This report has been developed by Sustainable Finance Ireland to inform the development of Ireland's Sustainable Finance Roadmap.

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Sustainable Finance Ireland

SUSTAINABLE FINANCE ROADMAP EXECUTIVE SUMMARY 2021

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Contents

ABOUT THIS REPORT:

This report serves as an executive summary of five technical reports, undertaken to inform the development of Ireland's Sustainable Finance Roadmap. The five reports are:

- UNFC4S & PwC: Baseline assessment of Ireland's sustainable finance progress
- UNFC4S: Global Best Practice report
- Maples: Legal and Regulatory report
- Green Digital Finance Alliance: Digital ESG data gaps and opportunities paper
- Sustainable Finance Skillnet: Sustainable finance skills report

You can find the reports here.

Ancillary to this report is the '*universe of opportunities'* for Ireland. This is a long list of potential opportunities which consolidates the recommendations from the above reports and from stakeholder input.

The opportunities are suggestions for consideration by the Working Groups (WGs). Criteria upon which to assess the opportunities will be provided shortly. If WG members have additional ideas these can be put these forth via their respective Rapporteur to be considered as part of the process.

This report is provided for review by the Working Groups established specifically for this process of developing Ireland's Sustainable Finance Roadmap 2021 under the Ireland for Finance Action Plan 2021.

1. Introduction

1.1. The development of a National Sustainable Finance Roadmap is Action 1 of the Ireland for Finance Action Plan. The vision is for Ireland to be a global leader in sustainable finance by 2025.

1.2. The roadmap development has three phases:

1.2.1. Undertake technical research to build a universe of opportunities for Ireland.

1.2.2. Establish industry led working groups to debate opportunities.

1.2.3. Draft and launch Roadmap at Climate Finance Week in October 2021.

1.3. Sustainable finance is one of the fastest growing areas of finance globally, providing both risks and opportunities at a national and institutional level.

1.4. The purpose of the National Sustainable Finance Roadmap is to serve as a guide for Irish sustainable finance activity in the context of the EU Green Deal and upcoming EU renewed sustainable finance strategy.

1.5. This will allow Ireland to create an enabling environment where sustainable finance can thrive. Considerations include a sector-based approach: domestic banking, international banking, funds, insurance, and asset management as well as data, digital and innovation solutions, the policy, legal and regulatory environment, the skills gap, and promotion.

1.6. Our key questions throughout the course of the development of the roadmap insofar has been: What kind of mechanisms and initiatives does Ireland need to implement across key sectors of the financial services industry to be a leader? How can we leverage existing strengths and identify opportunities that we can excel at?

1.7. Given the real material risks climate change has on all aspects of the financial and capital markets, decision-makers are obliged to take full account of the physical and transition risks of climate change on investments, banking services, and insurance premiums. Stress testing the resilience of financial systems is rising as a critical component of ensuring financial stability and the avoidance of a climate related financial crisis.

1.8. Additionally, opportunities are on the table for those willing to lead. For example, the potential to provide new products and services to a growing demographic of ESG conscious investors and consumers.

1.9. Fundamentally, the vision of sustainable finance is to mobilize public and private capital from unsustainable economic activities to sustainable ones. Building on recent efforts, Ireland now has an opportunity to lead. This is key to transitioning to a sustainable economy and to play our part in achieving the UN Sustainable Development Goals (SDGs) and to align our Financial Centre with the goals of the Paris Agreement.

1.10. The roadmap is essentially a strategy, which defines the key items for Ireland to progress on its path to becoming a global sustainable finance centre. It is the starting point, a key milestone, towards the vision.

1.11. According to IBEC's Ireland's Future through Finance Report, 88% of members believe that promoting sustainable finance and ESG management is an area of focus to seize the growth opportunity in the financial services sector.

1.12. Success and progress will need to be measured. A monitoring and evaluation methodology will need to be developed later in the roadmap development process. Public sector and cross industry collaboration will be needed to implement solutions over the coming years.

1.13. Sustainable Finance Ireland, and other 3rd parties, have developed technical reports to serve as input for working groups to discuss, debate and ultimately to filter the opportunities to a core set of opportunities that will form the basis of Ireland's Sustainable Finance Roadmap. The main sections of this report detail the key takeaways from each report.

2. Baseline Assessment: key takeaways

2.1. The baseline assessment is a methodology developed and deployed by the United Nations convened Financial Centres for Sustainability (UNFC4S) across their financial centre members to assess the centres alignment to the Paris Agreement. A summary of Irish findings is below. Data is gathered across three key areas and a score from 0-5 assigned across each key area:

2.2. Pillar One: Institutional Foundation: score **2.9/5** (pg.12 Baseline Assessment.)

2.2.1. Institutional foundation refers to the institutions and ambitions, strategies and objectives that drive a financial centre's sustainable finance activities.

2.2.2. Potential improvements include increasing commitments, objectives, and strategies to align its financial system with the achievement of the SDGs and the objectives of the low-carbon transition. There is a need is to establish a clear link between the financial sector creating SDG impact and Net Zero ambitions. For example: technical research undertaken to explore how the national financial sector contributes to the achievement.

2.2.3. Top challenge is poor data quality and availability of data, and the top priority is data collection and talent development.

2.3. Pillar Two: Enabling environment: score **3.4/5** (pg.14)

2.3.1. Enabling environment refers to the structures available to support sustainable finance such as the regulatory regime, fiscal incentives, and the professional development and education eco-system.

2.3.2. We outperform the benchmark by a high margin and among the 29% of the most advanced Financial Centres. There are several key reasons for this:

2.3.3. The Irish Central Bank plan to use the European Central Bank Guide as a basis for supervisory engagements on climate stress testing and climate risk integration into prudential regulation.

2.3.4. Integration of sustainability conditions into Covid recovery packages has also supported the high score achieved.

2.3.5. The advanced nature of Ireland's professional development and education on sustainable finance due to the establishment of the Sustainable Finance Skillnet.

2.3.6. Potential improvements include introducing more advanced policies and progressive regulation, developing new public instruments and incentives, and expanding the impact of the sustainable finance skills ecosystem.

2.4. Pillar Three: Market infrastructure: score **2.3/5** (pg.16)

2.4.1. Market infrastructure analyses how the strategies, policies and regulations stimulate private capital towards sustainable finance solutions. This includes the debt and equity markets, products available and commitments made by industry.

2.4.2. Potential improvements include more commitments from the largest banks, investors, and insurers to cease financing and supporting coal and fossil fuel investment.

2.4.3. Ireland rates highly on bond market, however there is more work possible on equity side. Leading financial centres have public commitments, guidelines and dedicated green equity associations.

2.4.4. Banking and insurance are rated lower than other sectors due to lack of commitments on banning coal or fossil fuel financing and there is no data of ratio of sustainable loans and investments available.

2.5. For more information, please refer to the Baseline Assessment.

3. Best Practice Report: key takeaways

3.1. This report is a stocktake of sustainable finance best practices. It is structured into six mutually reinforcing pillars: Policy framework, knowledge building, financial products, risk management, reporting and disclosures, and market consolidation.

3.2. This analysis covers 37 roadmaps from different financial centres globally (Appendix, Table 1 Best Practice Report).

3.3. 75 best practices were identified across the 37 roadmaps. These are labelled within the report by WG so the initiatives are easily identifiable for the relevant WG that may be specifically interested in their design and implementation features. With overlap in which WGs will be specifically interested in the report's best practice examples, below is a count of examples of initiatives relating to each individual WG.

State and public bodies	60
International banks	24
Domestic banks	23
Funds	23
Asset managers and owners	21
Insurance	19
Skills	17
Digital and innovation	15

3.4. The state and public bodies have a unique, important, and unavoidable role in promoting the sustainable finance agenda in their respective jurisdictions, if economies truly aim to achieve the Sustainable Development Goals. Including sustainable finance issues within government strategic planning has proven to be effective in several countries. The institutional examples showcased differ in their branding and composition, ranging from clusters to taskforces and commissions, but highlight the need for government to provide direction and support for the growth of sustainable finance. Examples include the UK, France, Hong Kong, Luxembourg, and Germany have all established a taskforce, steering group, commission, council or entity similar to Sustainable Finance Ireland to further sustainable finance.

3.5. Canada, as a further example, goes as far as to link emission reduction targets to the management of climate related financial risks. It establishes a legally binding process to set five-year national emissions-reduction targets for 2030, 2035, 2040, and 2045, as well as develop credible, science-based emissions-reduction plans to achieve each target under the Net-Zero Emissions Accountability Act. This Act requires the Minister of Finance, in cooperation with the Minister of Environment and Climate Change, to publish an annual report outlining key measures that federal departments and crown corporations have taken to manage the financial risks and opportunities related to climate change. This means that every department and all federal crown corporations will include climate risks and opportunities in their planning an opportunity exists as part of Irelands carbon budget setting, under the Climate Action Plan, to mandate departments to incorporate climate risk and reporting into planning (pg. 22).

3.6. Capacity building: As momentum continues to build in the financial sector to align financial flows and deliver on the SDGs and the Paris Agreement, the demand gap for sustainable finance skills across financial and non-financial disciplines is widening. As new regulation evolves technical and natural science concepts such as climate scenario modelling or biodiversity assessments are becoming important. It is necessary that interdisciplinary teams have technical experts and natural science professionals to understand complex ESG data.

3.7. Skills shortages are likely to have a negative effect on business performance and growth potential if there is lack of investment in quality education and skills. Capacity building strategies were a focus in many of the sampled roadmaps with Portugal, the UK, Hong Kong, and Luxembourg establishing capability building focused forums, centres, think tanks, associations, and research centres. Several jurisdictions are exploring the Irish Sustainable Finance Skillnet model to accelerate their national efforts. There is an opportunity for Ireland to leverage and expand the Sustainable Finance Skillnet to maintain a competitive edge in this area.

3.8. Sustainable finance products and services: Global diverging taxonomies make it difficult for asset managers to apply multiple fund labels and for investors to compare funds. More encompassing frameworks such as the EU Taxonomy have the potential to overcome this difficulty, but only if the local labels adjust their criteria to align them to it. The development and implementation of guidelines and taxonomies addresses the market need for clarity and transparency in sustainability definitions. For Ireland, this corresponds to adopting the EU Taxonomy.

3.9. Risk management: The diversity of approaches presented in the full report highlight that in some cases Central Banks have had a proactive technical approach to stress testing and scenario modelling. A recent report [1] highlights that central banks' stress testing does not extend beyond the business cycle, showing there is still a wide gap to address, and highlights that mitigation policies and prudential regulation are being under-utilised to advance sustainable finance.

3.10. Other risk focused initiatives have been more "strategic" and "supervision-oriented". The former through government strategies, statements, the latter, by providing advice on dealing with sustainability risks to financial market actors. E.g. (pg. 41) PACTA Coordinated Projects: The 2° Investing Initiative (2DII) has been working with several European governments to measure the alignment of their financial sectors with the Paris climate goals. Spearheaded by Switzerland and the Netherlands at the UN Climate Action Summit 2019, the governments of Austria, Denmark, France, Italy, Liechtenstein, Luxembourg, Norway, Portugal, Spain, and Sweden have also indicated interest in the initiative. The goal of this program is to measure the alignment with the Paris Agreement of the entire financial sector as well as the individual participating institutions. The outcome can be used by governments, supervisors, and participating financial institutions to inform their climate finance strategies.

3.11. Reporting and disclosures: Future mandatory reporting standards could play an important role in improving data availability and comparability. Standards are evolving as the global financial industry is increasingly acknowledging different sustainability issues and applying more sophisticated risk modelling and accountability techniques through digital technologies to efficiently manage them. In that sense, there is a need for continuous awareness, dissemination and knowledge sharing among market players, to avoid duplicating efforts and recognising regional distinctive features and approaches to sustainability topics. E.g., Taskforce on Climate-related Financial Disclosures (TCFD) is gaining mandatory status and the setup of a dedicated climate financial risk forums in the UK (pg. 25), and in New Zealand (pg. 51)

3.12. Data quality and availability have been globally recognised as key barriers to advancing sustainable finance. However, the second part of the market consolidation pillar, "Improving ESG data", shows that technology has played a key role for companies in the disclosure of information, and its fundamentally changing the way data is created and stored. In the last years, several technologies such as Machine Learning, Artificial Intelligence (AI), open data standards (XBRL) and the Integrated Reporting technology initiatives are starting to be used with the purpose helping companies to report value. There is a need for public authorities

[1] Financial supervision beyond the business cycle: towards a new paradigm - 2DII (2degrees-investing.org)

(including regulators), stock exchanges and the rest of financial industry actors to recognize and address these changes, leveraging the opportunities that digital technologies provide to identify, collect, and manage sustainability data more transparently and in a systematized and comparable way. Examples include a green finance portal in Japan (pg. 68), a data observatory in France (pg. 67) and the Luxembourg Stock Exchange created the LGX datahub, a centralized database gathering data on Green, Social and Sustainability securities. (pg. 68)

3.13. For more information, please refer to the Best Practice Report

4. Legal and Regulatory Report: key takeaways

4.1. Ireland is a common law jurisdiction with an extensive framework of laws, regulations and tax codes tailored to modern corporate and financial services business.

4.2. Many of the world's largest financial institutions operate in common law jurisdictions and will be seeking access to EU markets in countries where the legal and regulatory landscape is familiar to them. Ireland therefore has many existing advantages as a jurisdiction for Sustainable Finance.

4.3. From a legal perspective Ireland does not have much scope to differentiate itself based on the EU 'level playing field' mandate. 'The ability of a Member State to position itself as a centre of excellence can be decided on narrow margins' (pg. 9 Legal and Regulatory Report).

4.4. The opportunity that Ireland does have it to be at forefront of implementing the impending EU sustainable finance legislation, to become the best at 'business as usual' regulatory matters. It is not advised to 'gold-plate' as we can see Germany and France do by adding additional layers of legislation in their jurisdictions. We acknowledge that The Central Bank of Ireland do not have a promotional mandate.

4.5. The Report advocates for timely implementation of the EU Action Plan, forthcoming renewed Sustainable Finance strategy and domestic implementation of EU Regulations and Directives. 'We believe that maintaining and enhancing our legal and regulatory environment in the face of significant EU and international competition is a key requisite to establish a global centre of excellence in this country. In this regard, "speed to market" in terms of prompt and efficient implementation of EU laws and guidance, along with the amendment (where required) of Irish domestic laws or enactment of new domestic laws is vital.' The report recommends this as a priority from a legal and regulatory standpoint.

4.6. A consideration for the working groups is to confirm their respective industries are prepared to come into compliance with the legislative measures under the Action Plan and identify any impediments to effective implementation in Ireland or concerns raised by members of industry associations. We also need to consider whether domestic Irish laws would enhance our appeal as a centre of excellence and build on the Action Plan.

4.7. To reduce greenwashing, it is important to ensure a consistent and transparent approach is adopted regarding sustainable disclosures with the aim of producing effective standardisation. Improving consistency and comparability of disclosures is vital to ensuring investor protection.

4.8. Analysis on the Sustainable Finance Disclosure Regulation (SFDR) implementation found that there is a high level of integration of ESG factors/integration of sustainability risks into the investment process (78%), however this did not automatically translate into the same number offering funds with a sustainability focus (36%). Of the 6,182 funds offered in Ireland, it is estimated 1,023 (17%) are Article 8 or Article 9 (ESG) funds.

4.9. There is also value in the establishment of an additional climate-specific open forum comprised of relevant stakeholders, which would gather insights as to potential strategic opportunities and challenges posed by climate-related financial services reform.

4.10. Key recommendations include:

- Resourcing: Mobilise significant resources to implement the EU Action plan effectively, resources will mainly be required from the Department of Finance. (pg. 42)
- An Annual Sustainable Finance (Miscellaneous Amendments) Bill. If a dedicated Bill were put forward annually it would permit both large and incremental changes to our existing legal infrastructure and domestic financial products in a timely manner. (pg. 43)
- Focus and execution on the Ireland for Finance Strategy: The Action Plan has a finite window, and it is vital that action points in the Ireland for Finance Strategy 2025 are completed in advance of the EU deadlines. This may require the working groups to prioritise specific actions (pg. 43).
- Distribution: Some of the distribution provisions will be updated to require distributors to consider sustainable preferences. For example, Draft MIFID II changes are due to be introduced by October 2022. They will require systematically asking investors, at the outset of the sales process, to indicate specifically if they prefer an ESG product. This could cause a radical shift in the demand levels for ESG products and how they are designed. Part of Ireland's strategy on talent should be to upskill our distribution professionals as well as creating a favourable environment for international firms to relocate their senior distribution staff here (pg. 44).
- Social impact: We recommend a renewed focus on a social impact framework for funds and financial products. We must not lose sight of social aims in EU's Green Deal whilst tackling environmental challenges (pg. 45).
- The Central Bank has published detailed Q&As in the areas of UCITS, AIFMD, Investment Firms (MiFID), Brexit etc., which deal with the impact of EU laws and regulations on Irish authorised entities. We would recommend:
  (a) updating these existing Q&As to include ESG sections.
  (b) a dedicated ESG Q&A potentially linked to the work of the new Climate Change Unit. (pg. 46)
- ELTIF is a pan-European regime for alternative investment funds (AIFs) which channel the capital they raise towards European long-term investments in the real economy. It as an ideal option for facilitating retail investment into sustainable infrastructure and ESG projects. ELTIFs have been established in Spain, France, Italy, and Luxembourg. To date, no ELTIFs have been established in Ireland. We recommend that the industry submissions previously made on ELTIF to solve this issue are revisited. (pg. 46)

4.11. For more information, please refer to Legal and Regulatory Report

5. Digital ESG Data Paper: key takeaways

5.1. The challenge of combining digital technology and Environmental, Social and Governance (ESG) data relates to the characteristics of the underlying data, which when compared with traditional financial accounting data is non-standard and incomplete.

5.2. Most ESG risks tend to be under-disclosed, non-standardized, and inconsistent.

5.3. This report looks at climate-related and nature-related data gaps across four asset classes (listed equities, listed green fixed income and transition bonds, real estate, and non-listed SMEs), contrasting both areas and offering examples of how digital ESG opportunities can bridge these gaps using real world examples.

5.4. Disclosure requirements are shifting from company to business unit level, from qualitative to quantitative metrics and from climate only to extend to nature risk metrics.

5.5. For many risks, data is simply not available. It is demanding a shift in the data foundation digital ESG providers leverage from mainly relying on Internet available data to also requiring more geolocation specific data harvested from the real economy.

5.6. The current data chain and associated data gaps look different depending on whether the use case is for greening the loan books of a bank or for delivering on net-zero commitments of insurers, asset managers and funds. Other factors include whether the use case involves assessing climate or assessing nature-related financial risks as part of a greening agenda.

5.7. Public sector data infrastructure plays an important role in designing a data foundation that is fit for purpose. However, most of it is unstructured and not 'clean', which inhibits it from acting as an input into digital ESG solution design.

5.8. Ireland has digital strength to leverage; ranked 6th out of 28 EU Member States in the Digital Economy and Society Index 2020.

5.9. Applying digital technology to ESG data harvesting and deployment to a similar degree as to other parts of finance is the only viable way to scale sustainable finance.

5.10. Digital ESG solutions aligned to TCFD are currently mainly based on company-disclosed data and mainly for Scope 1 emissions. For all sectors, company Scope 3 carbon emissions is the biggest data gap, which is where Regulators are increasingly focusing.

5.11. Costs of Scope 1, 2 and 3 emissions data collection and analytics are too high if not automated for SMEs. Ireland is less digitized in the SME sector. Thus, an ESG data role to enable greening of SME finance is not a niche role the country is completely ready for, at the current point in time.

5.12. Listed equities: The EU Taxonomy will take climate-related disclosures to the next level by requiring financial institutions to understand which parts of their portfolio make a significant contribution to the EU environmental strategy. It requires a thicker and deeper data layer in which institutions must assess the taxonomy alignment of their portfolio. Requirements will shift from using disclosed and sentiment data to requiring emission data from the real economy.

5.13. Bond issuance: Several exchanges and treasuries for sovereign bond issuances have started to deploy the next generation of digital technologies of distributed ledger technology (DLT) to further accelerate automation.

5.14. Real Estate: Easy access to energy data for financial institutions is fundamental to scale-up lending for energy renovations.

5.15. Banks and mobile payment platforms are well positioned to leverage transaction data to add carbon emissions of specific behaviours into an automated greenness rating. One of the data sets most ready for automated tracking is leverage AI to read utility bills and thereby calculate an energy intensity score. Policy makers can support the establishment of climate databases either building on existing LCA[2] open-source data bases or developing country specific ones, with carbon footprints of all products. Such a dataset will further enable development of software for increasingly automated SME greenness rating.

5.16. Nature based risks: There is no international agreed target such as the 1.5^{o} target for climate change. Such a target may come after the biodiversity framework convention this year, COP15. Central banks are exploring financial system dependency on nature and consequent financial stability impacts of biodiversity loss. For example, the Dutch central bank found that 36% of the Dutch financial system is either highly or very highly dependent on nature. Following a similar assessment, France amended a law so that asset managers must disclose biodiversity risks. Insurance Supervisors and the Coalition of Finance Ministers for Climate Action are also exploring this area.

5.17. The report identifies five opportunities that Ireland could pursue to position itself to become a global ESG data leader (pg. 13-14).

- **Green Data Science Skills Hub**: Develop specialised MSc degrees in green data science for finance. Ireland can develop a green data incubator for digital ESG innovations and work with the Irish financial services sector to offer master thesis opportunities and traineeship programs as an applied part of the education (pg. 13)
- **Net Zero Insurance Nation or Digital Catastrophe Bond Catapult**: Catastrophe bonds needs data on physical climate risks and nature related physical risks. For this case, a digital data layer on asset geolocation is key. Ireland can explore collaboration with the UK Catapult Satellite and the new Green Finance centre hosted by University of Oxford to develop this role (pg. 13).
- **Digital real estate passport for decarbonisation of the real estate asset class**: There is an opportunity for the banking sector in Ireland to collaborate with the utility companies, the National Energy Agency and the building retrofit value chain participants to explore the fit for purpose digital infrastructure to lower the transaction costs of banks to issue energy efficient mortgages (pg. 13).
- **Develop further deep dive research and design digital ESG data roadmaps**. Map the data chain on ESG data priorities such as TCFD, SFDR and the EU Taxonomy six pillars per segment of the Irish financial sector. Design data roadmaps per sector showing gaps and steps to be taken by the industry, the ESG data analytics providers and the Irish policymakers and regulators to overcome these (pg. 14).
- **Transition Funds Frontrunner**. Ireland is recognised in Europe for its Exchange Traded Funds (ETF) experience and expertise. Supported by the Irish fintech industry, Ireland can explore a role in designing transition ETFs starting with specific themes around net-zero transition ETF for technology companies (pg. 14).

5.18. Further best practice examples include (Best Practice Report):

- Switzerland launched a draft green fintech action plan early April 2021. It identifies five concrete group of actions for Switzerland to improve framework conditions for green digital finance, one of which is to foster access to data. The draft strategy identifies the need to establish an International Sustainability Data Platform (pg.66).
- UK has shaped a leadership position in spatial finance, which is the deployment of earth observation data to help green financial decision making. This will make asset geolocation data available to enable physical climate risks assessment and scenario analysis by financial service institutions (pg.27).

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[2] LCA of 500 food items - 2.-0 LCA consultants (lca-net.com)

5.19. For more information, please refer to [Digital ESG Data Input Paper]

6. Sustainable finance skills update 2021: key takeaways

6.1. There is a clear global sustainable finance skills shortage, but less understanding of which skills are needed and who needs them.

6.2. In Europe almost 75% of respondents to a study undertaken by the UN FC4S indicated their organisation would be affected by a skills shortage. In Ireland, this stands at 67%. Ireland is already established as a leader in sustainable finance skills development with the creation of the Sustainable Finance Skillnet (SFS) which delivered 1833 training days to over 1300 financial professionals in 2020.

6.3. Almost 50% of respondents to the UN FC4S survey stated there is demand for, but a lack of adequate supply of sustainable finance skills. This is backed up with the experience of the SFS with the launch of a first of its kind EU Taxonomy course, which was oversubscribed. There is a need to expand the availability of this kind of course and update continuously to ensure course content reflects most recent developments as the regulatory framework rapidly evolves.

6.4. There will be a need for the financial services sector to anticipate regulatory changes that will materially affect their operations. Noting the recent mandating of TCFD requirements in New Zealand to disclose financially material climate risks, the Irish Financial Services (FS) sector should ready itself if a similar situation were to arise in the EU or domestically. Supported by the Sustainable Finance Skillnet, the FS sector needs to horizon scan for potential future legislation.

6.5. For many years there has been a movement from voluntary to mandatory standards and guidelines related to sustainability. This trajectory will continue in the near and longer term. This study found that the SFDR, Non-financial Reporting Directive (NFRD)/Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy and MiFID II were the most prominent regulatory drivers affecting the need to upskill FS sector employees.

6.6. This study also finds a need to create a baseline of sustainable finance education amongst financial services professionals. Traditional finance training is inadequate in its current form as it does not take into consideration broader ESG impacts and how this relates to financial impact.

6.7. Technical training of those sectors and roles that have the most capacity and influence to redirect funds towards sustainable finance activities is also needed. Certain sectors such as insurance have little to no training specific for the industry currently available.

6.8. Best practices examples ([Best Practice Report]):

- The Mexican Sustainable Finance Institute promotes capacity building in the transition to a sustainable and resilient financial system. Through strategic alliances and the exchange of best practices, the Institute offers courses, certifications and seminars that provide the necessary knowledge and training to various participants in the financial system. (pg. 29)
- At the University of Luxembourg, Sustainable Finance is a track (or specialization) within the MSc. in Finance and Economics. This track has been developed by academics and professionals with hands-on experience in sustainable finance and impact investing. (pg. 29)
- An extensive stakeholder study was undertaken in Switzerland to assess the breadth and depth of sustainable finance integration into mainstream financial education and training. Skills profiles and job advertisements were examined, and recommendations made for improving integration and training.

6.9. More investment is needed to establish Ireland as SF skills hub, which can build on existing SFS activities. Research indicates there is a growing demand for sustainable finance skills, from regulatory knowledge to data analytics. There is potential for development of a centre of excellence to attract investment and talent to Ireland. On the flip side, Ireland can also look to export sustainable finance courseware developed here around the world to partner jurisdictions.

6.10. A baseline understanding of sustainable finance amongst all employees is required across the sector. Deeper levels of understanding are required for employees in particular roles.

6.11. Sustainable finance modules could be integrated into academic and professional qualifications.

6.12. Disclosure regulations scored among the top regulatory drivers. Stand-alone course focusing on a particular regulation could be developed. Other regulatory drivers included the EU Taxonomy and MiFID II.

Key recommendations from this study include:

6.13. Increase the availability of technical training (pg. 30)

- Expand the reach of courses for the EU Taxonomy and related legislative drivers.
- Integrate Sustainable Finance (SF) modules into existing Undergraduate and Masters across Business, Economics, Finance, Consulting, Energy, and Engineering.
- Increase quantity of SF courses from professional development bodies.
- Integrate ESG into the mainstream professional qualifications.
- Integrate ESG teachings in the curriculum for insurance professionals.
- Climate risk management and scenario planning training is needed for all financial services sub-sectors.
- Develop ESG financial product design courses e.g., green/social bonds, indices, ESG policies as none were identified.

6.14. Further research is required (pg. 31)

- Assess the viability of creating an Institute of Sustainable Finance Professionals.
- Deeper dive study to understand the competency level of sustainable finance related skills in Ireland.

6.15. Enable the right environment to share learning (pg. 31)

- Create incentives for practitioners to share learning.
- Expand on SFS efforts to create a cohort of sustainable finance trainers.
- Develop a Professional Sustainable Finance Skills Charter group.
- Consider the setup of a Global Centre of Excellence for Sustainable Finance skills to promote the development of Irish based sustainable finance education.

For further reading see Skills Report.

7. Next steps

7.1. This report highlighted the key takeaways from each of the technical reports. It is expected that each Working Group (WG) member will have read this document and the relevant list of opportunities in the 'universe of opportunities' document for example, the Skills Group will review, debate and ultimately filter and suggest actions for selected opportunities under the Skills Tab. Members will have access to the entire list for all groups.

7.2. The technical reports are provided for further background context and reading as we progress through the working group stage of the roadmap development process, until the end of July.

7.3. A criteria of assessment document is also provided to give guidance to WGs for the filtering process. The long list stands at approximately 80 and the aim is to identify the most impactful, practical, and actionable 15-20 initiatives that will form the foundation of the draft roadmap.

Click here to access the Universe of Opportunities