



Where sustainable finance stands today

Introduction to afternoon program of SSF Members' Assembly, 17 June 2015

Content – Where sustainable finance stands today

- SSF key figures
- International trends
- Sustainable finance in Switzerland
- Three thesis on Swiss sustainable finance

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Key figures SFF Network*

SSF represents strong workforce

	Employees	% of total
Employees Global	180'300	
Employees CH	89'457	50 %
Employees with direct SRI responsibilities	1'463	1 %

Considerable share of sustainable assets

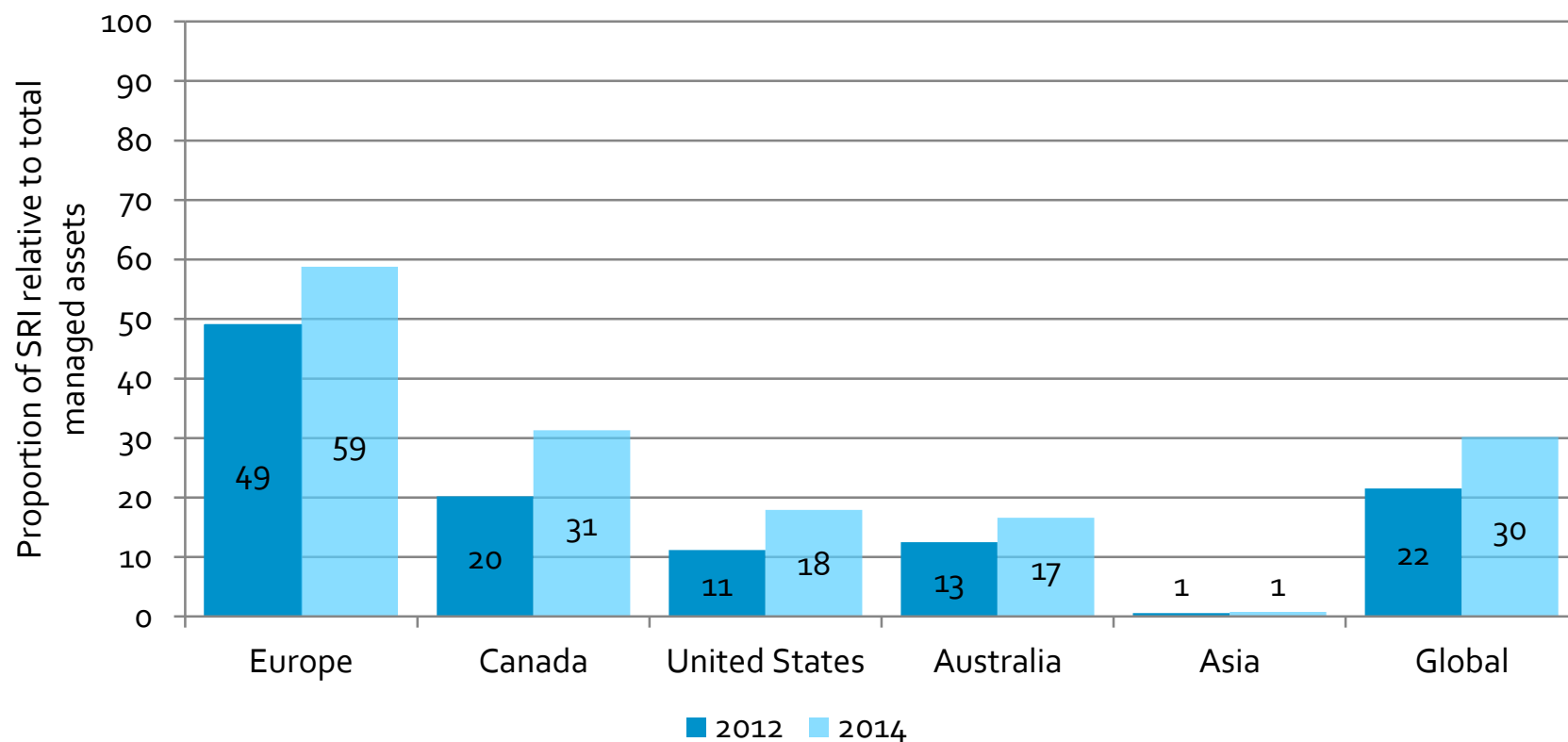
	CHF	% of total
Total AuM	6'615 Bn	
Sustainable AuM	707 Bn	11 %

* Values are based on 83 members and partners as of end 2014, based on 53 feedbacks and further estimates (+/- 5%).

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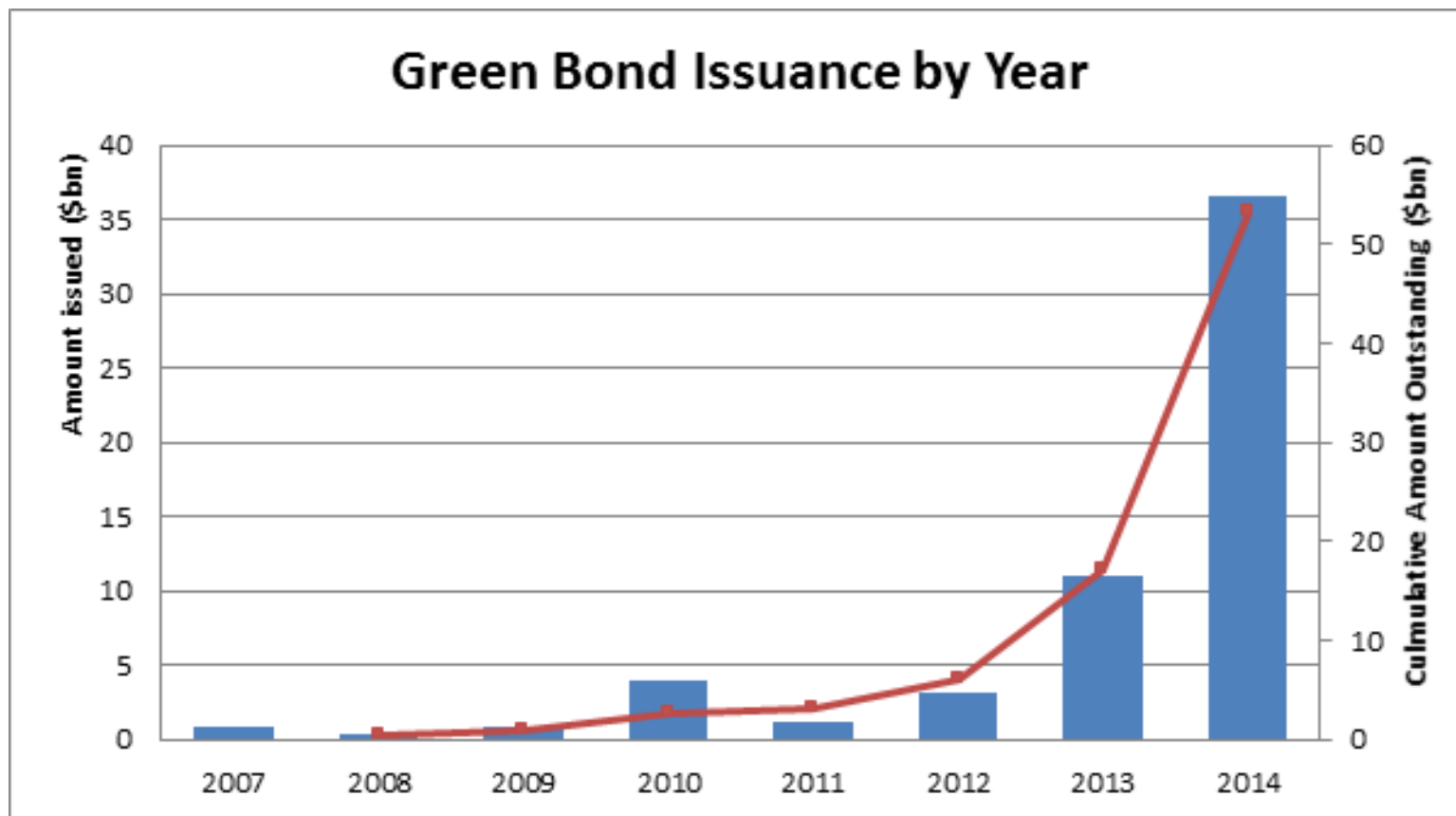
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Global Sustainable Investments – No longer a niche?



Source: GSIA

Green Bonds: an impressive rise



Stranded Assets – Wave of institutional investors announcing action 2014/2015

- Axa Group
- Norwegian Government Pension Fund
- KLP Group
- University of Glasgow
- The Rockefeller Brothers
- World Council of Churches
- Oxford City Council
- Stanford University
- Etc.

Glasgow Divests... This Changes Everything

 Louise Hazan October 8, 2014

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The University of Glasgow has become the first university in Europe to divest from the fossil fuel industry. After a year of student campaigning the University Court has voted today to begin **divesting its entire £129 million endowment from fossil fuels**. This is a major victory for the UK and Europe's rapidly growing fossil fuel divestment movement.



Norway fund could trigger wave of large fossil fuel divestments, say experts

Other investors are likely to follow Norwegian fund's move out of coal-based investments, due to its size as the world's largest sovereign wealth fund

theguardian
Winner of the Pulitzer prize 2014

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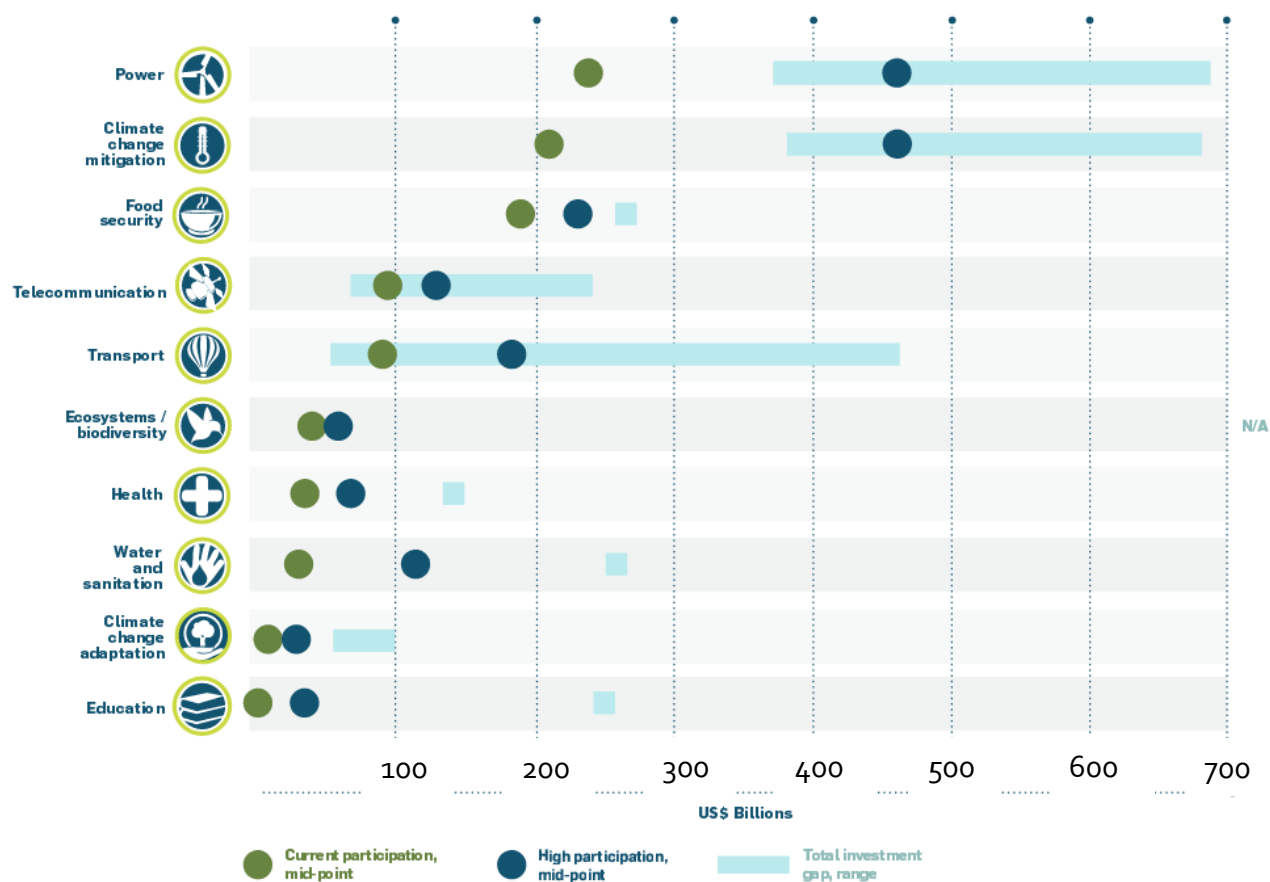
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Rockefeller Brothers Fund: it is our moral duty to divest from fossil fuels

UN calls for private sector involvement to finance development

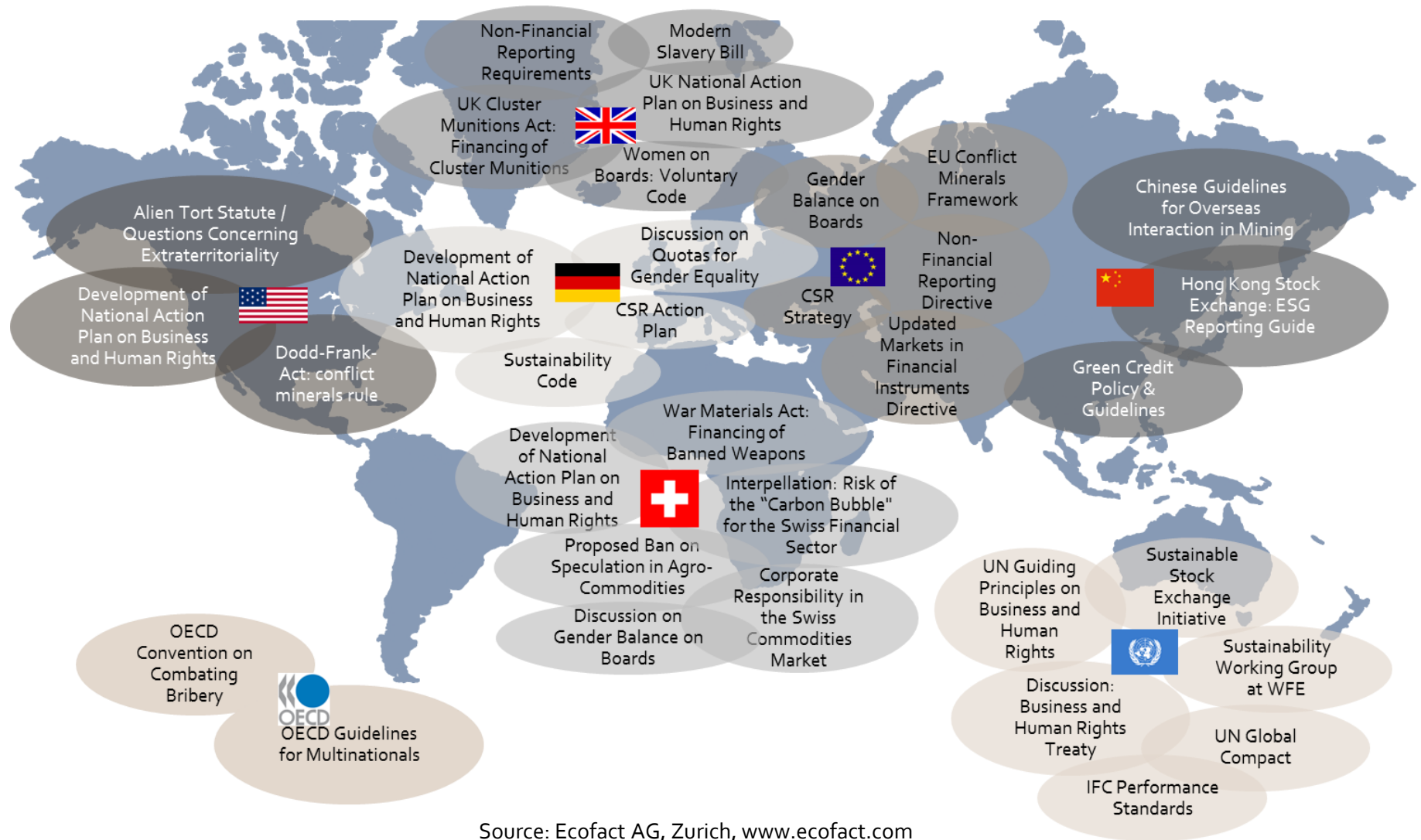
Total investment needs and private sector participation in key SDG sectors in developing countries



5-7 trillion USD per year to achieve SDGs

Source: UNGC and UNCTAD

CSR regulation relevant for finance is evolving rapidly (as illustrated by UBS/Ecofact Policy Outlook tool)

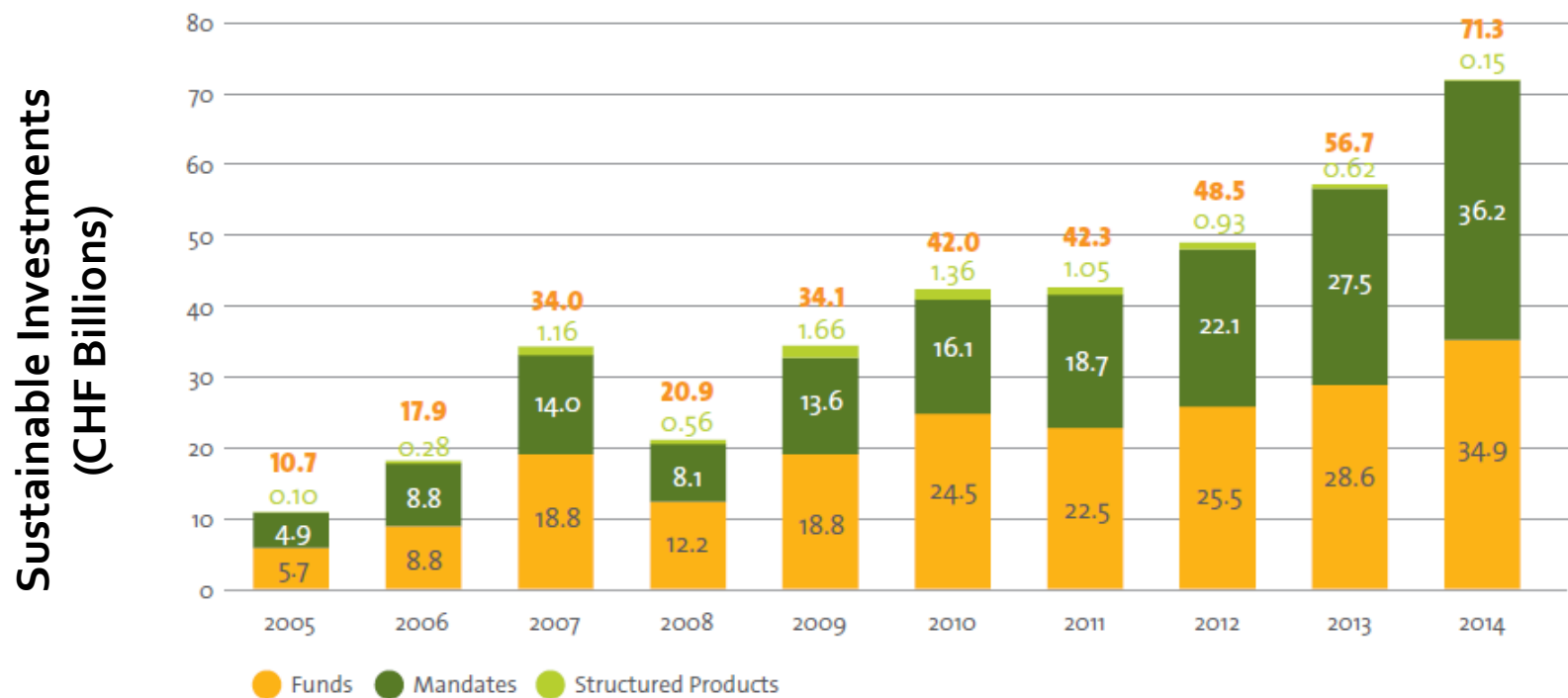


Source: Ecofact AG, Zurich, www.ecofact.com

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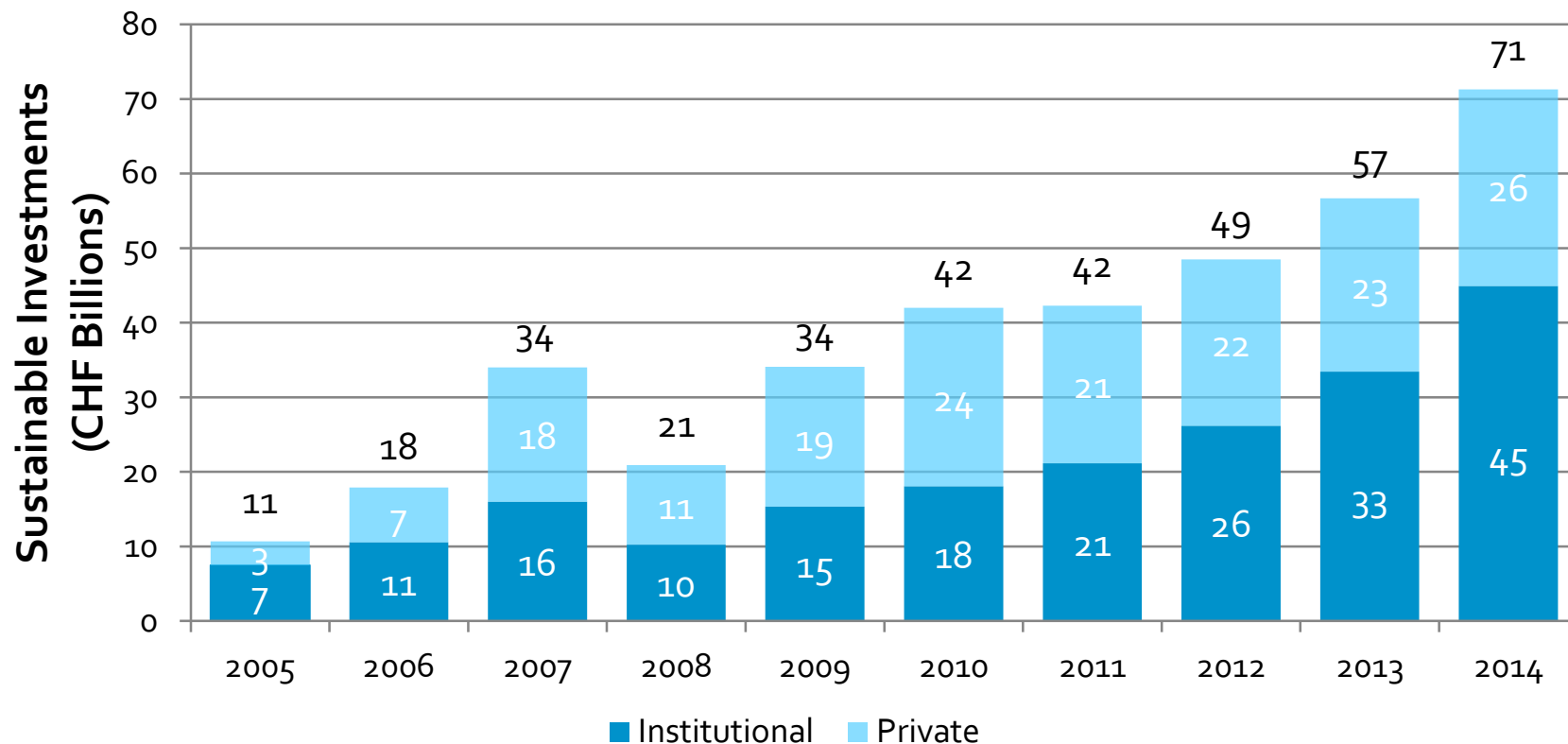
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Sustainable Investments with longterm double-digit growth



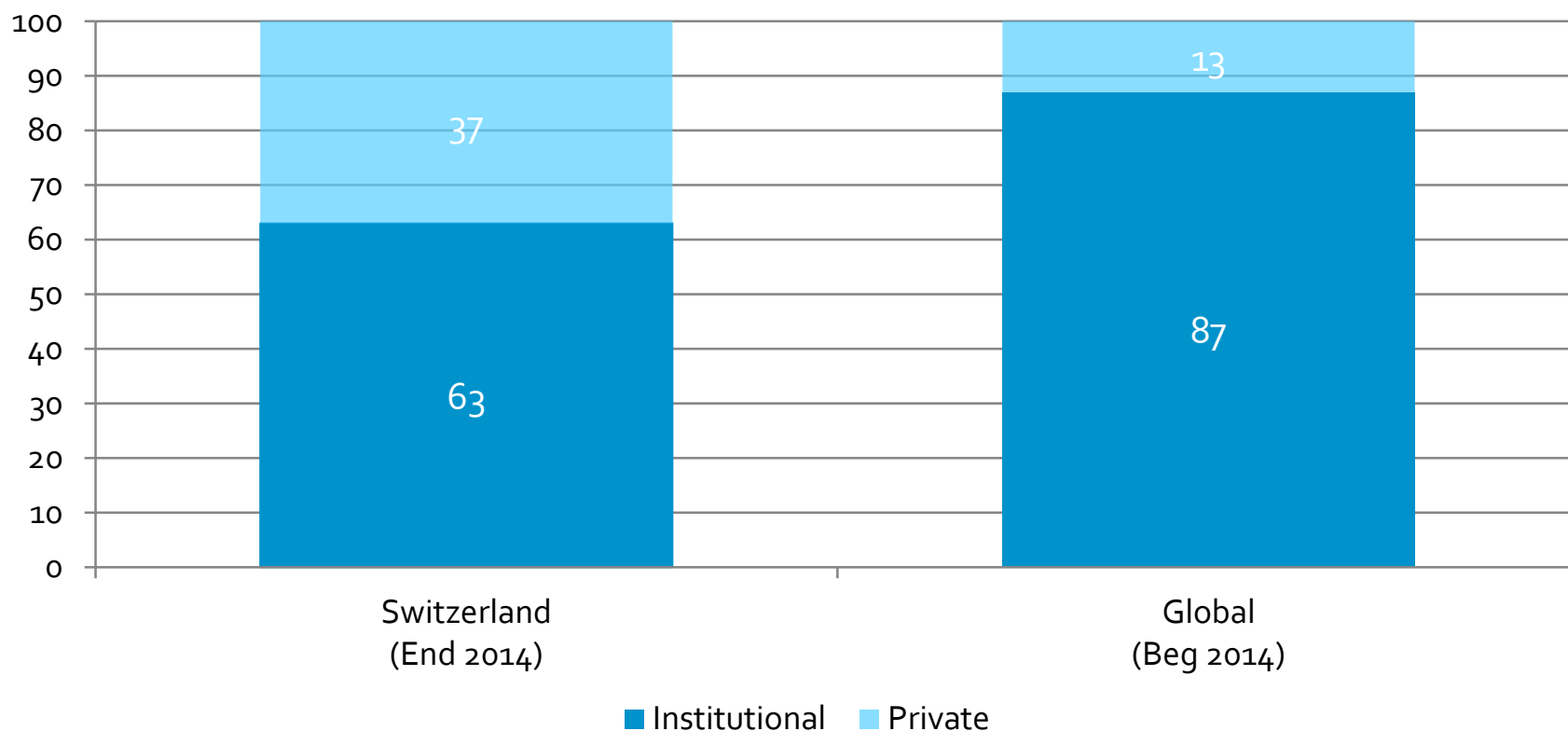
Source: FNG 2015

Share of institutional investors is rising...



Source: FNG and OnValues

...yet low compared to international share of institutionals



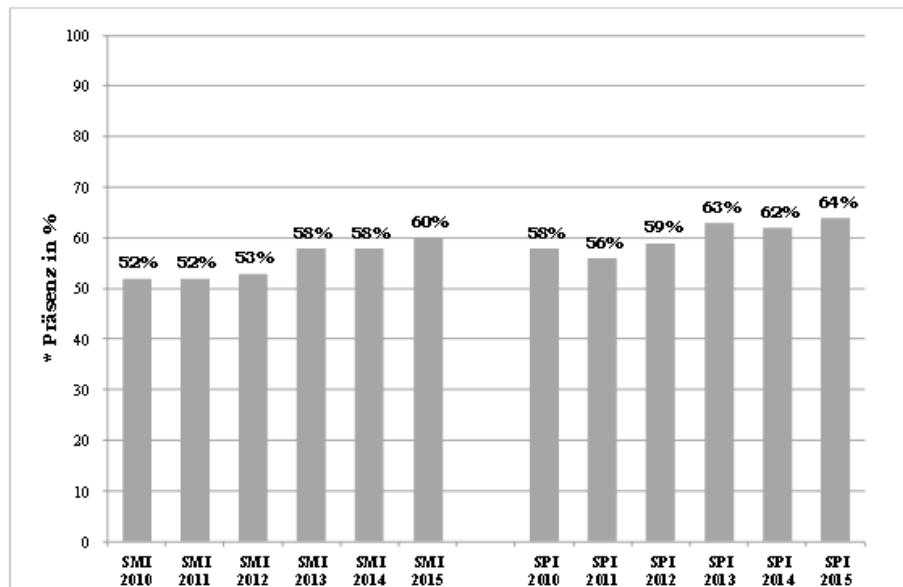
Source: FNG and GSIA

How has Minder influenced the Swiss market? Summarizing the General Assembly season 2015

- Exercise of voting rights increased to 64%

Most Important

Weitere Verbesserung: Steigende GV-Präsenz



Source: Z rating

- All but 2 SMI firms have incorporated the demands of the Minder initiative in their articles of incorporation
- The most important point of contention remains the prior vote on variable Remuneration components
- The draft of the company law reform is in some respects more stringent than current requirements designed

Source: FuW

Romandie: SFG initiated formats that are here to stay

- Sustainable Finance Geneva (SFG): Focus on local network and innovation
 - Network: 250 individual members, 22 institutional sponsors
 - Education: 4 “Midis de la Finance”, HEG DAS module in Sustainable Finance
 - Publication: 10 Finance Innovations
 - Project: Social Stock Exchange
- Events: facing growing interest
 - **5th Geneva Forum for Sustainable Investment (300 Attendees)**
 - Dedicated to promotion of investment solutions (Organisers: Voxia, Conser)
 - **2nd Geneva Summit on Sustainable Finance (350 Attendees)**
 - Dedicated to SF academic research (Organisers: GFRI, UNI-GE, SFG)
 - Next edition: 22 March 2016

Asset owners: some progress in Romandie

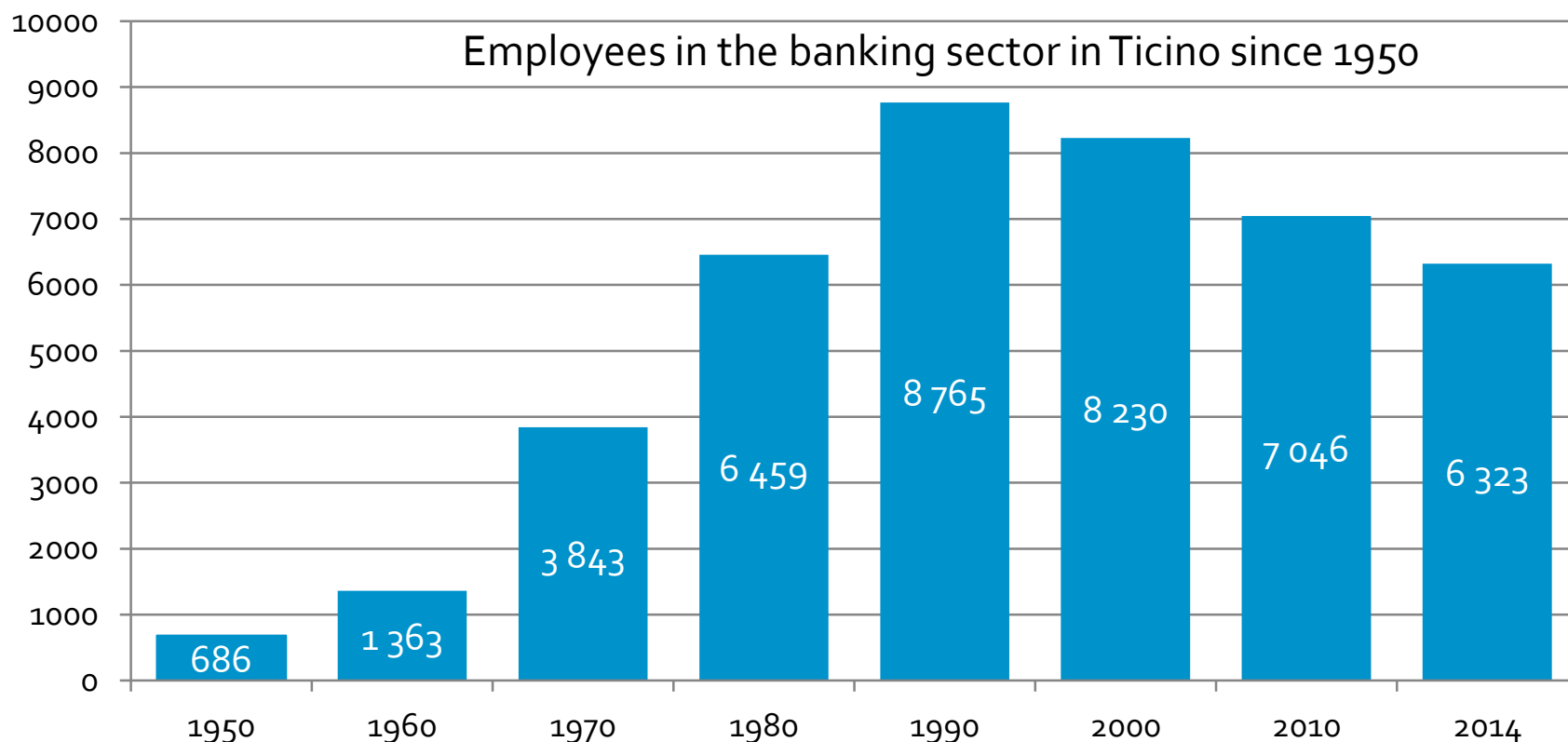
- Public pension funds: The legislation push
 - **Loi sur la Caisse de Pension Etat de Genève, 2013, Art 4 But:**
³ Son activité s'inscrit dans la perspective du développement durable et des investissements responsables.
 - **Loi sur la Caisse de Pension Etat de Vaud, 2014, Art 17 Compétences CA:**
² Il définit dans un document sa stratégie en matière de développement durable et d'investissements responsables.
- Foundations: Recent move towards Mission Related Investment (MRI)
 - 2015 study* on foundations (focus on Romandie)
 - 11% apply MRI approach to asset management
 - 40% consider initiating or expanding MRI

* « A l'ère de la transparence, quelles conséquences sur la gestion du patrimoine des fondations », 2015, Wise & Conser, sponsor: Julius Baer

Ticino: sustainable finance is getting started – SSF as catalyser

- 3 members: BSI SA, Centro di Studi Bancari, Valeur Investments
- Ticino workgroup: Marco Campana (Patrimony1873), Alida Carcano (Valeur), Helen T. Moggi (CSB), Stefano Montobbio and Marco Fassora (BSI), Stefano Sergi (BancaStato), Alberto Stival (SSF)
- First event planned for September
 - Confirmed speakers: Laura Vigano - University of Bergamo, Andrea Pedretti/Gianluca Ambrosetti - Airlight Energy
 - Moderator: Ferruccio De Bortoli
- Contacts with local media: newspapers, radio, tv

Sustainable finance as a new opportunity?



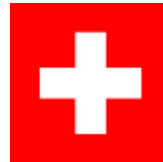
Source: ABT e Ufficio cantonale del lavoro

Emerging Swiss laws, regulations standards

Development of
National Action
Plan on Business
and Human Rights

War Materials Act:
Financing of Banned
Weapons

Proposed Ban on
Speculation in Agro-
Commodities



Interpellation: Risk of
the "Carbon Bubble" for
the Swiss Financial
Sector

Discussion on Gender
Balance on Boards

Corporate
Responsibility in
the Swiss
Commodities
Market

Source: Ecofact AG, Zurich, www.ecofact.com

UNEP Inquiry: Swiss recommendations for action

Public actions and framework conditions

- Stable political environments with long-term regulatory certainty encourage investors to commit to long-term investments
- Provide effective tax incentive schemes for sustainable investments
- Create frameworks for pension funds to invest allowing for long-term investments in green infrastructure

Private action, self-regulation and incentives

- Systematic integration of ESG factors in all financial decisions (as a reaction to the increasing client demand)
- Client-focused product offerings and active advisory on sustainable finance require the training of relationship managers
- Reorientation of financial players' incentive structures by aligning them with a longer time-horizon

Valuing true costs

- Comparable and reliable data as a basis for ESG integration through promotion and improvement of existing frameworks
- Integration of sustainable finance in education and training on all levels and promotion of academic research in this field

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Three thesis on Swiss sustainable finance

1. Sustainability brings new ways to enhance private wealth management

- Innovation and longterm view complement existing Swiss strengths (quality and stability) for the benefit of clients

2. No Swiss centre for global asset management without broad ESG integration

- Large asset owners take it for granted
- Regulators are getting active

3. Multi-specialist offerings as export products

- Sustainable investment services/research
- Innovative satellites (thematic funds, impact investing)
- Philanthropy/foundation services

Thank you for your attention!

