



Banco Santander: financing the climate crisis

Executive summary

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Each of the signatory organisations to this document has contributed to it in a specific way within their areas of expertise, in accordance with their consolidated lines of work.

The latest IPCC synthesis report leaves no doubt: without immediate and deep cuts in emissions across all sectors, limiting global warming to 1.5°C will be beyond reach.

There is a direct link between the climate crisis and the financial system. Without loans, insurance, financing and agreements, the development of the world's major polluting projects would not be possible. The involvement of banks, investors and insurers with large extractive companies is clear.

To illustrate this relationship, we have looked at Banco Santander, one of the world's leading banks and the largest bank in Spain, managing over €1.6 trillion in assets,¹ a figure greater than Spain's GDP. Despite priding itself on supporting the green transition, Banco Santander continues to appear year after year as a leading investor in agribusiness, fossil fuels and the arms business, which are exacerbating the climate crisis, as detailed in this report.

For this reason, we are calling on shareholders and investors to demand from Banco Santander to:

On agribusiness:

- Suspend any services, financing or contracts with companies that do not transparently demonstrate full compliance with their no deforestation and conversion agreements.
- Require companies to report total animal slaughter numbers and milk intake to ensure an accurate Scope 3 emissions figure.
- Require energy, meat and dairy companies financed by Banco Santander to publish independently verified and quantified information on methane emissions (Scope 1, 2 and 3) by product line.

In relation to the fossil fuel industry:

- Comply with signed global agreements (in particular the Net Zero Alliance)
- Immediately cease financing of new and expanded coal, oil and gas projects, and phase out existing coal, oil and gas finance in line with a 1.5-degree pathway

Regarding the arms industry:

- Establish better monitoring and control mechanisms based on international legislation and standards for investments made by companies engaged in the development of dual-use materials (both civilian and military).
- Withdraw funding from any company engaged in the development, manufacture and distribution of materials that can be used in warfare.

Agribusiness financing

Between 2010 and 2022 Banco Santander offered credit worth US\$11,086 million² to the sectors most linked to global deforestation: timber, paper, palm oil, beef, soy and rubber, making it the fifth largest creditor to these sectors. Brazil has the largest primary rainforest cover worldwide but is also the country with the highest forest loss.

According to Banco Santander Brasil's latest Annual Report³, from December 31, 2022, its agribusiness portfolio - including credit, securities and other products - amounted to BRL 37.5 billion (US\$7.1 billion).

1 [Banco Santander balance 2022](#)

2 [Forest & Finance](#)

3 [Annual Report Banco Santander Brazil](#)

Unfortunately, Banco Santander's social and environmental policies do not follow the same line of upward growth. In the 2022 report of the "Responsible banking guide" that evaluates the environmental and social policies of the largest banks operating in Brazil, Banco Santander obtained an average score of 3.9 out of 10.

Banco Santander is the fifth largest bank in Brazil by assets, and the only foreign bank making the top 5 list. Multinational companies in the soybean trade such as Cargill or Bunge, receive financing from the bank: US\$118 and 105 million respectively between 2010 and 2022. Both Cargill and Bunge have been heavily linked to deforestation and ecosystem conversion in Brazil.

Banco Santander is one of the largest European financial institutions that grant more credit to the main Brazilian beef exporters involved in deforestation such as JBS, Marfrig and Minerva. Between 2013 and 2019, research finds Santander financed US\$ 1.3 billion to JBS, Marfrig and Minerva, companies that account for more than 45% of the cattle raised and slaughtered in the Amazon⁴.

Why Banco Santander should stop financing JBS⁵

In the case of JBS, since 2019 it has issued nine bond operations amounting to US\$7.6 billion, Banco Santander having participated in eight of them for US\$ 7.1 billion. In the first quarter of 2022, Santander participated in two transactions which raised US\$ 1.5 billion for JBS. One of the bond issues in which it participated in 2022, for US\$ 900 million, is due in 2052. This suggests that Banco Santander intends to support the company's business over the next 29 years.

In January 2023, Mighty Earth filed a whistleblower complaint with the US Securities and Exchange Commission (SEC), requesting a full investigation into the alleged misleading and fraudulent "green bonds" issued by JBS. The Brazilian meat giant claims it is on a path to reach "net-zero" emissions by 2040, despite its greenhouse gas emissions increasing in recent years, and failing to report its complete "Scope 3" emissions, where the majority of its climate impact lies.

Banco Santander is also among the 20 banks that are financing the highest methane emissions globally - a key and highly potent greenhouse gas. Following a methane per dollar of enterprise value (capital) exercise, Banco Santander has a methane footprint of 20-year⁶ global warming potential CO₂ equivalent emissions of 1,859 (Kt, 20-yr CO₂ GWPe) from its financing of JBS and Marfrig⁷ alone.

Given its role in the financing of sectors with high deforestation risk, Banco Santander should have a specific and updated zero-deforestation and zero-conversion policy with a clear cut-off date fixed for 2020, according to the pledge from the Consumers Good Forum and the European Regulation on Deforestation-free products.

Fossil fuel financing

Between 2016 and 2021 Banco Santander has fueled the fossil industry with US\$4.3 billion⁸.

We observe an increase in the interest of the financial sector in Liquefied Natural Gas (LNG), one of the most

4 Global Witness: [Money to burn](#)

5 JBS S.A. de origen brasileño es la mayor empresa de carnes (vacuno, pollo y cerdo) procesadas (por ventas) del mundo. Además de vender subproductos del procesamiento de estas carnes. Con unos ingresos de 65.300 millones EUR en 2021.

6 Global Warming Potential (GWP) is a measure of the amount of energy that will be absorbed by the emissions of one ton of a gas over a given period of time, compared to the emissions of one ton of carbon dioxide (CO₂). The higher the GWP, the more a given gas will warm the Earth compared to CO₂ during that time period. The period typically used for GWPs (especially for comparing countries) is 100 years. However, we have used 20 years, as this is more in line with the period up to 2050 and thus the period in which companies and financial institutions must meet their greenhouse gas emission reduction targets.

7 [Hot money](#). Report by Planet Tracker and Changing Markets Foundation.

8 [Banking on Climate Chaos](#). Report by Banktrack, Ran, Reclaim Finance among others.

harmful industries in the world.

Banco Santander, according to data provided by Profundo and Reclaim Finance, has participated in the placement of bonds worth US\$ 3 billion for Venture Global LNG, a US company that is developing LNG plants in the Gulf Coast of Mexico. Recently, last February 2023, Venture Global LNG announced a landmark deal for the Plaquemines plant in Louisiana, securing the largest financing for a project of this type, amounting US\$21 billion⁹.

Among the financiers are Spanish banks such as BBVA, Caixa Bank and Banco Santander, the latter participating as a leading bank, through the so-called syndicated loans, a type of loan that allows the financing of large operations and is granted jointly by several financial institutions. This bond has a long-term duration of 30 years, which means that Banco Santander secures financing beyond the net zero targets in the year 2050. The investment in this company is very controversial, with local organizations warning of air pollution in the area that is causing health problems in the local population. There are environmental issues such as a high risk of floods, pollution and chemicals contaminating homes, farmland and fragile coastal wetlands. Finally, on a social level, the majority of people living in the territory are predominantly black and Indigenous communities, who struggle to ensure that their homes do not become “sacrifice zones”.

The arms industry

In its defence sector policy, Banco Santander includes among the prohibited activities, the manufacture, marketing, distribution and maintenance services of various materials such as anti-personnel mines, chemical or biological weapons or nuclear weapons, among others.

Contrary to its policy, between 2020 and 2022, the Santander Bank has financed more than 4,000 M€ to large companies dedicated to the arms industry and militarisation of borders and is, together with BBVA Bank, which contributes most to this industry according to data from the Delàs centre.

The results presented by the largest European and US arms companies leave no doubt: Boeing and Airbus increased their turnover by 35% and 21% compared to 2021¹⁰. Europe is the region that imported the most arms in 2021 (two times more than the previous year), making it the third-largest arms destination in the world¹¹.

In Spain, aircraft supplied by Airbus have been used, and continue to be used, to patrol Europe’s borders, as well as for various Frontex operations. This industry has a clear relationship with the climate crisis. According to the report “Climate Crisis, Armed Forces and Environmental Peace”¹² by the Delàs Centre, the use of fossil fuels in military training and operations contributes to greenhouse gas (GHG) pollution. The International Energy Agency is adamant, investments in new fossil fuel supply projects must not be made if the Paris agreements are to be achieved. Banco Santander should redirect and expand its investment efforts towards green and renewable energy and sectors that do not undermine the environment and biodiversity.

Despite the policies developed by Banco Santander, civil society must be vigilant to avoid greenwashing and demand a corporate responsibility that really sanctions this type of investment, and that allows redirection of financial flows towards activities that do not negatively impact people’s lives and the health of the planet. The authors reiterate the recommendations to Banco Santander highlighted at the beginning of this executive summary for the agribusiness, the fossil fuel industry and the arms industry.

9 Venture global financing

10 [Noticia El País - Las grandes empresas de armamento recogen los dividendos de la guerra de Ucrania](#)

11 [Noticia DW - Importaciones de armas en Europa se duplicaron](#)

12 https://centredelas.org/wp-content/uploads/2021/11/informe49_CrisisClimaticaFuerzasArmadasYPazMedioambiental_CAST.pdf