Green and Sustainable
Finance Cluster
Germany

DISCUSSION PAPER

Employees fit for Paris: Upskilling in banks for a climate-neutral Germany by 2045

Proposed basic training curriculum

Net Zero
Banking Alliance
Germany

November 2021

Green and Sustainable
Finance Cluster
Germany

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PARTICIPATING BANKS

BNP PARIBAS

COMMERZBANK

Deutsche Bank

DKB
Das kann Bank

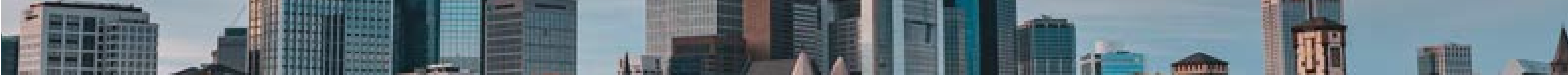
DZ BANK
Bank on Germany

ING
Die Bank und Du

LBBW

UmweltBank
Mein Geld macht grün.

Net Zero
Banking Alliance
Germany



1. Executive summary

The economic success of the banking sector will depend on sustainability. Far beyond meeting regulatory requirements, banks need to upskill their workforce to stay at the forefront of sustainable industrial and economic development. In this increasingly competitive market space, transformation expertise and sustainable products and services will make the difference.

Net Zero Banking Alliance (NZBAG)-participating banks have set out to formulate minimum standards for upskilling bank employees across all levels and functions. This will help the German banking system contribute to the government's goal of making Germany "a leading marketplace for sustainable finance". As stated in the final report of the Sustainable Finance Committee of the German Government: "Sustainable financial literacy is key to building a resilient financial sector. If forward-looking decisions and results are to be achieved, knowledge of the concepts, goals and content of the sustainability transformation is essential"[4] is aware that several banks are already developing training plans for their employees.

Training in German banks has changed significantly over the last two decades. In the mid-2000s, German banks were investing heavily in employee development and training, but after the 2008 financial crisis the focus shifted almost exclusively to regulatory compliance requirements. For Germany to become a leading sustainable finance marketplace, sustainability training will need to become more forward looking and go beyond regulatory concerns.

A focus of this project is strengthening the capacity of banks to support and reap the benefits of a sustainable, low-carbon economy. The recommendations and proposed training content will:

- Provide practical guidance on raising awareness within banks of the opportunities of the low-carbon transition, elevating their ambition and understanding the pivotal role they play;
- Foster a positive outlook on future business, rather than an emphasis on regulatory compliance;
- Enable bank employees to communicate the transformative role of banks to clients and society;
- Assist banks with basic training on climate change that is suited to all employees across all levels and functions;
- Provide a standardised curriculum to which sectoral specifics can be added; and
- Support banks in analysing, selecting and guiding training providers.

The recommendations may also inform a basic education for university programmes that prepare students for a career in the financial industry.

4 Sustainable Finance Committee (2021). Shifting the Trillions – A sustainable financial system for the great transformation. Page 26. URL: 210319_SustainableFinanceCommiteeRecommendations.pdf (sustainable-finance-beirat.de).

Implementing the training

The timing and extent to which this training content proposal are translated into organisation-wide training, and whether this training will be mandatory, will be determined by each participating bank.

When designing and implementing the training, banks will also make their own decisions about the sequence of the modules and which areas they want to prioritise in their institution. For example:

- **Priority sectors**: Implementation should be based on the relative importance of a sector to decarbonisation and the overall share of the sector in the bank's loan portfolio.
- **Relevance and contribution of different employees**: Typically, corporate relationship managers and product specialists will be among those trained first. Risk specialists will have more advanced knowledge due to their experience with regulatory requirements and recent stress tests, but may still benefit from baseline skills.

In conjunction with formalising minimum standards and fostering concrete results, the project is open to banks outside the NZBAG interested in participating in joint development of a basic training.

2. Net Zero Banking Alliance Germany

Climate action is a key development in the German banking sector. In 2020, 16 banks operating in Germany signed a voluntary commitment to meet the goals of the Paris Agreement[1]. This collective action, the 2020 Climate Self-Commitment of the German Financial Sector, set the stage for implementing climate ambitions for the end of 2022. The signatories aim to develop methodologies, targets, and implementation processes that will transform their loan portfolios, align them with the goals of the Paris Agreement, and achieve net-zero emissions by 2050 at the latest and by 2045 for German loan portfolios.

The NZBAG supports the German banking sector in the pre-competitive implementation of the voluntary climate commitment. Under the NZBAG, eight banks are collaborating to harmonise their efforts and ensure a science-based approach. This effort is guided by the concept of double materiality – how the climate impacts the banks and how the banks impact the climate – but the focus is on what banks can do to mitigate the climate impact of their loan portfolios.

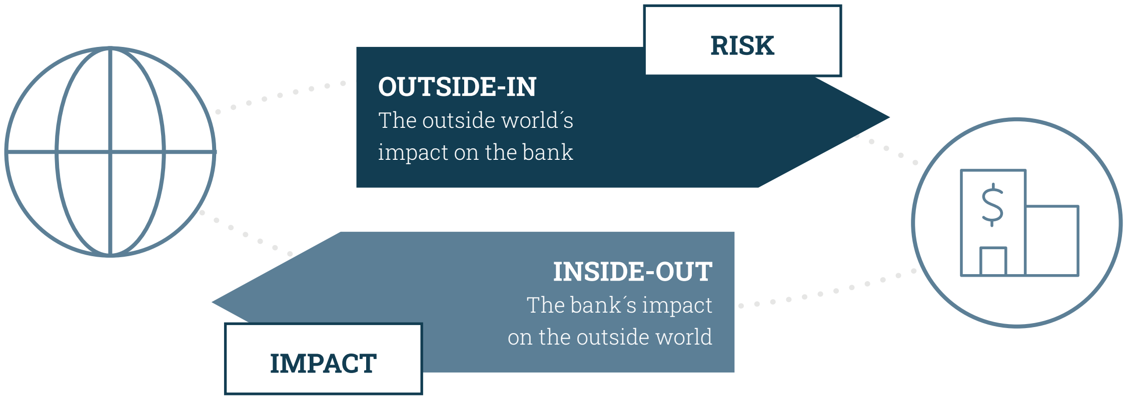


Figure 1: Simplified illustration of double materiality for banks. **Source:** NZBAG

Institutions participating in the NZBAG will jointly develop a methodology to measure the climate impact of their credit portfolios and manage them in line with national and international climate targets. Where required, the NZBAG will provide guidance to banks on implementing the methodology. Through these efforts, the NZBAG will help to achieve the banking sector's climate change mitigation ambitions, which are in line with the Paris Agreement goals to limit global warming to well below 2°C and, if possible, to 1.5°C[2]. The targets must be science-based and transparent.

1 The Paris Agreement is a legally binding international treaty on climate change adopted at COP21 in Paris on 12 December 2015 and entered into force on 4 November 2016. See: https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement.

2 As climate action is increasingly targeting 1.5°C, the working assumption of the NZBAG is to develop a framework to implement this goal.

The secretariat of the NZBAG is hosted by the Green and Sustainable Finance Cluster Germany e.V. ("Cluster").

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

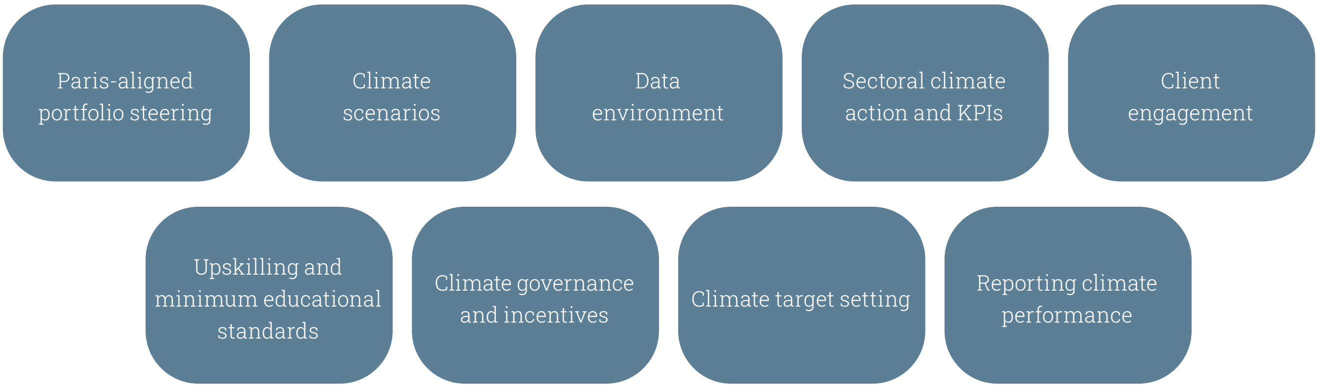


Figure 2: The NZBAG's areas of work **Source:** NZBAG

The German financial sector's voluntary climate commitment

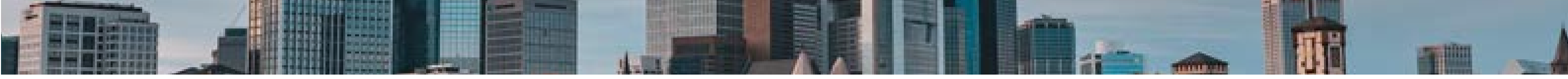
The signatories of the 2020 German financial sector's voluntary climate commitment aim to align their loan and investment portfolios[3] with the goals of the Paris Agreement and achieve net-zero emissions by 2050. This means limiting global warming to well below 2°C and aiming for a target of 1.5°C. 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.

3 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%2520collective%2520commitment%2520to%2520climate%2520action%2520of%2520finacial%2520sector.pdf



3. About this document

This discussion paper proposes a basic training curriculum for bank employees on climate change and the roles and opportunities of banks in the transition to a low-carbon economy. It was developed in collaboration with experienced practitioners from eight NZBAG-participating banks.

The training was deemed necessary by the project team as most bank employees do not currently have what would be considered a beginner-level understanding of the role of banks and the potential opportunities of a transition to a sustainable, low-carbon economy. In line with pre-competitive NZBAG boundaries, the joint recommendation was for beginner-level training to be provided to every bank employee.

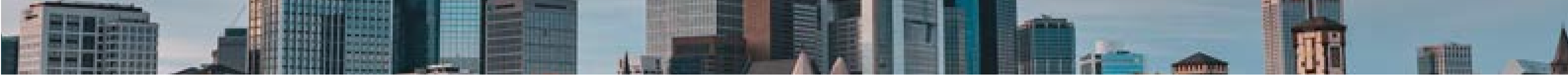
Knowledge level	**“Beginner“**	**“Advanced“**	**“Expert“**
Target group	All bank employees (and executives)	Employees working in specific business areas and sectors, particularly in client-facing roles	Employees working in specific business areas and sectors, particularly in client-facing roles
Training targets	• An understanding of the climate self-commitment, the transformative role of banks, and other topics • A better understanding of the contribution and range of impact of banks, supporting future business and/or efficient resource use • Preparation for increasing climate-related regulations	• An understanding of their clients’ climate impact situation and can apply simple benchmarks for assessment • Ability to make general recommendations for improvement	• Ability to clearly locate clients against sectoral benchmarks • Ability to tailor client solutions to the • requirements of a low-carbon economy
	Supporting Paris-aligned business	**Securing and growing Paris-aligned business**	**Securing and growing complex Paris-aligned business**

Table 2: Knowledge levels of bank employees **Source:** NZBAG

Through this training, the entire organisation will develop a consistent, baseline understanding of the impact of climate change on the bank and the role banks play in mitigating climate change. It provides a foundation for additional skills and capacities that banks will need to support a sector- and client-specific transition to a sustainable, low-carbon economy. The proposed training content and sequence of the modules should therefore be seen as a starting point for building employees' skills and capacity in specific roles.

The target audiences of the discussion paper are **decision makers in banks** and **contributors** to the proposed training content.

> **"In banking today, ESG is still considered an "add-on" for products and processes. In the future, it needs to be part of the corporate DNA. This is our strategic priority. To accomplish this priority, we are expanding our training toolset to ensure all employees understand the key aspects of ESG. The standards developed by NZBAG complement and enhance this alignment."**
>
> – Dr. Tobias Horn, Head of Portfolio Management and Strategy at Deutsche Bank



4. Proposed training modules

The proposed training modules begin with "Banks in a changing world", which provides a backdrop for the transition to a sustainable, low-carbon economy and the unique role of banks. The next module covers the core capabilities required to manage climate risks, the features of an effective sustainability communication strategy, and the vast economic opportunity for banks in the low-carbon transition. The range of available climate-related products and services is introduced, followed by a final module on why targeted regulation is necessary to create a level and transparent playing field.

	Modules	**Proposed time range of training sessions**
1	Banks in a changing world	45–60 minutes
2	Mitigating climate-related risks for banks and clients	60–90 minutes
3	An effective sustainability communication strategy	60–90 minutes
4	From business opportunities to "shifting the trillions"	60–90 minutes
5	Mitigating climate change through products and services	30–60 minutes
6	Regulation and climate change	30–60 minutes

Table 3: Training modules, sequence and time range **Source:** NZBAG

It is estimated that all six modules can be delivered in five to seven hours. A quiz at the end of the training is recommended, rather than a formal test. Review and refresher questions may also be spread out over the training to keep employees engaged.

4.1 Module 1: Banks in a changing world

> **"In a transforming world, the financial sector as a whole has a major role to play, since it has the power to influence the entirety of the economy. To do so, banks need to be well prepared in terms of skills, capacities and understanding of the transformation. At BNP Paribas, we take this responsibility seriously. Our mission is to contribute to responsible and sustainable global development."**
>
> – Eva Meyer, Head of Company Engagement Germany, BNP Paribas S.A. Germany

- Banks play a vital role in the global response to climate change since they decide who and which activities and projects will receive funding.
- At the end of this module, employees should understand how the bank's ability to direct financial flows can shape its impact on the transition to a sustainable, low-carbon economy.

Financial institutions are instrumental in the global response to climate change because they set and direct financial flows. They need to align their investment and lending portfolios with the transition to a low-carbon economy by providing finance to clients whose business models are aligning with the climate goals of the Paris Agreement. At the end of this module, employees should understand the unique role of banks in this transition. This module is an introduction to the science of climate change, the definitions of 'green' and 'sustainable' finance, and the roles of the financial system, commercial and wholesale banking, and central and development banks.

Learning outcomes	• Ability to communicate key aspects and facts about climate change • Understand what is meant by green and sustainable finance and the ways in which the financial sector can support the transition to a sustainable, low-carbon economy • See the bigger picture: the social and economic roles of banks in the transition (including portfolio steering and client engagement, transformational partnerships with clients and, as a last option, divestment)
Concepts covered	• A fact-based overview of climate change • The fundamentals of a sustainable financial system • Challenges and opportunities for banks implementing green and sustainable finance • High-level business opportunities of the transition to a sustainable, low-carbon economy • The role of banks, the real economy, policymakers, civil society, and academia in the transition
Business sense and contribution to a low-carbon transition	• Climate change is understood in terms of scientific evidence • Employees are familiar with the prevalent terminology of climate change and can differentiate between terms • Employees understand the role and importance of banks in mitigating climate change (e.g., reducing emissions)

Table 4: Module 1 "Banks in a changing world" **Source:** NZBAG

Context: Climate change fundamentals

Climate change describes a long-term change in temperature and typical weather patterns. It occurs naturally and over long periods of time. The changes the world is seeing now, however, are primarily human-induced (anthropogenic) and are progressing more rapidly. They are the result of more green house gases, such as carbon dioxide (CO_2), ozone (O_3) or Methane (CH_4), being emitted into the earth's atmosphere from the burning of fossil fuels, forest fires, livestock farming, and other sources. The sectors with the highest greenhouse gas emissions are electricity and heat, agriculture and transportation (see figure 3).

GLOBAL GREENHOUSE GAS EMISSIONS BY SECTOR

This is shown for the year 2016 – global greenhouse gas emissions were 49.4 billion tonnes CO_2 equivalents

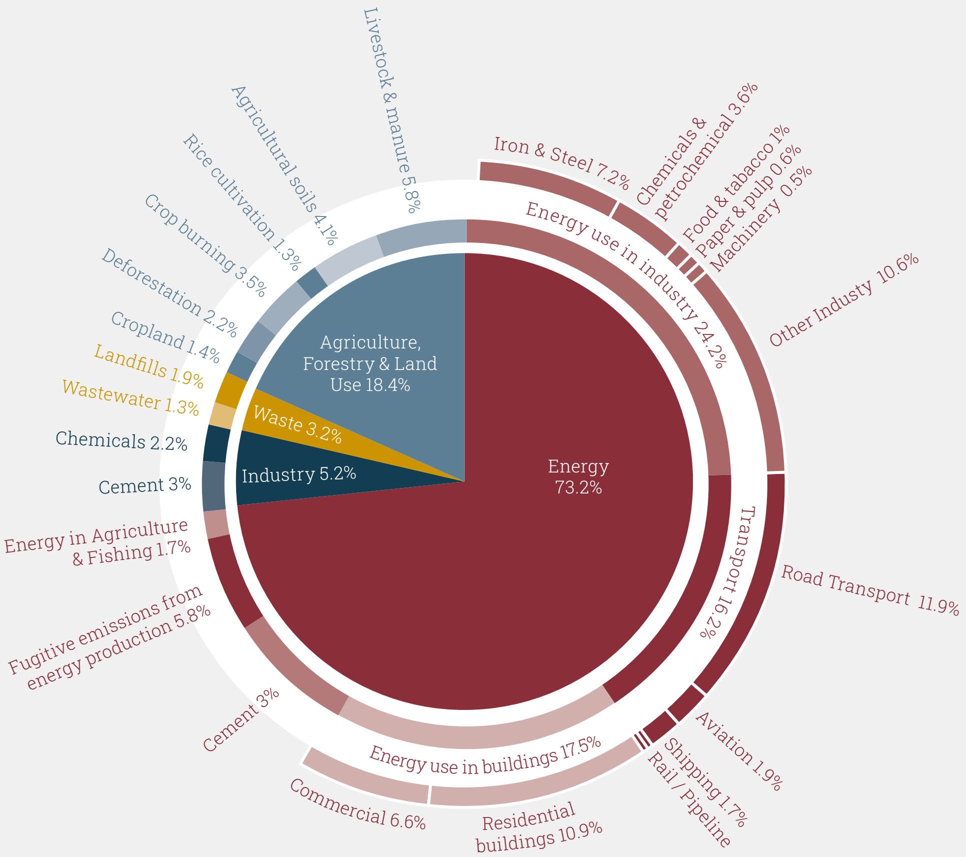


Figure 3: Global greenhouse gas emissions by sector **Source:** OurWorldinData.org

When greenhouse gases are released they accumulate in the atmosphere, preventing the sun's rays reflecting off the earth's surface from being absorbed. When these rays are reflected back to Earth, they drive up temperatures. This is called global warming. Global warming is causing the glaciers and polar ice to melt and leading to thermal expansion of seawater, raising sea levels. The resulting floods and erosion are damaging coastlines and threatening to make low-lying land uninhabitable. Climate change is also altering weather patterns, such as temperature and rainfall, which can threaten agricultural production and food security. At the same time, extreme weather events, such as floods, hurricanes and heavy rainfalls, are becoming more common and severe.

Context: Banks are centre stage in the global response to climate change

The Paris Agreement is a legally binding international treaty on climate change. It defines a global objective to make financial flows consistent with low-emission, climate-resilient development pathways (Article 2.1c). Both public and private finance (i.e., the financial sector) are expected to pursue this goal.

Financial institutions play a crucial role in the global response to climate change since they influence where financing is directed. Banks can steer their investment and lending portfolios in line with the climate transition by providing financing to clients whose business models are aligning with the climate goals of the Paris Agreement.

4.2 Module 2: Mitigating the risks of climate change for banks and clients

- A viable economic future depends on mitigating the risks that arise from both climate change and the transition to a sustainable, low-carbon economy.
- The availability and use of climate-related data is relevant for measuring climate risks and their potential impact on the long-term performance of financial assets.
- At the end of this module, employees should understand how to identify key climate-related risks and contribute to the bank's response to these risks.

Climate change poses significant risks for financial institutions, and it is vital that these risks are embedded in banks' existing risk frameworks. This part of the training describes the minimum skills needed to assess and respond to the risks arising from climate change. The training should cover transition and physical risks and their impact as risk drivers via various transmission channels. The training should also outline the methodologies that banks use to identify, measure and manage risks. There is a special focus in the training modules on the need and role of consistent data in measuring climate risks and their potential impact on the long-term performance of financial assets.

Context: Climate risks

Understanding and managing climate risks enables banks to:

- Model and understand future climate impacts: When bank employees understand the scope and impact of climate-related risks, they can also understand the "range of uncertain future conditions" that may affect their own operations and their clients.
- Take mitigation measures: Banks can take risk mitigation measures by managing the risks that affect their own operations and their clients' business. This strengthens resilience during the transition to a sustainable, low-carbon economy.
- Support strategic portfolio management: Having a more consistent understanding of risk across the entire organisation allows banks to steer their lending and overall business strategy towards resilient and low-carbon projects and assets.
- Support future regulatory compliance: Banks can prepare for upcoming regulatory change and avoid regulatory fines in the event of non-compliance.

- Protect their reputation: By aligning their portfolios with a transition pathway and establishing sufficient controls for relevant processes, banks can prevent harm to their reputation through negative press/NGO reports and related litigation.

Learning outcomes	• Understand climate change as a source of financial risk • Understand how banks are exposed to climate- and environment-related risks • Understand the climate-related risks of bank clients
Concepts covered	• Climate-related risk transmission channels for banks and types of risks, including transition and physical risks, definition of stranded assets, and reputational risk factors (e.g., "greenwashing") • Methodologies to assess climate-related risk (e.g., scenario analysis and stress testing) • How the assessment of climate risks can be used to develop remedial measures with clients
Business sense and contribution to a low-carbon transition	• Stronger organisational capacity to shape future bank business through a better understanding of climate-related risks and the broad implications • Greater capacity to understand clients' business models in a context of climate risk, advise them accordingly, support them on their transition path, and protect against disruption • The knowledge to get ahead of the regulatory curve and prepare the bank to cope with increasing regulatory compliance requirements

Table 5: Module 2 "Mitigating the risks of climate change for banks and clients" **Source:** NZBAG

Context: Transition and physical risks

What are climate risks?

Climate risks can be broadly separated into two categories: transition and physical risks. These can act as risk drivers for multiple risk types (see figure 4).

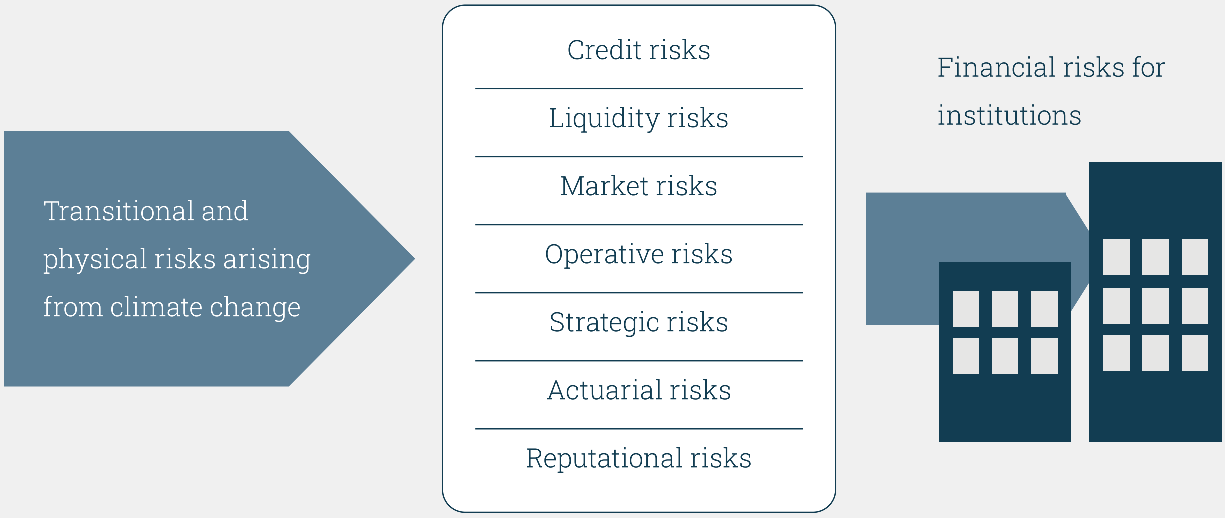


Figure 4: Types of risks **Source:** NZBAG

Transition risks can arise from the shift to a low-carbon economy (policy, technology, market development and consumer preferences). Physical risks are financial and non-financial risks that could arise from the impacts of rising global temperatures. Physical risk is categorised as "acute" when it arises from extreme weather events, such as droughts, floods and storms, and "chronic" when it arises from progressive shifts in climate, such as rising sea levels. Other environmental risks include nature-related risks that could arise from environmental degradation, such as air, water and land pollution, water stress, biodiversity loss, deforestation, and overexploitation of natural resources.

4.3 Module 3: An effective sustainability communication strategy

- Momentum is growing for banks to communicate their climate-related commitments, and bank employees need to understand and differentiate between sustainability communication and strategies and be mindful that greenwashing is a risk in communication with potentially far-reaching consequences.
- This module covers the inherent conflicting objectives of banking sustainability communication and enables employees to better connect their bank's sustainability strategy and related communication with their own roles and contributions.

Bank employees need to have a basic grasp of the effectiveness, credibility and materiality of sustainability communication and strategies. After all, they are the ambassadors of their bank and, in the case of relationship managers, represent the "moment of truth" for clients, linking the bank's high-level communication strategy with one-on-one client advisory.

This module should provide examples that illustrate the tension in sustainability communication and strategies between:

- the positions and perspectives of typical stakeholder groups;
- the short-term expectations of financial markets versus longer term sustainability investments; and
- the absence of common reporting and data standards that would make it simpler to compare the materiality and impact of climate commitments and progress reports.

Learning outcomes	• An understanding of the features of an impactful and effective sustainability strategy and how to communicate it • Ability to differentiate between climate commitments and communication on material progress
Concepts covered	• Fictitious or real-world examples of strategic sustainability communications and whether and how sustainability/climate is integrated effectively in other strategic communication goals
Business sense and contribution to a low-carbon transition	• Understand the conflicting objectives that sustainability communication must credibly navigate • Ability to reflect the bank's high-level sustainability communication strategy in the employee's sphere of influence • Foster bank-wide alignment on sustainability communications and a shared sense of purpose, from a top-down strategy to individual contributions

Table 6: Module 3 "An effective sustainability communication strategy" **Source:** NZBAG

4.4 Module 4: From business opportunities to "shifting the trillions"

> **"Financing the sustainable transformation is not only an ethical duty for banks, but above all an enormous economic opportunity. To provide the necessary funding for the ecological and social transformation of the economy and society, banks need to move to the forefront of skills, capacities and understanding, to not only reduce their risks, but also grow their loan book portfolio and thus increase their market share."**
>
> – Dr. Andreas Gruber, Head of Public Affairs and Sustainability, DKB

- The sheer amount of capital required to enable a transition to a sustainable, low-carbon economy is beyond comparison and can exceed the imagination. To put the magnitude of climate financing into perspective, it needs to be communicated clearly.
- The largest share of funds will be for financing the transition, a reality that needs to be explained to bank employees. The most competent banks will reap the greatest share in their roles as facilitator, adviser and provider of financing solutions.
- At the end of this module, employees should have a better understanding of the unprecedented size of capital requirements and the pivotal role banks play in providing financing, in particular relating to the German economy.

Economic partnerships, innovation, green business, and the discontinuation of certain activities or projects, are all key elements of the transition to a sustainable, low-carbon economy. Banks play a key role in the economic cycle by granting loans to companies, supporting bond issues and debt capital markets (DCMs), and providing funding for the economic activities of the real economy. Therefore, banks are responsible for financing the low-carbon transition and will make an important contribution to global and national climate goals. The "leverage effect" of banks means they have an essential function in the transition and in channelling financial resources into sustainable activities. This transition cannot succeed if it is not supported by the banking sector.

Understanding sustainable capital flows is important since banks stand to reap a range of benefits. Corporates will have access to new sources of funding through global capital markets and the financial sector, and they might also profit from mitigating risk in their own portfolios by aligning with a low-carbon economy. Individuals will be able to reorient their investments to more sustainable technologies and businesses, and a sustainable approach will help the financial industry identify and manage ESG and climate-related risks in an institution's portfolio.

Learning outcomes	• A basic understanding of the financial requirements of the low-carbon transition • A basic capacity to translate "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development" from an abstract concept into future business and revenue pools • A needs-based understanding of climate-related policy action at the international, EU, and national level • Understand the related benefits of the low-carbon transition (e.g., investor and talent attractiveness)
Concepts covered	• Break down Germany's EUR 5 billion transformation financing requirements into concrete examples • Derive the bank revenue pools for three exemplary sectors that employees can relate to more easily • A simple business case for the low-carbon transition based on the German economy and the contribution of banks
Business sense and contribution to a low-carbon transition	• Banks can move beyond public debate to understand climate finance as a logical and inevitable response to preparing for and capturing business opportunities and, ultimately, to staying in business and serving clients effectively

Table 7: Module 4 "From business opportunities to "shifting the trillions"" **Source:** NZBAG

4.5 Module 5: Mitigating climate change through products and services

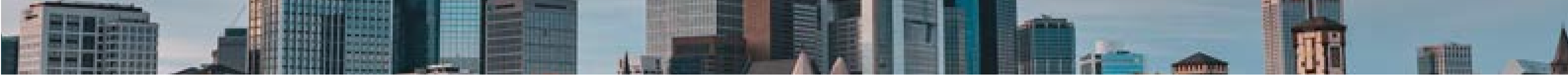
> **"Net Zero by 2045 will have a massive impact on the economy and society, and thus also on our customers. Our transformative role is not just to provide financial products for future-proof investments, but above all to empower our private and corporate customers to make the right decisions and lower the many hurdles they face. To remain trusted advisors during the transformation, banks need to be well prepared in terms of skills and understanding what is to come and how to prepare"**
>
> – Jürgen von der Lehr, Head of Strategy and Sustainability, ING Germany

- To what extent will climate-related products and services contribute to a low-carbon transition? How do they work and what are the benefits?
- At the end of this module, employees should have a basic understanding of the range of climate-friendly products and services

Banks not only advise their clients, but also offer corresponding solutions. Much of the focus on implementation has been devoted to client dialogue and sustainable advisory services, but the solutions and products that ultimately generate business must also be considered. While employees should be provided with a context overview of regulatory requirements (e.g., to avoid arbitrage), the primary focus should be explaining the mechanisms and incentives for climate-related products, since these are still a specialised offering.

Employees need to have a basic understanding of the range of climate-related products and services that are available, how they work, and their relative impact. Therefore, this part of the training should answer the following questions:

- Which products and services will be the most impactful in financing the transition to a sustainable, low-carbon economy?
- What types of corporate products and services are linked to climate change mitigation?
- What are the features of these products and services and how do they contribute to a positive climate impact?
- Which mechanisms and indicators are used to link and measure impact and derive client incentives, and how are they assessed?
- How material is the contribution of these products and services? What are other means of financing the low-carbon transition? How important is the signalling effect of offering climate-related products?



- How can access to climate-related data enhance the quality and variety of green financial products and the development of innovative green digital financial products?

Learning outcomes	• A basic understanding of which products and services (traditional and climate-related) support and incentivise the transition to a sustainable, lowcarbon economy (reinforcing the steering effect) • An understanding that non-ESG-labelled loans can meet the same objectives as ESG loans through client and project selection • Ability to introduce sustainability-related loans and bonds (pricing mechanism linked to ESG performance: +/- influence of conditions) • An understanding of sectoral approaches and which loans will be granted and how • An understanding of how access to climate-related data can enhance the quality and variety of green financial products

Concepts covered	• EU Taxonomy (disclosure requirements with EU Taxonomy reference)
	• The basic principles of:
	    • Green bonds/EU Green Bonds
	    • Sustainability-linked bonds
	    • Sustainability-linked loans
	    • Green loans
	    • Responsible investment (PRI)

Business sense and contribution to a low-carbon transition	• A basic understanding of the use, mechanisms and assessment of the effectiveness of climate-related products • Ability to understand and explain the conditions and mechanisms of climate-related products • Ability to support the mainstreaming of sustainable products into the bank's daily business by supporting product design and the entire internal product-handling process

Table 8: Module 5 "Mitigating climate change through products and services" **Source:** NZBAG

4.6 Module 6: Regulation and climate change

- Given that financial services have become much more regulated since 2008, it may not be intuitive, why additional climate and ESG-related regulation are required. This needs to be clearly communicated to bank employees.
- At the end of this module, employees should understand that a well-tailored and specific sustainability regulation can create a level playing field, prevent greenwashing and strengthen data standards, measurability and comparability.

To provide a consistent and level playing field, ensure standardisation and close data gaps, more specific sustainability regulation is needed. Since there are currently few alternatives, employees need to be prepared for and open to future sustainability regulation and understand the main actors and dynamics involved in ongoing regulatory processes to shape a climate-neutral economy.

Learning outcomes	• A basic understanding of the indispensable role of regulation in the low-carbon transition and the need for specific sustainability regulation • An understanding of key gaps to be addressed (e.g., data and standards) • An awareness of the sources of regulation
Concepts covered	• EU Sustainable Finance Agenda • EU climate commitments and goals • Climate protection laws in Germany and other European countries[5] • Concept of soft law vs. hard law • Institutions responsible for current regulatory projects
Business sense and contribution to a low-carbon transition	• An informed approach to sustainability regulation • Preparation for expected regulations • Understanding of the dynamics involved in ongoing regulatory processes

Table 9: Module 6 "Regulation and climate change" **Source:** NZBAG

5 WWF – EU Klimaschutzgesetze. See: https://www.wwf.de/fileadmin/fm-wwf/Publikationen-PDF/WWF_KSG_Gutachten2_EU_Klimaschutzgesetze_DE_Webfassung.pdf /

5. Outlook and next steps

Concrete training contents are to be developed on the basis of this discussion paper. Banks and other parties interested in working together to create and share a pre-competitive baseline training curriculum can express their interest until the end of January 2022 to Thomas Mog (thomas.mog@gsfc-germany.com) and/or Johanna Wietschel (johanna.wietschel@gsfc-germany.com).

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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