

CaixaBank launches its first climate report as part of its commitment to be the European benchmark bank in sustainability

- ***The bank, which has had a neutral operational carbon footprint since 2018, is working towards its credit portfolio becoming net zero in greenhouse gas emissions by 2050.***
- ***It has committed to reducing the greenhouse gas emissions of its credit portfolio in the electricity sector by 30% and in oil and gas by 23%, by 2030, achieving one of the lowest global figures in financed emissions in the banking sector, with 26.9 MtCO₂e in petrol and gas emissions and 136 kgCO₂e / MWh in electricity use.***
- ***CaixaBank has examined the most pressing ESG risks and, consequently, has prioritised managing and analysing climate risks in different scenarios.***
- ***Following the presentation of the 2022-2024 Strategic Plan, CaixaBank has committed to mobilising €64 billion in sustainable financing and helping those sectors that need to adapt their business models to the climate challenge.***

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CaixaBank has presented its first climate report, which contains the bank's environmental strategy and initial sectoral decarbonisation goals for its credit portfolio. As the leading financial institution in Spain, it plays a key role as a promoter of the economy's sustainable transition, and to that end, it has compiled all the documentation required by stakeholders in a detailed report that analyses the medium- and long-term goals, climate and environmental commitments, strategy, governance, risk management and metrics. The report has been drafted following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which is one of the main international climate reporting initiatives.

The aim of this voluntary report is to reflect in a single document how the bank has adapted its business and management model to deal with one of the greatest challenges it is facing as a company, namely climate change. This report presents, in a transparent and rigorous manner, the details that represent the company as a sustainable bank in terms of governance and management structures, daily activity and partnerships that reflect best practices and how to promote the ESG commitments, and to move forward together with the public and private sectors.

Climate and environmental commitments and strategy

CaixaBank recently presented its Strategic Plan for the next three years, in which sustainability is one of the core tenets for becoming a leader in the field. This led to the creation of the 2022-2024 Sustainable Banking Plan, which, along with the Strategic Plan, focuses the bank on three ambitions: leading positive social impact and encouraging financial inclusion; driving the sustainable transition of companies and society; and promoting a responsible culture by being leaders in governance, with the aim of contributing to resolve challenges such as inequality, climate change and boosting the real economy.

In terms of the environment, CaixaBank's mission is to contribute towards the sustainable transition of the economy. The bank, with a neutral operational carbon footprint since 2018, is working towards its credit portfolio becoming net zero in greenhouse gas emissions by 2050.

To that end, it has committed to reducing the greenhouse gas emissions of its credit portfolio in the electricity sector by 30% and in oil and gas by 23%, by 2030, achieving one of the lowest global figures in financed emissions of any bank in the sector, with 26.9 MtCO₂e in petrol and gas and 136 kgCO₂e / MWh in electricity. All of this leading to the ultimate objective, which is to decarbonise the entire portfolio by 2050 in line with the Net Zero Banking Alliance (NZBA), of which CaixaBank is a founding member. The financed emissions have been calculated by following as a reference the guidelines defined by the Partnership for Carbon Accounting Financials (PCAF), of which CaixaBank has been a partner since 2021. This calculation is verified by an independent external party.

In keeping with the commitment under the NZBA framework, in 2023 and early 2024 CaixaBank is planning to establish concurrent, neutral objectives for other sectors that are heavy emitters of greenhouse gases, in both its credit financing and investment portfolios. In addition to oil and gas and the electricity sector, NZBA's priority sectors are coal, transport, iron and steel, aluminium, agriculture, commercial and residential real estate and cement.

Financing for the transition

To help customers complete the transition towards a more sustainable economy, CaixaBank is supporting and advising on environmental and climate matters, as well as offering solutions that transcend and reach society.

To face this challenge, CaixaBank is strategically committed to mobilising €64 billion in sustainable financing from 2022 to 2024. This means that CaixaBank is helping to redirect and allocate capital to those sectors and activities that need to adapt their business models to the climate challenge and to boost the growth of those that are no longer emitters.

Sustainability risk management and policy

CaixaBank has established financing exclusions and governs commercial actions in activities that could have a significant impact on the climate, the environment and human rights and certain fields in the defence, energy, mining, infrastructures, agriculture, fishing, stockbreeding and forestry sectors.

With regard to the energy sector, in general, restrictions have been put in place for companies which have more than 25% of their revenues generated from coal-produced electricity; with more than 50% from the exploration, extraction, transport, refinement, coke processing and electricity generation from oil; and with more than 50% from the exploration, extraction/production, liquefaction, transport, regasification, storage and electricity generation from natural gas.

CaixaBank also follows the Equator Principles in specific operations with potential environmental and social risks, including those relating to human rights, climate change and biodiversity.

The assessment conducted on the most pressing ESG risks has formed the basis of a proportionate implementation of these risks' management processes. Following this assessment by CaixaBank, climate risks have been given priority in the phased implementation of ESG risk management.

Initially, the materiality analysis focused on the qualitative assessment of the main impacts that ESG factors can have on the traditional risks, that is, credit, liquidity, market, operational, reputational and business/strategic risks, in the various portfolios. In a scenario of an orderly transition, the main impacts of climate risk relate to the long term in legal persons' credit portfolios.

Sustainability governance and metrics

CaixaBank's commitment towards sustainability has extended to all areas of the bank. In fact, a sustainability governance system has been structured through the governance bodies and directorates. They carry out the actions set in the Sustainable Banking Plan, approved by the Board of Directors.

The Sustainability Directorate, a member of the Management Committee, has undertaken the definition, updating and monitoring of the Group's strategy to execute the entire action plan. The Climate Risk area, organised within this directorate, has an internal control framework based on the Three Lines of Defence Model.

All this management has made sustainability part of the bank's daily activity. The financial institution has granted 53 loans indexed to sustainability variables for €7.07 billion in the first half of 2022, as well as 35 green loans for €3.22 billion; has financed 15 renewable energy projects for €370 million; and has provided financing aimed at energy efficient developments for €729 million — €45.9 million in solar panels and €2.6 million in sustainable vehicles over the same period of time —, among other sustainable lending initiatives.

European benchmark in sustainability

CaixaBank is an bank with strong historical links to the social impact of its work, and as a result it takes on the responsibility of driving a positive economy aimed at the people's wellbeing.

In addition to climate change and the drive for the sustainable transition of companies and society, the bank's other ESG ambitions are to lead the positive social impact and support financial inclusion, as well as to promote a responsible culture by being leaders in governance.

To that end, in addition to providing capital to fund energy transition initiatives, the objectives of mobilising sustainable financing include social purposes, such as facilitating microloans to students, self-employed workers, microenterprises, families and new companies that create employment. The bank has also committed to reaching 413,300 MicroBank beneficiaries, which is the CaixaBank Group's social bank, and obtaining top ratings from the leading ESG analysts.

Since the publication of the financing framework linked to Sustainable Development Goals in August 2019, CaixaBank has become one of the leading ESG-bond issuers in Europe, with 10 issuances: 6 green bonds and 4 social bonds for a total of €9.6 billion equivalent placed on the market.