

Mission Statement

1. Mission

The transformation process towards a green and sustainable economy requires appropriate, innovative and scalable support from the financial industry.

As the global economy is underpinned by complex and interrelated dynamics, it is crucial that financial institutions, investor groups, policymakers and civil society join forces and cooperate as a network. The Cluster launched in April 2018 aims at bundling activities in the field of sustainable finance to achieve greater use of financial market expertise in the area of sustainability. Its primary ambition is to formulate and implement solid approaches to fostering the sustainability of national and international financial markets.

The Green and Sustainable Finance Cluster Germany (GSFCG) brings together the activities of various stakeholders, and thus mobilises synergies that shape this transformation process in an efficient and cost-reducing manner.

Green and sustainable finance constitute a core subject of the transformation process towards a sustainable and climate-resilient global economy. Neither the “Sustainable Development Goals” nor the objectives of the “Paris Agreement” could be accomplished without fundamental change within the national and international capital allocations framework. The challenge consists in developing applicable concepts for the implementation of Environment Social and Governance (ESG) criteria in the business models of various financial stakeholders. It would promote the identification and management of sustainability-related risks, enhance competition in a proactive manner, and seize economic opportunities of sustainable development. In this context, the specific structure of actors in Germany, which prevails in medium-sized companies, shall be taken into account.

The GSFCG should act as a central contact point for sustainability- and climate-relevant issues of actors in the financial sector and beyond. The cluster is also expected to reinforce other green and sustainable finance initiatives existing in Germany and in Europe. National initiatives such as the Hub for Sustainable Finance as well as other national, European and international expert groups should also be involved in its activities.

2. Primary objectives

Competence: The Cluster's core stakeholders position the GSFCG in the Frankfurt financial centre as a competence centre and dialogue platform of the financial sector for achieving the climate and sustainability goals of the German government. The financial sector is supported by application-oriented research.

Networking and efficiency: The GSFCG facilitates the bundling, availability and exchange of existing competencies and professional resources in relation to green and sustainable finance. Furthermore, it promotes the collection of innovative data, which foster the connexion of traditional financial indicators with sustainability aspects and broadens the dialogue on green and sustainable finance by involving all relevant stakeholders, such as policymakers and civil society.

Added value: Concrete cost advantages and increased efficiency are to be generated by synergy effects in the context of upcoming standardization processes, by the creation of a broad information base and by the exchange of best practices.

3. Main topics and tasks of the GSFCG

Creating transparency: The work of the cluster as a central platform should contribute to increasing the transparency and publicity of existing products, opportunities and instruments. Transparency is fundamental to the understanding of green and sustainable finance by financial sector players and the general public. The key focus will, therefore, be to identify the physical and transitional risks resulting from climate change and the corresponding regulatory environment. In this respect, the work of the Task Force on Climate-related Financial Disclosures (TCFD; a private sector initiative accompanying the G20 process) on carbon risks and their disclosure should be taken into account. In close relation with this issue, the Cluster's research will focus on how to measure an achievable reduction of climate-damaging influences (Impact) and how to promote resilience to climate change.

Standardisation and certification: Existing approaches in the field of standardisation of green and sustainable finance products and criteria (e.g. Green Bond Principles) should be evaluated with regard to their suitability for standard-setting in different market sectors. If gaps are identified, proposals for overcoming them will be developed in close cooperation with research institutions. The aim is to develop joint approaches for concretisation and operationalisation (example: what methods and measures can be used to assess the "under-2-degree compatibility" of financing). Close cooperation with rating agencies, auditing and consulting firms is seen as advantageous in this context.

Research, knowledge transfer and communication: A key objective of knowledge sharing is the development of practical criteria for capital markets, green and sustainable finance products and the measurability of climate risks in the financial sector, in order to help shape future regulatory efforts (such as advocating longer time horizons and defining reporting requirements for Green and Sustainable Finance). Supraregional and international cooperation is indispensable in this context (cooperation with national, international and EU working groups and initiatives).

In addition to the indispensable transfer of know-how to achieve synergies, a professional public image is also crucial to the success of the GSFCF. This includes, above all, high-profile events such as lecture series, presentations, workshops, seminars and practical studies.