measure climate impact and alignment with global and local climate goals. The parties are free to choose their own methodologies but are committed to a process geared towards sharing experiences with one another, making it possible to compare results, and taking steps to improve and deepen the measurements. Furthermore, efforts will be made to dovetail with international developments and standards in this regard.
- Engaging with governments, scenario providers and other relevant entities on the development of clear and feasible sector-specific roadmaps to reach well-below 2 and strive for 1.5 degrees Celsius for all relevant sectors and across different geographies.
- No later than within three years of signing up to this commitment, setting and publishing sector-specific, scenario-based targets for portfolio alignment.
- The parties commit, commencing within 12 months of signing, publishing and implementing a set of measures that will be taken by them and together with their clients to support and accelerate the shift towards low-carbon, climate-resilient technologies, business models and societies.

Banks have in their hands the moment to truly set up the financial framework to cope with the challenges, but also to embrace the opportunities of climate change. To address such bank's individual and collective accountability, they commit to report back annually on their individual and biennially on their collective progress in implementing this commitment.

A bottom-up roadmap was the base of our strategic agenda, geared towards climate change and addressing SMEs

STRATEGIC GOALS



Awareness

Raising awareness among the economic agents and the Spanish society at large on the **challenges and opportunities** of the 2030 Agenda for sustainable development

Skills

Improvement of the **skills and abilities** of the economic agents through training courses, workshops, analysis and meetings

Best practices

Support for the **identification of financial solutions** by monitoring trends and best practices in other areas and developments in Spain

Innovation

Promotion of **innovative formulas combining sustainability and financing**, mainly among small and medium-sized companies

Our ambition is to develop dedicated strategies to overcome identified barriers, enhance public and private cooperation, promote standards and foster innovation in sustainable finance

Our strategic agenda in 2020

2020

Official launch in January, supported and attended by the Spanish Climate Change Office in early 2020



Launched on January 23



Extensive partners network and Experts' Council



Increased visibility:

- 'Textos con Sentido' newsletter
- Social media
- Speaking engagements



Survey to Spanish SMEs



Our strategic agenda moving forward

Next Steps



Minimum requirements:

- Decalogue on SF
- Be a reference in SF Data



Awareness/education

- Sustainable Breakfasts
- Specialized and industry-specific events



Knowledge and Learning



Other projects

- Alignment among SMEs
- Supporters' network

Sustainable breakfasts



Insights on sustainable finance and how to push them forward through events and by-line articles by strong third parties

Empowerment



FINANCE
UNEP INITIATIVE



General approach



Focus on SMEs:

“Your sustainability, our future”

Next Steps:

A better understanding of the SMEs' ecosystem

1

Only **4% of Spanish SMEs** consider that climate change is a **significant threat** to their business

2

77% of Spanish SMEs did not plan to carry out any **energy projects in 2020**, and out of the 23% that planning to invest:

- 38% are doing so to **cur costs**; and
- 34% to **adapt to change**.

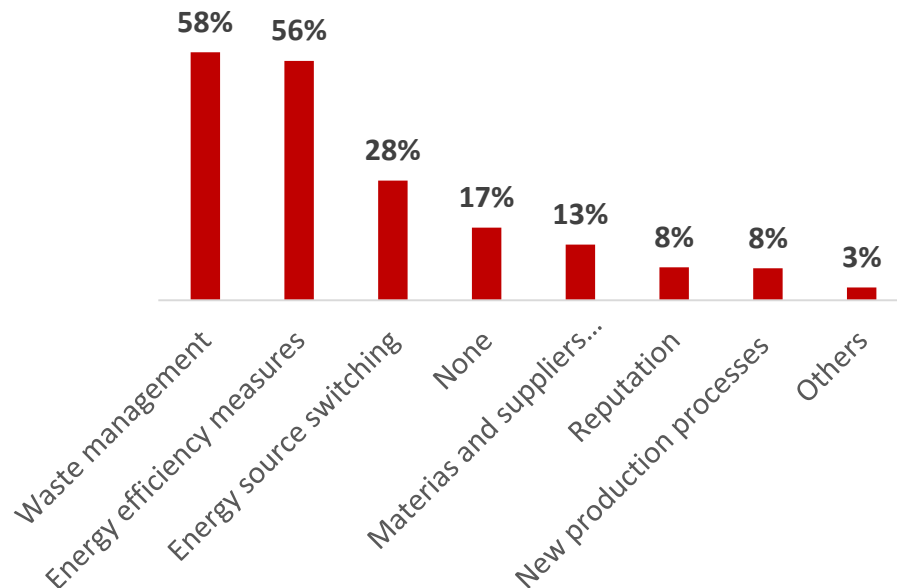
3

To launch or accelerate the **energetic transition**:

- 51% consider tax incentives are required;
- 34% miss a proper diagnosis; and
- 26% need advice on best practices.

4

What actions is your company carrying out to reduce CO2 emissions?





www.finresp.es



[linkedin.com/company/finresp](https://www.linkedin.com/company/finresp)



twitter.com/finresp

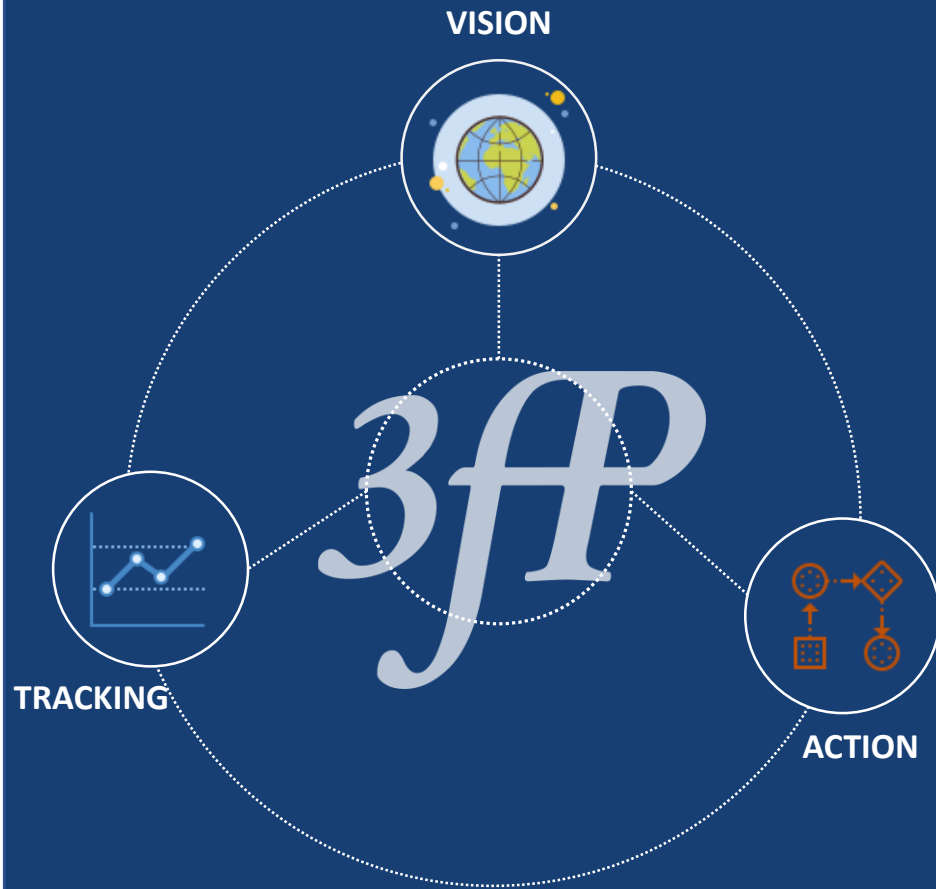


LAUNCH FINANCE FIT FOR PARIS (3FP) - BANKS



THE FINANCE FIT FOR PARIS PLATFORM

- 3fP-Policy: four assessments since 2018
- 3fP-Banks: launching today
- 3fP-Institutionals: 2021?
- 3fP-Insurance: 2021?
- 3fP-Ratings: 2021?
- ...



THE EUROPEAN SUSTAINABLE FINANCE POLICY ENVIRONMENT REMAINS A KEY DRIVER FOR CHANGE

Transparency

- *Sustainable Finance Disclosure Regulation*
- *EU Ecolabel*
- *Non-Financial Reporting Directive*

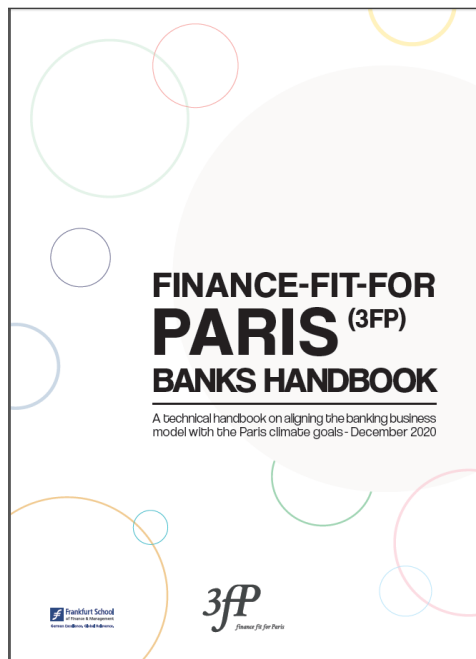
System Stability

- *ECB Guidelines*
- *Upcoming stress tests*

Enabling environment

- *EU Taxonomy*
- *European Investment Bank policies*

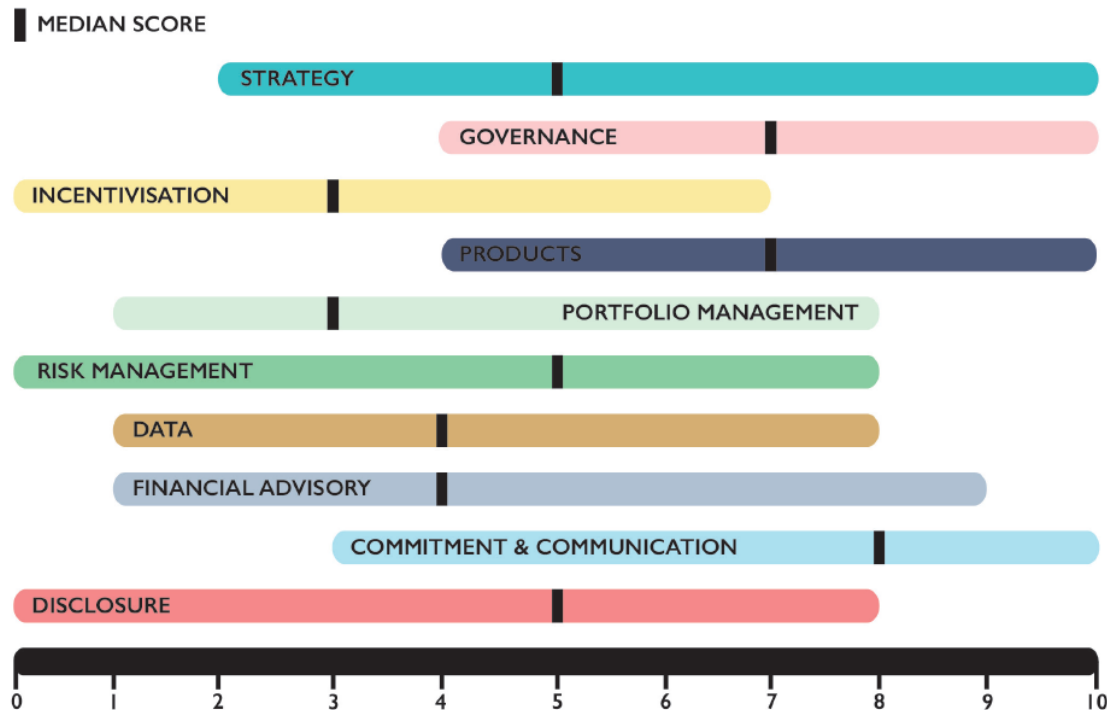
THE AIM OF 3FP-BANKS: SUPPORT THE ALIGNMENT OF THE BANKING BUSINESS MODEL WITH THE PARIS AGREEMENT



THE 3FP-BANKS AREAS FOR ACTION



IS THE EUROPEAN BANKING MARKET FIT FOR PARIS?



3FP-BANKS SHOWS: INDIVIDUAL BANKS – INDIVIDUAL APPROACHES

Cajamar

An individual perspective at
the role of green products

SEB

Frontrunner in
operationalising the EU
Taxonomy

WE IDENTIFIED THE NEED FOR FURTHER ACTION IN THE 3FP-BANKS REPORTS.

OPERATION-
ALISATION

METHODS

REGULATION

Technical in-depth discussion on Friday at 10 am CET



**WE WANT TO HEAR
YOUR OPINION!**

Lara De Mesa *Head of Responsible Banking Santander Group*

Frank Sibert *Head of Sustainable Business Germany BNP Paribas*

Dr. Stefan Marx *Director Government & Regulatory Affairs Deutsche Bank*

PRACTITIONERS PERSPECTIVE PANEL DISCUSSION

Thanks a lot for your attention!

Download the reports now!

<https://www.fs-unep-centre.org/project/3fp-banks/>

