

- Green and Sustainable
- Finance Cluster
- Germany

INTRO

Net-Zero Banking Alliance Germany (NZBAG)



January 2022

A COOPERATION OF EIGHT BANKS ON
CLIMATE ACTION



BNP PARIBAS

COMMERZBANK 



Deutsche Bank

DKB
Das kann Bank

 **DZ BANK**
Bank on Germany

ING 
Die Bank und Du

LB  BW



UmweltBank
Mein Geld macht grün.



Net Zero
Banking Alliance
Germany

The Net Zero Banking Alliance Germany (NZBAG)¹ aims to enable standardised measurement and management of the climate impact of loan portfolios in line with the Paris climate goals. To this end, methodologies, minimum requirements and frameworks are being developed and tested.

The German Voluntary Climate Commitment by the Financial Sector provides the basis for the NZBAG's work. By the end of 2022, signatories will set scientific climate targets for sectors with high climate impacts and report progress on meeting the targets from 2023 onwards.



The German financial sector's voluntary climate commitment

The signatories of the 2020 German financial sector's voluntary climate commitment aim to align their loan and investment portfolios² with the goals of the Paris Agreement and achieve net-zero emissions by 2050. This means limiting global warming to well below 2°C and aiming for a target of 1.5°C. In line with the amendment to the Climate Change Act, German loan portfolios should reach climate neutrality by 2045. Interim government targets also apply.

Signatories will communicate sector-specific climate targets by the end of 2022 in line with certain climate scenarios. The focus will be on high-impact sectors such as transport and logistics, electricity generation, and steel manufacturing.

The voluntary climate commitment represents a collaborative effort to collect data and develop methodologies and approaches to manage business activities in line with the Paris climate goals. The NZBAG is a pre-competitive platform convened for this purpose.

Participating banks will report on their progress and targets annually.

1 The NZBAG is a UNEP-FI supporting institution. Please find more information on the partners page. NZBAG and NZBA are separate initiatives, with close cooperation to foster alignment on objectives and key deliverables.

2 The agreement only applies to investment portfolios that are not the object of fund or fiduciary business. See: <https://cdn.website-editor.net/8475c96237754ffc80b1a6b6961f9bcb/files/uploaded/German%20collective%20commitment%20to%-2520climate%20action%20of%20financial%20sector.pdf>

NZBAG Targets

 **Develop methods and standards at the sectoral level to manage portfolios in line with climate goals.**



Vision of a Paris-compatible credit portfolio

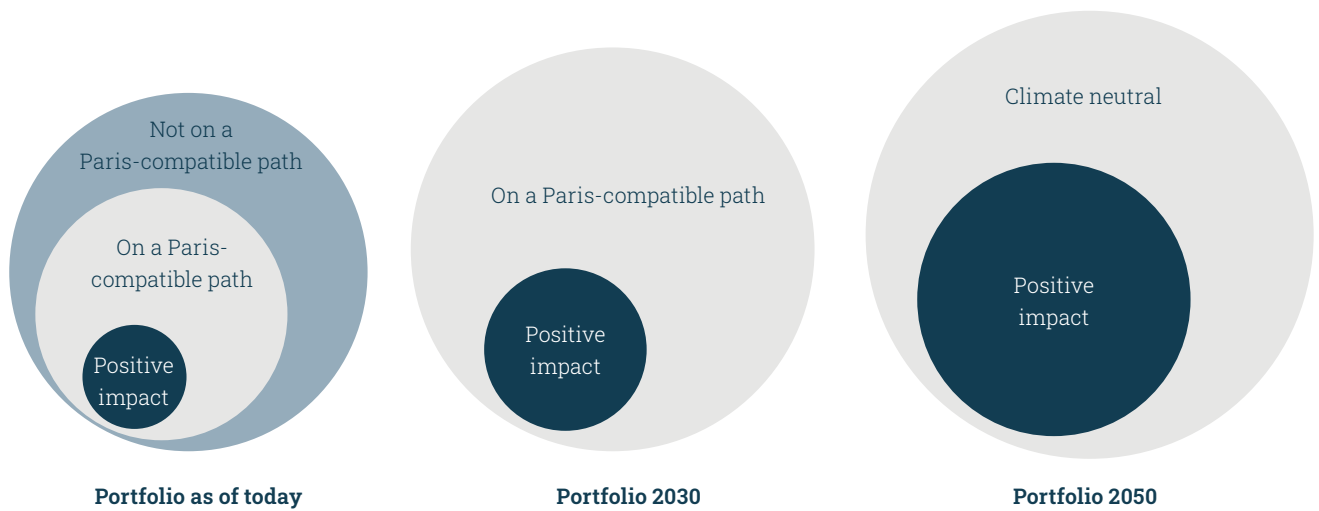


Figure 1: Paris-aligned loan portfolio development to 2050 (schematic)

Source: NZBAG

From global targets to portfolio steering

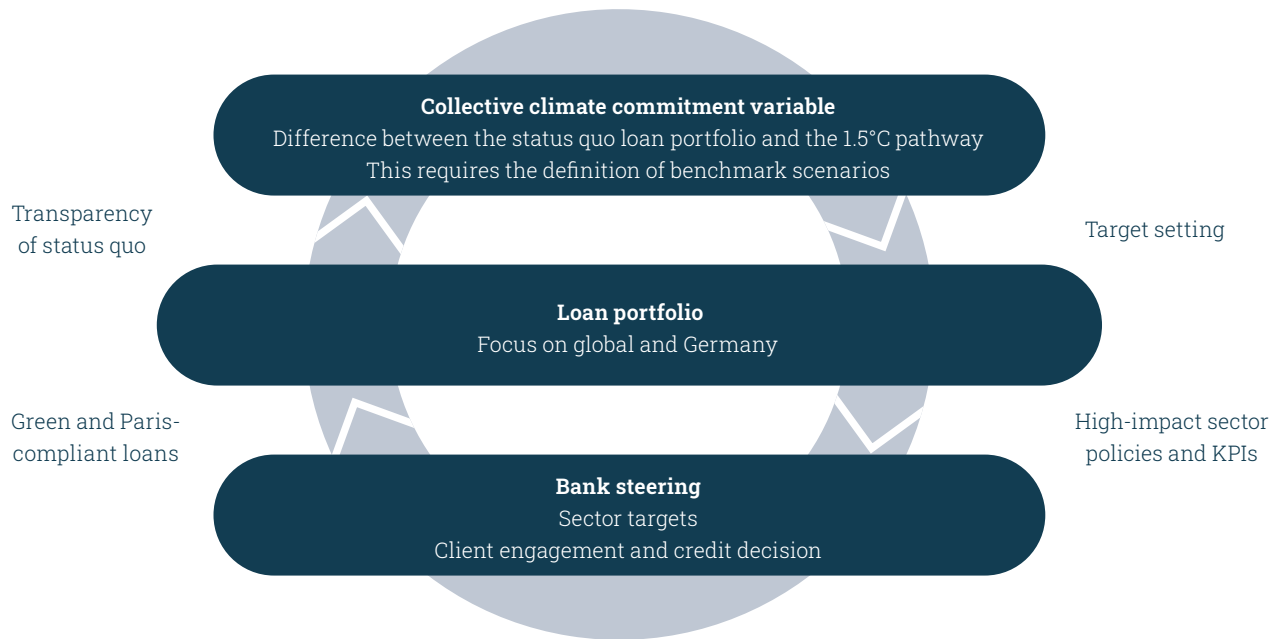


Figure 2: A conceptual framework to unite top-down and bottom-up approaches

Source: NZBAG

The NZBAG will cover, at minimum, the following areas of work until the end of 2022:

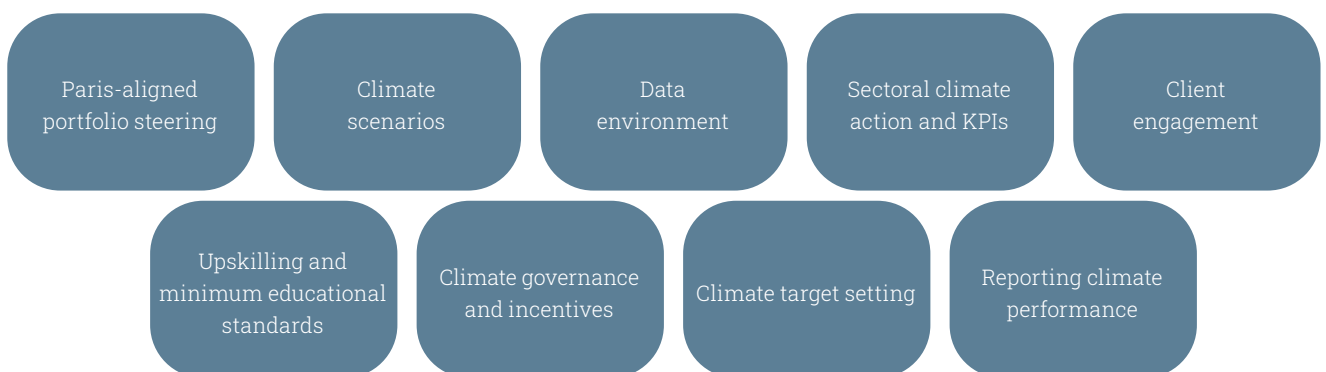


Figure 3: The NZBAG's areas of work

Source: NZBAG

Antitrust Guidelines

The Green and Sustainable Finance Cluster Germany e.V. ("the Cluster") is a platform that brings together stakeholders from the private and public finance sector, regulators, policymakers, NGOs, and academia. The Cluster supports the NZBAG with basic research and coordination to develop methods and processes to fulfil the Climate Self-Commitment of the Financial Sector.

The following antitrust guidelines are to be followed in the Cluster's activities. The Cluster's guidelines follow Article 101(1) of the Treaty on the Functioning of the European Union (TFEU) and Section 1 of the Act against Restraints of Competition (GWB).

"The positioning of Frankfurt as a financial center focused on climate-friendly and sustainable financial investments" as well as "the formation of a network [...] in which expertise regarding financial and risk issues related to sustainable and climate-related financial products is bundled" is the statutory purpose of the Cluster. This purpose is fulfilled by the constitution and subsequent basic research of the NZBAG on decarbonisation at the interface of (real) economy and banks. The aim of the antitrust guidelines is to prevent behaviour that could potentially lead to market distortion with respect to innovative technologies and companies or to a reduction in pressure to innovate.

Within the scope of the NZBAG's activities, only activities that are pre-competitive and comply with the rules of the German Federal Ministry for Economic Affairs and Energy for the promotion of joint industrial research are undertaken. In this context, the entire financial sector is expected to benefit from this.

All official meetings of NZBAG-related activities shall be attended by an employee of the Cluster or, in individual cases, a comparably trained substitute. The employees shall, together with all participating companies and individuals, ensure compliance with antitrust rules.

Discussions within the NZBAG shall only take place regarding the research project. There shall be no exchange or coordination between the participating financial institutions about:

- A possible individual and concrete utilisation of the results of the individual research projects, e.g., the transfer of findings and knowledge into products or processes relevant for competition.
- Confidential information on the activities of the participating companies; as opposed to information that is generally known to the public.
- Costs of research projects if they were carried out by the companies themselves.
- Individual technical know-how of a company that is not generally known (secret) and essential, and that is relevant for the further development or exploitation of the presented research results.
- Potential or planned own research and development of the respective companies, which builds on the presented results, as well as own comparable research.
- A limitation of a company's own research and development in an area outside the specific research project, as well as a limitation of a company's own research and development in the area of the specific research project after its completion.
- Aspects that would provide competitive advantages to a single company or multiple companies.
- The adaptation and competitive implementation of the results in products, processes or services takes place in the companies following the project.
- Disclosure of the results of the NZBAG's work, e.g., via publications and specialist conferences is planned beyond the group of participants.

Within the framework of the NZBAG, there must – of course – be no exchange or agreements on topics that are illegal under antitrust law.

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