SPAIN

TRANSPARENCY (Dimension)
Common disclosure framework (Sub-dimension)

1. Disclosure on governance SCORE 5/10

Reporting on climate change related governance is partially covered by the Spanish Corporate Act -Law 11/2018- (Ley sobre información no financiera y diversidad) that implements the EU non-financial reporting Directive (EU Directive 2014/95) into Spanish law. This has mainly resulted in modifications to the Commercial Code (Código de Comercio), the Capital Companies Law (Ley de Sociedades de Capital) and the Accounts Audit Law (Auditoría de Cuentas).The Decree requires the disclosure of, among others, environmental data and information is to be reviewed (but not certified) by an external accountant. Climate change is not explicitly mentioned in the original Directive. However, the EU non-binding guidelines on reporting climate-related information from June 2019 increase the climate focus significantly.

The Spanish Corporate Governance Code (Code) includes requirements on Corporate Social Responsibility (CSR), inter alia, on targets, commitments and practices. There is no explicit mentioning of climate change in the Code; however, it is recommended to deploy an appropriate corporate social responsibility policy including environmental awareness and understanding. Furthermore, executive remuneration should be linked to the medium-term success of a company. The Code follows a comply-or-explain approach.

Following the transposition of Directive 2003/51 / EC to the Spanish legal system, and, in accordance with the provisions of the Capital Companies Law and the Commercial Code, all those companies required to submit a management report must include in a „faithful exposition on the evolution of business and the situation of the company, together with a description of the main risks and uncertainties they face" (Art. 262.1 of the Capital Companies Law and 49.1 of the Code of Commerce).

2. Disclosure on strategy SCORE 4/10

Disclosure on strategy is partially covered by the Spanish Corporate Act (Ley sobre información no financiera y diversidad) that implements the EU non-financial reporting Directive (EU Directive 2014/95) into Spanish law. This has mainly resulted in modifications to the Commercial Code (Código de Comercio), the Capital Companies Law (Ley de Sociedades de Capital) and the Accounts Audit Law (Auditoría de Cuentas). It requires companies to disclose non-financial information in a transparent way to provide an understanding of the company's activities by covering, among others, environmental, social and human resources issues. Considering these aspects, the information must at least describe the business model adopted to manage and organize the business activities. This does not necessarily imply climate change considerations, nor specific policies or actions. According to the Decree, companies must also disclose any organizational and management model adopted to prevent crimes, including environmental offences. The EU non-binding guidelines on reporting climate-related information should foster disclosure on the impact of climate related risks and opportunities on the company's business model and strategy.

The Spanish Corporate Governance Code (Code) includes requirements on Corporate Social Responsibility (CSR), inter alia, on targets, commitments and practices. Furthermore, executive remuneration should be linked to the medium-term success of a company. There is no explicit mentioning of climate change in the Code; however, it is recommended to deploy an appropriate corporate social responsibility policy including environmental awareness and understanding. The Code follows a comply-or-explain approach.

Specifically, according to the article 49.6 (I) of the Code of Commerce, the consolidated non-financial statement will include significant information on the following climate change issues: important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces; the measures taken to adapt to the consequences of climate change; the reduction targets set voluntarily in the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose.

3. Disclosure on risk management SCORE 4/10

Disclosure on climate-related risk management is only implicitly covered by the Spanish Corporate Act (Ley sobre información no financiera y diversidad) that implements the EU non-financial reporting Directive (EU Directive 2014/95) into Spanish law. This has mainly resulted in modifications to the Commercial Code (Código de Comercio), the Capital Companies Law (Ley de Sociedades de Capital) and the Accounts Audit Law (Auditoría de Cuentas).Climate change related risks are only indirectly covered through disclosure obligations on environmental risk and management thereof, including inside-out and outside-in risks as well as products and supply chain risks. In medium term scenarios (prepared by the company), the impact of environmental risks must be identified and disclosed. A long-term perspective of environmental and climate risk is not expressly encouraged. The EU non-binding guidelines on reporting climate-related information (NBGs) explicitly encourage companies to identify climate-related risks and disclose how they are managed. A long-term perspective is also encouraged in the NBGs.
The Spanish Corporate Governance Code (Code) includes requirements on Corporate Social Responsibility (CSR), inter alia, on targets, commitments and practices. There is no explicit mentioning of climate change in the Code; however, it is recommended to deploy an appropriate corporate social responsibility policy including environmental awareness and understanding. The Code follows a comply-or-explain approach.

4. Disclosure on metrics and targets SCORE 3/10

The disclosure of metrics and targets to assess climate-related risk and the company's contribution to climate change is mandatory for those defined as "public interest entities" (Law 11/2018 and Commercial Code, Art. 49.5). This resulted from the translation of the EU non-financial reporting Directive (EU Directive 2014/95) into Spanish law. The Spanish Guideline for the Preparation of the Management Report of Listed Entities includes non-financial indicators and specific proposals related to climate change metrics. For the rest of the companies, disclosure remains voluntary. However, there is no yet a commonly accepted approach on metrics defined by the law.

The statement of non-financial information under the Law 11/2018 regarding non-financial information and diversity, explicitly requires reporting on pollution issues, specifically on measures for the prevention, reduction and mitigation of carbon emissions. Regarding climate change, the law explicitly requires reporting on GHG emissions as a result of the business activities, adopted measures for CC adaptation and reduction targets in the medium and long-term.

5. Adapt accounting standards SCORE 0/10

Neither do climate-related considerations exist in in Spanish GAAP (Spanish Accounting Standards) nor are discussions on changes observable.

Accounting obligations of banking entities are covered by regulation 2575/2015 and circular BdE 7/2016. Accounting standards do not offer the possibility to account for environmental impacts.

6. Accounting for stranded assets risk SCORE 0/10

No specific rule or regulation exist with respect to stranded assets risk in Spanish GAAP. Accounting standards do not include directions on the impairment of stranded asset. No change in guidelines is currently considered.

TRANSPARENCY (Dimension)
Investors' fiduciary duties (Sub-dimension)

1. Investment evaluation transparency SCORE 4/10

The Shareholder Rights Directive II (EU Directive 2017/828) is still pending for transposition in Spain. The draft is currently in the public consultation process. The provisions concerning "Transparency of institutional investors, asset managers and proxy advisors" shall enter into force on June 10, 2020.

Institutional investors and asset managers will be required to draw up and publish a Shareholder Engagement Policy. The policy must comply with transparency requirements on ESG factors. No explicit reference to climate-related risks are included.

How is SRD II transposed in to Spanish law?

The Shareholder Rights Directive II of the European Parliament, has not been translated into the Spanish system. There is a Proposed Draft Law pending for transposition, amending the consolidated text of the Capital Companies Law, approved by Royal Legislative Decree 1/2010, of July 2, and other financial regulations, to adapt them to Directive (EU) 2017/828.

Are there any other relevant paragraphs in Spanish law?

The transposition of Directive 2017/828 will align Spain with the European Union but will not entail a drastic amendment of the legal framework governing Spanish listed entities. Some of the measures in the EU Directive were already introduced in Spain by the amendment of the LSC, but nothing further has been done in Spain.

2. Shareholder responsibility for governance and strategy SCORE 3/10

The Shareholder Rights Directive II (EU Directive 2017/828) is still pending for transposition in Spain. The draft is currently in public consultation process. These provisions shall enter into force on June 10, 2020. SRD II does refer to ESG considerations (on a comply-or-explain basis) but does not explicitly mention climate change.

The Spanish legislature explicitly states that the disclosure of non-financial information relating to corporate governance is vital for managing change towards a sustainable global economy by combing long-term profitability with social justice and environmental protection and that a long-term approach must be encouraged. Therefore, climate change risks are implicitly covered.

SRD II should foster shareholder activism. The Law will require institutional investors (i.e., insurance companies and occupational pension funds will less than 100 participants) and asset managers to adopt and publish an engagement policy setting forth how they integrate their engagement as shareholders in their investment strategy. The engagement policy shall describe how the institutional investor, or the asset manager monitor the investee with respect to material issues such as strategy, financial and non-financial results, risks, capital structure, ESG impact. The dialogue with the investees and the exercise of voting rights shall be described. Furthermore, the management process of potential and actual conflict of interests should also be disclosed.

Institutional investors shall also be required to disclose to the public on a yearly basis how the main elements of their equity strategy are consistent with the profile and duration of their liabilities (their long term liabilities, in particular) and how such elements contribute to the medium and long term performance of their assets.

Climate Change is not explicitly mentioned regarding Shareholder's responsibilities in the Spanish law but could be potentially included since General Shareholder's meetings can indirectly influence the company's strategic direction, operation and management.

3. Asset manager responsibility SCORE 4/10

The Shareholder Rights Directive II (EU Directive 2017/828) is still pending for transposition in Spain. The draft is currently in the public consultation process. The provisions in such new section shall enter into force on June 10, 2020. The new section does refer to ESG considerations (on a comply-or-explain basis) but does not explicitly mention climate change.

Asset managers will have to implement an engagement policy with respect to voting rights held on behalf of institutional investors. Asset managers will also have to inform institutional investors with whom they have a management arrangement on how their investment strategy and the implementation thereof contribute to medium to long-term performance. Such disclosure must include information on any investment decision that considers medium and long-term results of the investee (including its non-financial results).

4. Executive remuneration policy SCORE 5/10

The Shareholder Rights Directive II (EU Directive 2017/828) is still pending for transposition in Spain. The draft is currently in the public consultation process. The Shareholder Rights Directive II requires companies to disclose the principles of executive remuneration and indicate the impact climate change related performance aspects have on remuneration. It does not require that these aspects form part of the factors to be included in the remuneration.

The Spanish Corporate Governance Code (Code) stipulates that includes executive remuneration should be linked to the medium-term success of a company and the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value (Recommendation 58). There is no explicit mentioning of climate change in the Code; however, it is recommended to deploy an appropriate corporate social responsibility policy including environmental awareness and understanding. The Code follows a comply-or-explain approach.

5. ESG risk management SCORE 6/10

Pension funds: Transposition of IORP II Directive (EU Directive 2016/2341) is still pending in Spain. According to the draft, an assessment of climate-related risks is specifically and explicitly required to pension funds. ESG risks, more in general, must be taken into account by a pension fund's risk management system, where relevant to its investments/activities. The Decree also stipulates that the risk management system of a fund must be integrated in its organizational structure and its decision processes.

6. CUSTOMER/BENEFICIARY CENTRICITY: SCORE 2/10

Currently no explicit regulation exists in Spain.

TRANSPARENCY (Dimension)
Consumer transparency (Sub-dimension)

1. Packaged Retail and Insurance-based Investment Products (PRIIPs) SCORE 2/10

EU Regulation 1286/2014 as modified by EU Regulation 2340/2016 and supplemented by EU Regulation 2017/653 (Regulation), concerning packaged retail and insurance-based investment products (PRIIPs) has been enacted in Spain. Climate-related considerations are not explicitly mentioned yet. In line with the Action Plan on financing sustainable growth, prospectus requirements should be adjusted by the end of 2019 to include climate and sustainability aspects.

2. Investment advisor duties SCORE 2/10

Currently, explicit obligations on financial/insurance advisors to enquire on and assess the interest of clients on climate change related matters are not in place. Enquiries are generally made by the advisors only where the ESG products are made available for distribution.

3. Retail fund transparency SCORE 1/10

There is nothing specific in Spain beyond the initiatives proposed by the European Union.

4. Green labels/standards SCORE 0/10

No public green labels and standards could be identified by the 3fP-Tracker assessment. Application of private initiatives remains a niche market.

1. Awareness creation to climate change related risk incl. systemic risk SCORE 4/10

At the national level, there is more a declaration of intent than concrete measures to raise awareness of the importance of considering the risks arising from climate change. Recently, Teresa Ribera, head of the Ministry for the Ecological Transition, has made the clear statement that the Spanish Government has the ambition to align Spanish regulations with the Paris Climate Goals. In doing so, it wants to learn from other pioneering countries and has opted for the preparation of a Strategic Agenda for Sustainable Finance . An opinion shared by Ana de la Cueva, the Secretary of State for Economy and Business Support, who affirmed that sustainability, inclusion and climate change are already present challenges in investment strategies and public policies and should be included in the urgent regulatory agenda that underpins the transition to a low-carbon economy . According to the draft Law on Climate Change and Energy Transition, Bank of Spain, CNMV and the General Directorate of Insurance and Pension Funds will have to assess the risks for the financial sector on climate change every two years.

The Spanish Institute of Strategical Studies, responsible of advice the authorities of the Ministry of Defense and keep the Spanish society informed, has published The finance, sustainability and energy nexus report which summarizes the climate change related risks, challenges and opportunities in the financial sector, in the international and local contexts.

In the framework of the NPACC working group, from 2018-2019 it is expected to conduct a study of impacts and vulnerability of the insurance sector to climate change, and an analysis of the contributions of the insurance activity to climate change adaptation. In November 2017 the seminar "Insurance Sector and Climate Change" gathered stakeholders from the civil society (trade union, researchers, technicians) to analyze climate change impacts in the insurance sector, damage evolution related to extreme climatic events and establish collaboration frames.

At the level of international commitment, the Spanish Central Bank (Banco de España) is a member of the Network for Greening the Financial System (NGFS), which aims to contribute to the development of climate risk management in the financial sector, but also mobilize financing to address the ecological transition, sharing experiences and good practices. The Bank itself has publicly alerted the entities of the impact that climate change and ecological transition may have on their activity and organizes workshops to prepare relevant stakeholders for changes in the regulatory framework. The current Deputy Governor of the Bank of Spain, Margarita Delgado, has recently said that „both, the effects of climate change and measures aimed at sustainably transforming our economy, directly affect banks. On the one hand, these risks have a direct impact on the valuation of some of the assets on the bank balance sheets. On the other hand, they have macroeconomic consequences that obviously also affect these balance sheets. In either case, the solvency of the entities under our supervision (Bank of Spain) could be affected by processes that, as supervisors, we must monitor".

It is to notice that stakeholders of different ministries have been working for a year and a half to explain the Spanish position in the Sustainable Finance Action Plan launched by the European Commission.

2. Provision of data, standard scenarios and methods SCORE 4/10

The existing Spanish Strategy for Climate Change and Clean Energy, 2007-2012-2020 defines the objectives for designing policies and measures for the reduction of GHG emissions, according to the objectives set out in the European policies. The "Non-ETS sectors Roadmap 2020" assessed the emissions mitigation potential up to 2020; while it identifies the cost-efficient path to achieve the objective.

Comparable data on GHG emissions by Spanish region can be found in the Report "Climate Change by Autonomous Comunities (CC16)", developed by the Sustainability Observatory. The report analyses three key components: (1) National and regional GHG emissions and its relation with socioeconomic variables such as population, GDP, surface, etc. (2) Main scientific evidence of climate change on perceptible physical variables and biodiversity, and (3) Regional projections/trends until 2100, prepared by the Spanish Meteorological Agency (AEMET).

In the framework of the NPACC, a viewer of scenarios has been developed to facilitate the consultation of regionalized projections of climate change. Additionally, between 2014-2017, a total of 15 case studies have been developed in Spain in terms of impacts, vulnerability and adaptation to climate change, in different sectors. Vulnerable sectors still pending to evaluate, but considered in the NPACC reports, are the industrial, hunting and fishing, financial and insurance. A study on climate change related risks in the financial sector is planned for the year 2020, in collaboration with SPAINSIF and the academic sector (universities or business schools).

SYSTEM STABILITY (Dimension)
Regulation/Supervision of banks (Sub-dimension)

1. Requirements for bank governance/strategy SCORE 4/10

The Spanish regulatory regime for credit institutions is currently set out in the Credit Institutions Solvency Regulations, Law 26/2013, of 27 December 2013, on savings banks and banking foundations (Savings Banks and Banking Foundations Law) and its regulations, and Law 13/1989, of 26 May 1989, on credit cooperatives. This regulatory framework may be supplemented by the circulars, rules and guidelines issued, from time to time, by Banco de España or by the ECB.

According to the Law 26/2013, saving banks and banking foundations will include an analysis of the risk control systems in the Corporate Governance reports and must prepare a plan to diversify their investments to minimize risks and establish a reserve fund to guarantee the financing of the participating credit institution in difficult situations. However, climate change related risks are not explicitly mentioned.

2. Minimum requirements for bank risk management SCORE 4/10

The Spanish regulatory regime for credit institutions is currently set out in the Credit Institutions Solvency Regulations, Law 26/2013, of 27 December 2013, on savings banks and banking foundations (Savings Banks and Banking Foundations Law) and its regulations, and Law 13/1989, of 26 May 1989, on credit cooperatives. This regulatory framework may be supplemented by the circulars, rules and guidelines issued, from time to time, by Banco de España or by the ECB.

Financial entities shall set up procedures to identify, manage, control and communicate existing or potential risks. Minimum requirements are covered by Law 10/2014, art. 37, 38 and 52. However, commitment of climate change related risks assessment is not explicit in the law.

3. Bank stress tests SCORE 4/10

The Spanish regulatory regime for credit institutions is currently set out in the Credit Institutions Solvency Regulations, Law 26/2013, of 27 December 2013, on savings banks and banking foundations (Savings Banks and Banking Foundations Law) and its regulations, and Law 13/1989, of 26 May 1989, on credit cooperatives. This regulatory framework may be supplemented by the circulars, rules and guidelines issued, from time to time, by Banco de España or by the ECB.

On January 2014 the Executive Commission of the Bank of Spain has agreed to endorse the EBA Guidelines on Stressed Value at Risk. However, climate change is not explicitly covered in stress testing programs as part of the risk management process. Currently, the Bank of Spain is working to include climate risks on bank stress tests in the medium-term.

4. Bank capital requirements SCORE 4/10

Currently, Spain does not have key regulations for Bank Capital requirements. The Spanish authorities have submitted draft measures that would ensure full transposition of the Capital Requirements Directive 2013/36/EU (or CRD IV) to the European Commission. Climate change risks are not considered to play an important role in capital requirements. However, the Bank of Spain is working on this issue since 2018 as part of the financial innovation; risks and impacts are expected to be considered once the European Union sets the framework.

SYSTEM STABILITY (Dimension)
Regulation/Supervision of insurance companies (Sub-dimension)

1. Requirements for insurance governance/strategy SCORE 4/10

The Directorate-General for Insurance and Pension Funds (DGSFP) is responsible for the regulation of the insurance sector in Spain. The Royal Decree 1060/2015, on management, supervision and solvency of insurance and reinsurance entities is the guiding regulation for governance and strategy of insurances in Spain. Climate change is implicitly covered in section V). B which states that environmental related information shall be included in the abbreviated report.

2. Minimum requirements for insurance risk management SCORE 5/10

According to Law 20/2015, insurance entities must invest their resources in accordance with the precautionary principle. They shall invest only in assets and instruments whose risks can determine, measure, monitor, manage and control properly, in addition to properly informing them of the General Directorate of Insurance and Pension Funds. These risks shall be considered in the assessment of global solvency needs within the internal risk and solvency assessment (Art. 79).

Risk management and internal control systems and information procedures shall be consistently implemented in all entities that are part of a group, so that those information systems and procedures can be monitored at the group level (Art. 152).

Climate change related risks are not explicitly mentioned in the Law, however, according to Royal Decree 1060/2015, environmental information shall be included in the abbreviated report.

3. Insurance company stress-tests SCORE 3/10

The insurance fund stress test methodology does not refer to climate change related risks is however comprehensive and should thus take material climate risks into consideration.

5. Insurance capital requirements SCORE 4/10

Spanish capital requirements for insurances along Solvency II do neither favour brown or green assets.

SYSTEM STABILITY (Dimension)
Regulation/Supervision of pension funds (Sub-dimension)

1. Requirements for pension fund governance/strategy SCORE 5/10

Spain only regulates pension funds (long-term investment policies), for which ESG risks are more relevant. According to the Royal Legislative Decree 1/2002, of November 29, approving the consolidated text of the Law on the Regulation of Pension Plans and Funds, article 14, pension fund control commission makes direct references to “the extra-financial risks (ethical, social, environmental and good governance) affecting the different assets making up the pension fund are considered in investment decisions”.

Additionally, Article 69. of the Royal Decree 304/2004, of February 20, which approves the Regulation of pension plans and funds, explicitly states that in the case of occupational pension funds, the statement must be transparent on whether the extra-financial risks may result from ethical, social, environmental and good governance criteria.

The same applies for personal pension funds.

The EU Directive 2341/2016, on the activities and supervision of institutions for occupational retirement provision, is still pending for transposition into the Spanish legal system.

2. Minimum requirements for pension fund risk management SCORE 4/10

Royal Decree 304/2004, of February 20, which approves the Regulation of pension plans and funds, implicitly covers climate change related risks stating in Article 69 that the ethical, social, environmental and good governance criteria shall be considered as the extra financial risks affecting different assets.

3. Pension fund stress-tests SCORE 4/10

The pension fund stress test methodology does not refer to climate change related risks is however comprehensive and should thus take material climate risks into consideration.

4. Pension fund capital requirements SCORE 4/10

Climate change risks are reflected in a distorting manner because „brown“ assets are in fact treated more favourable than green assets. Currently, the regulations on transparency and reporting of ESG information are more advanced, and although it is mandatory to report on the investment criteria, minimum capital requirements are not defined.

1. Requirements for governance SCORE 4/10

Compliance with the Investment Funds of all the Spanish regulations (Law 31/2011, which modifies Law 35/2003, and Royal Decree 1082/2012) is supervised by the National Securities Market Commission (CNMV), both remotely (through the information received) and on-site (conducting inspections through visits to the supervised entities).

The Spanish regulation of funds and pension plans for responsible investment is still scarce, however, the "Circular on the application of environmental, social and corporate governance criteria (ESG) in the investment policy of Collective Investment Institutions (IIC)" establishes the criteria and the requirements to for the denomination of Social Responsible Investments (SRI).

One of the qualification criteria is the explicit inclusion of ESG criteria in the traditional financial assessment. The identification of eligible assets for an IIC with an SRI policy, is one of the eligible requirements and is based on a combination of financial and extra financial analysis to identify and assess the ESG practices of the different assets. In environmental matters, energy, water, forestry or biodiversity policies, compliance with the Kyoto Protocol and reduction of CO2 emissions, should be considered. Each investment fund can choose applicable environmental criteria.

2. Requirements for risk management SCORE 4/10

According to the Association of Colletive Investment Institutions and Pension Funds -INVERCO- investment Funds must comply with strict regulations, which establish the assets in which they can invest (eligible assets), as well as the maximum investment percentages of their assets according to the characteristics of the asset and the issuer (diversification).

In this comprehensive risks assessment, climate related risks should be covered implicitly if material.

1. Provision of a clear transition pathway SCORE 4/10

Spain has ambitious targets for a transition to a low-carbon and climate-resilient economy. In alignment with the EU climate targets for 2050, Spain has developed a National Energy and Climate Plan as well as a draft Law on Climate Change and Energy Transition that is expected to be approved by 2020. In the meantime, the country is well off in meeting EU targets. Since the EU ETS was launched in 2005, emissions in Spain by sectors covered by the EU ETS have decreased by 32%. However, some have described environmental regulatory changes as “a rollercoaster ride” - the lack of certainty in the political landscape leading to fluctuating investment flows towards green and sustainable projects.

2. Risk reduction support for green finance SCORE 0/10

There are no financing instruments for green investments including risk mitigation mechanisms altering the risk perception of market participants provided by public institutions in Spain.

3. Government incentives for green finance SCORE 5/10

Few incentives are available at the national level and are carried out by the Institute for Energy Diversification and Savings (IDEA). The resources providing from FEDER Funds, General State Budget and the Institute’s own funds are used:

- To subsidize Wind and Solar energy projects (120 M EUR)
- And to invest in SMEs with green projects (green credit line available for SMEs with a budget of 100M EUR that lasted until 2018)
- To finance grants and subsidies offered by regional authorities.

Furthermore, the Ministry of Agriculture, Fisheries and Environment created a Carbon Fund called FES-CO2 which intends to incentivize companies in sectors not covered by the EU Emission Trading System to transform their production system by buying verified carbon emissions reduction.

In Spain, incentives for green finance are also in part provided at the regional and communal level. Autonomous Communities offer a variety of subsidies, for example the grants for SMEs and big companies to improve energy efficiency, and for the industry to purchase new machinery, cleaner and more efficient offered by the Catalan Energy Agency (ICAEN) or Tax relief as one consisting of 30% of the interest payable for investments in renewable energy in Navarra. Other incentives are provided by cities, for example grants for solar and wind energy installations in Barcelona, Madrid and Valencia and tax relieves for energy efficiency in Sevilla, and Cordoba.

1. Government investment strategy SCORE 3/10

The national pension fund manager "Seguridad Social" does not include ESG Criteria in their investments and funds management.

In September, the Bank of Spain announced that they will participate in the Green Bonds Fund launched by the Bank for International Settlements, aiming at starting the incorporation of green investments in their portfolio. The initiative comes from the Network for Greening the Financial System (NGFS).

ICO, the Official Credit Institute, has, in its Strategy for 2019-2021, included "Sustainability and CSR" as the fourth pillar of the strategy. This axe is articulated around on the one hand the development of a sustainable finance action plan and the incorporation of ESG criteria thought the whole institute actions on the other hand. Although there is no mention to climate change-related risks, we can see that ICO has introduced sustainability objectives on their actions until 2021.

Last January, the Ecological Public Procurement Plan of the General State Administration, its autonomous bodies and the Social Security management entities (2018-2025) was approved via Presidential Order. Social, environmental, and innovation and development considerations will be included in public contracts. The consideration of these environmental criteria is not mandatory, only sets a list of applicable criteria and technical specifications that could be required.

Further work is expected on the green government investment strategy: The draft Law on Climate Change and Energetic Transition sets that at least 20 percent of the state budget will contribute to the objectives set on climate change and energetic transition. In addition, the draft law sets that in two year from the law approval, the Ministry of Economy and the Ministry of Ecological Transition will elaborate a report on the state position and a calendar of disinvestment regarding the State General Administration and public entities in possession of participations, financial instruments or other investment relationships with companies working on fossil fuel production, refinery or processing of fossil fuels.

Spanish public institutions are also involved in the provision of financial resources to developing countries for climate adaptation and mitigation projects. The Spanish environment agency has developed an Action Plan articulated around the different SDGs including € 1,550,000 for the SDG 13 on Climate Action. In total, The Spanish Office for Climate Change has estimates at 466 million euros in 2015 and 595 million euros in 2016 the funds for climate change-related activities gathered by the Ministry of Foreign Affairs, the European Union and Cooperation (MAUC); the Spanish Agency for International Development Cooperation (AECID); the Ministry of Industry, Trade and Tourism (MICT); the Ministry of Economy and Business (MEE); and the Spanish Development Finance Company (COFIDES). Spain also offers major contributions to the Green Climate Fund (Spain's current commitment in this respect is 150 million euros over the next four years).

2. Government agencies issue Green Bonds SCORE 6/10

in April 2019 the Spanish state-owned bank Instituto de Credito Oficial (ICO) has issued its first green bond raising 500M EUR. The funds are necessary to finance reforms under the government's environmental plan and will finance projects from Spanish companies that contribute to environmental protection and to fight climate change. The funds will be used to issue loans related to RE, EE, EV, Pollution and emissions control, EMAS and Sustainable water and wastewater management.

ADIF-Alta Velocidad is a state-owned corporate entity operating under the supervision of the Ministry of Public Works and managing the national rail infrastructure. The government-backed entity has issued EUR 1.8bn in public bonds, being the top public issuer of green bonds in Spain. Their Green Bond Framework was created in alignment with the Green Bond Principles (GBP) 2016, in order to facilitate transparency, disclosure and integrity of ADIF-Alta Velocidad Green Bond. The bond funds are going to be spend on:

- Greater environmental efficiency
- Environmental integration of new lines (In 2005 they developed an EMAS to ensure the environmental protection in the new railways construction).
- Environmental integration of maintenance operations.

The Spanish Treasury is studying the possibility to issue green bonds to finance the ecological transition. The Ministry of Economy considers the Spanish credit institute ICO as the entity responsible for articulating the financial plan of the ecological transition.

3. Green public financial institution SCORE 4/10

In Spain, they are no green public institution that provides financial services or a financial institution with a clear mandate to finance a low-carbon and climate-resilient economy. However, the Spanish government manages the Natural Heritage and Biodiversity Fund is destinated to biodiversity conservation, forestry sustainable management, wildfires prevention and co-finance protection actions on natural and forestry areas. The Institute for Energy Diversification and Savings (IEAD) is also involved in green activities financing and manages several funds.

Other institutions are also leading green activities as:

- the Spanish state-owned bank Instituto de Credito Oficial which manages loans related to RE, EE, EV, Pollution and emissions control, EMAS and Sustainable water and wastewater management
- ICO subsidiary, the VC fund AXIS, has approved the development of a 50M EUR fund for investing in Sustainable and Social Impact funds.

There is therefore in Spain no green public Institution that provides financial services but different financial institutions funding green activities.

4.Central banks disclosure on climate-related risks SCORE 2/10

The Bank of Spain do not disclose on climate-related risks of its own portfolio. However, the Spanish Central Bank is getting acquired with the topic since it published in May 2018 an evaluation of "Climate Change related risks in financial markets and financial corporations: challenges, measures and international initiatives" in their Financial Stability Newsletter. The BoS is also involved in multiple international and European initiatives on sustainable finance along with the European Central Bank (ECB), the European Systemic Risk Board (ESRB), the Single Supervisory Mechanism (SSM), the European Banking Authority (EBA) and within the Network for Greening the Financial Sector (NGFS.

The Bank of Spain might endorse a greater role towards climate change. In March 2019, the Sub-governor of the BoS, Margarita Delgado, shared in a speech on "Sustainable finance as engine of the ecological transition" that the Spanish central bank is getting acquired with sustainable finance and consider supporting companies in developing risk models assessing CC, developing resistance tests and gathering detailed information on climate-related risks. Nonetheless, the Draft Law on Climate Change and Energy Transition - still pending – could oblige the Bank of Spain, the CNMV and the General Directorate of Insurance and Pension Funds to assess climate-related risks for the financial sector.

ENABLING ENVIRONMENT (Dimension)
Public capacity building and awareness raising on green finance (Sub-dimension)

1. Consumer education on green finance SCORE 1/10

The National Securities Market Commission (CNMV) has started on providing information via its website. The online section of the organization on sustainable finance includes content such as the main definitions, concepts, typologies and axes of the regulatory framework, and it will also disseminate advances and updates in sustainable finance.

2. Curriculae on green finance (schools, universities, general public education) SCORE 6/10

Climate change and sustainable finance aren't a part of the official curriculum for studies in finance and economics. However Spanish education centres offer a wide offer of courses on the topic:

- International University Menéndez Pelayo: Seminar on Sustainable Finance and the future of the Economy (30h)
- Institute of Stock Market Studies: Executive Course "Finance for Sustainability and Climate Change" (150h)
- Afi School of Finance: Executives development program on Sustainable Finance, 72h
- School of Industrial Organization: Executive program on Sustainable Finance, 50h
- Economists Association of Madrid: Transition to Sustainable Finance, 8h
- UNED University (Spanish Online University): Sustainable Finance course inside the master's degree of Sustainability and RSC.

ENABLING ENVIRONMENT (Dimension)
Common green taxonomy (Sub-dimension)

1. Common green taxonomy SCORE 0/10

There is no common green taxonomy.

ENABLING ENVIRONMENT (Dimension)
Green public-private initiatives of financial centres (Sub-dimension)

1. Green public-private initiatives of financial centres: SCORE 4/10

There are two Financial Centers for Sustainability in Spain, the first one was established in Barcelona and the second one was recently created in Madrid. Spanish banking associations (including CECA and AEB), insurances associations (like INVERCO and UNESPA) and investment funds founded together the Financial Center for Sustainability in Spain (FINRESP). In July 2019, Finresp joined the Network of Financial Centers for Sustainability (FC4S). The initiative aims at promoting sustainable finance to achieve a sustainable development of the Spanish Economy, at enhancing the exchange on best practices and at adopting joint initiatives to integrate sustainability in their corporate strategies.

Along with the banking and market initiative, different actors of sustainable finance in Spain are regrouped within the platform Spainsif. Since its creation in 2009, the NGO has as primary mission to promote sustainable investment in Spain. The public Spanish credit institute ICO is member of the association. Spainsif is part of the European Forum on Sustainable Investment (Eurosif).