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 objective of the Spanish climate agreement, aligned with the Collective Commitment to Climate Action promoted by UNEP FI, 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, in line with the market. This is how 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 ensure each 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.