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## **Green and Sustainable Finance Cluster Germany releases baseline report Mobilising the finance sector for climate protection and sustainable investment**

On Friday, in Frankfurt, the Green and Sustainable Finance Cluster Germany issued its baseline report presenting an inventory of sustainability activities at the financial centre of Frankfurt/Main. The report is the first publication from this cluster, created in spring 2018 in a merger between the Green Finance Cluster Frankfurt of the Hessian Ministry of Economics and the Accelerating Sustainable Finance Initiative of Deutsche Börse. The cluster's objective is to further mobilise the finance sector for climate protection and sustainable investment.

"One encouraging result is that sustainability is now a hot topic in the boards of financial institutions, resulting in more and more innovative products and services," notes Hessian Minister for Economics Tarek Al-Wazir. "Now it's about coordinating these activities to make Frankfurt a leader in this area that can articulate the German voice in international discussions."

The report analyses the current state of sustainable activities in Frankfurt and other European financial centres. The baseline report draws from extensive field research. The results show that 86 per cent of respondents discuss sustainability topics at management board level. 100 per cent of participating companies report on their sustainability activities. The increasing importance of this topic is also evident in current figures from a survey by the Forum Nachhaltige Geldanlagen (Sustainable Investment Forum), which found that sustainable investment in Germany was already at €1.4 trillion in 2017. Since 2005, annual growth has hovered at 27 per cent.

Al-Wazir made reference to European Commission estimates that €180 billion per year in additional investments are needed to meet Europe's 2030 climate targets.

"The required sustainability investments are far too great for the public sector to bear alone. This means we must mobilise large volumes of private capital. For investors, this is about creating high demand. Practically every financial centre in the world now recognises the importance of green and sustainable finance. Frankfurt must play a leading role in this," concludes Karsten Löffler, Co-Head of the Frankfurt School/UNEP Collaborating Centre for Climate & Sustainable Energy Finance, and one of the two cluster directors.

Analysis of the baseline report finds that sustainable finance should become a much more prominent topic in the finance sector, not only for reputation, but also for its strategic business potential. It is becoming increasingly vital to identify risks to investments and financing arising from factors such as climate change. On the other hand, this also offers a variety of new business opportunities, stemming directly from the financing of sustainable infrastructure needs. In light of the high financing volume required for the transformation to a more sustainable economic system, financial institutions are increasingly compelled to take a forward-looking tack and develop corresponding strategies.

"Aside from many encouraging trends, the baseline report still finds insufficient data on sustainable investments, due to factors such as a lack of standards and definitions," explains Kristina Jeromin, Head of Group Sustainability at Deutsche Börse and second cluster director.

"This is a key issue," agrees Al-Wazir. "Uncertainty is poison to investment. Investors must have confidence that they are not getting scammed."

The cluster wants to take on this and other challenges in four defined areas of activity:

- Inventory and innovation: e.g. taking stock of activities thus far, identifying potential for development
- Metrics and standards: e.g. developing definitions and measurement methods for sustainable investment
- Data and digitalisation: e.g. expansion of the traditional key business figures to include environmental and social indicators
- Dialogue and knowledge building: e.g. employee training, creation of permanent platforms for dialogue

The cluster is an association. The current sponsors are BNP Paribas Germany, Commerzbank AG, DekaBank Deutsche Girozentrale, Deutsche Bank AG, Deutsche Börse AG, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Helaba, KfW Bankengruppe and Metzler Asset Management GmbH. The cluster is headquartered at the Frankfurt School of Finance & Management. The signatories to the Frankfurt Declaration also support the cluster.

For the full baseline report and further details on the Green and Sustainable Finance Cluster Germany, please visit the new website at <http://www.gsfc-germany.com>

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