

6 August 2020

José Luis Ábalos, Minister of Transport, Mobility, and Urban Agenda
Nadia Calviño, Minister for Economic Affairs and Digital Transformation
Teresa Ribera, Minister for the Ecological Transition and Demographic Challenge

Dear Ministers,

State investments and tackling climate change

The Children's Investment Fund Foundation (CIFF) is the world's largest philanthropy focused specifically on improving children's lives. Tackling climate change – as the single biggest threat to the future of today's children – is one of our core priorities. We have an endowment of \$5.9bn¹ and last year disbursed \$112m on climate change-related causes.

As part of CIFF's climate finance strategy, we aim to encourage investors to take an active approach to reducing the emissions in line with the Paris Agreement of the companies they invest in, and have written to a number of governments, central banks and regulators urging such action.²

Last week, our investment manager – TCI Fund Management Limited – wrote a [public letter](#) to the Government of Spain as a shareholder in Aena, highlighting concerns with Aena's climate change plan. At CIFF, we also believe the current Aena climate change plan is not grounded in a science-based target, does not reflect the actions required to achieve net zero, is too narrow in scope and lacks annual measurable targets to assess progress. Aena's plan is unsatisfactory and is inconsistent with the leadership you and your Government are showing on climate change.

Like many organisations, we applaud the actions your Government has taken on climate change to date. Your management of the transition away from coal-fired power generation means Spain is on track to become one of the world's fastest decarbonising nations. Your planned Climate Law is a promising proposal that has the potential to become a reference point for the world.

With governments around the world providing support to their private sectors in light of the Covid-19 pandemic, we see a significant opportunity for the Spanish Government to demonstrate further leadership. Indeed, 109 investors managing €11tn assets recently wrote to EU leaders such as yourself, calling on you to ensure that “carbon-intensive companies that receive government bailouts, grants, loans, tax concessions and temporary equity purchases should be required to establish and enact climate change transition plans consistent with the Green Deal and Paris Agreement goals, and achieving net zero emissions by 2050 in exchange for this public support.”³

Evidence shows that transition to net zero emissions can significantly contribute to the economic recovery

¹ As of end 2019

² <https://ciff.org/news/ciff-calls-leading-banks-and-regulators-end-coal-finance/>; <https://ciff.org/news/deliver-jobs-of-the-future-ciff-calls-on-the-scottish-government-for-a-green-economic-recovery-2/>

³ See: <https://theinvestoragenda.org/wp-content/uploads/2020/06/Open-letter-to-EU-leaders-from-investors-on-a-sustainable-recovery-from-COVID-19.pdf>

from Covid-19.⁴ We are confident that the Spanish Government would expect all companies – and particularly those in which it has a stake or are receiving public support – to adopt transition plans aligned with the Paris Agreement and with national decarbonisation objectives. An environmentally sustainable infrastructure sector is an essential component of Spain's sustainable tourism offering, and will also be increasingly central to its success.

We see an opportunity for you to demonstrate gold standard shareholder engagement and private sector support, consistent with implementing a world-class Climate Law. We recommend that the Spanish Government apply the EU Sustainable Finance Taxonomy to assess whether the economic activities are suitable for public funding. We also propose the Government adopt the below five principles for all Government shareholdings and as a condition of future private sector support:

1. Report in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Disclosures (TCFD) in their annual reports and to make full annual public disclosure to CDP;
2. Achieve net zero emissions (scopes 1, 2 and 3) by 2050 or earlier depending on the sector, with staged interim reduction targets, without relying unreasonably on unproven or uncosted negative emissions technology or offsets;
3. Set annual targets for emission reduction over the next one, two and three years and detail the plan to meet these targets;
4. Disclose a credible business plan, which includes clear measures for transparency and accountability, that is aligned with the goals and timelines of the Paris Agreement and that is put for a vote on by shareholders at the annual general meeting; and
5. Report annually on progress against targets and link management and director remuneration and incentives to achieving the targets within the Paris-aligned business plan.

We also believe the Climate Law can be further strengthened by developing within the law the details and competences for an independent scientific body to advise on targets and policies and by requiring regional governments to develop and publish regional energy and climate plans in line with the national plan by 31 December 2021.

We stand ready to support the Spanish Government in implementing and achieving these commitments and would welcome the opportunity to discuss these points with you.

Yours sincerely,



Kate Hampton
CEO, CIFF



Sonia Medina
Executive Director, Climate, CIFF

⁴ See: <https://www.smithschool.ox.ac.uk/publications/wpapers/workingpaper20-02.pdf>