



Climate Change and Swiss Finance – from threat to opportunity

Sabine Döbeli, CEO Swiss Sustainable Finance, 01.07.2015

Switzerland can build on strengths in finance and sustainability

Leading financial centre

- 3 Swiss banks among the 10 largest wealth managers
- Around 10 % of global securitized assets under Swiss management
- 70 % + Share of Swiss insurance premiums earned abroad

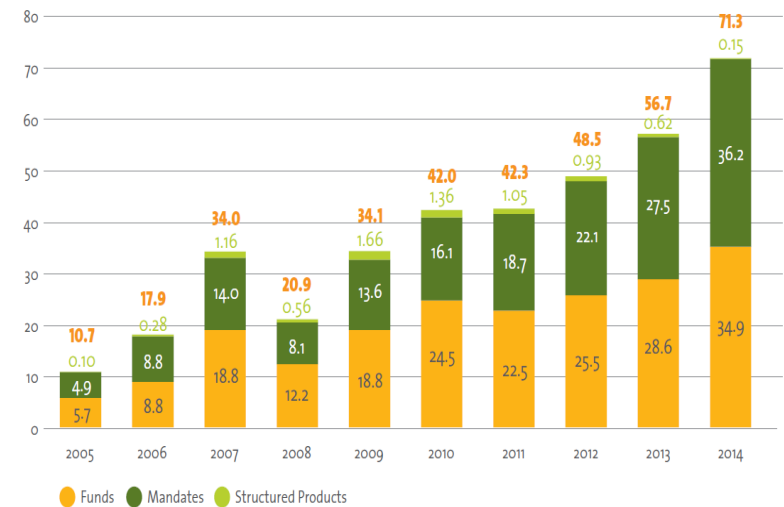
High sustainability standards

- Sustainability is anchored in Swiss constitution (Art. 73)
- Switzerland ranks no. 1 in the Global Competitiveness Index (WEF 2014)
- High stability, security and reliability, as illustrated by the high score in the World Bank «Government Effectiveness Index»

Sustainable finance in Switzerland

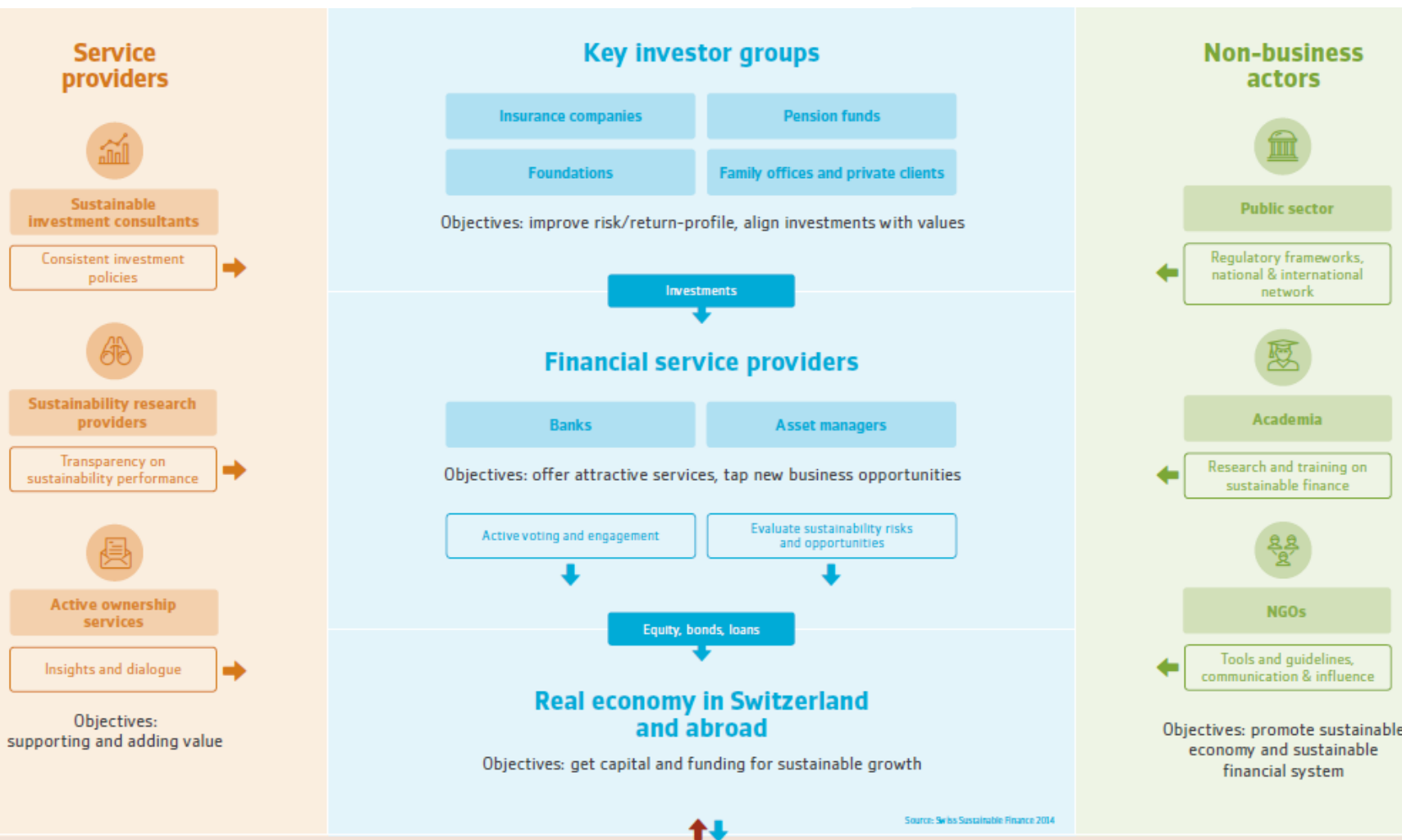
- Sustainable investments of CHF 71 bn managed in Switzerland (2014)
- One third of global microfinance investments managed in Switzerland
- Innovative sustainable finance products developed
 - First global sustainability index series
 - Reputational risk indicator as a basis for financing decisions
 - Fairtrade fund
- Landscape of sustainable finance with over 220 actors

FIGURE 3: Investment Funds, Mandates and Structured Products



Source: Forum Nachhaltige Geldanlagen

Landscape of Swiss Sustainable Finance



Benefits for society

- Job creation**
- Supporting sustainable development**
- Supporting setup of stable financial system**
- Financing cleantech solutions**
- Financing new energy and efficient infrastructure**

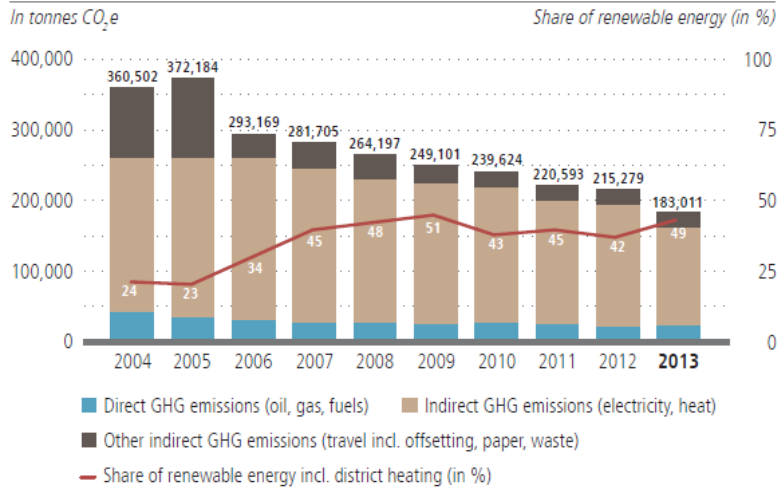
The role of financial service providers in addressing climate change

- Reduce carbon footprint in own operations
- Measure and reduce carbon intensity of client portfolios (while keeping risk/return profiles stable)
- Support Swiss industry in reducing their footprint (i.e. through consulting in lending process)
- Finance change
 - Thematic investments (funds, green bonds, real estate)
 - Private equity/venture capital

Swiss financial service providers: strong in reducing their own footprint



UBS's greenhouse gas (GHG) footprint



49.3%

Total reduction in CO₂ emissions per employee between 2003 and 2013



Key Performance Indicators for Environmental Management¹

| | 2014 | | 2013 ² | | 2012 ² | |
|---|-------------|----------------------|-------------------|----------------------|-------------------|----------------------|
| | Absolute | per FTE ³ | Absolute | per FTE ³ | Absolute | per FTE ³ |
| Energy (MWh) | 576,000 | 12.4 | 633,000 | 13.5 | 696,000 | 14.3 |
| Business travel (km) | 531,389,000 | 11,500 | 528,312,000 | 11,300 | 561,843,000 | 11,600 |
| Paper (t) | 4,400 | 0.10 | 5,200 | 0.11 | 5,600 | 0.11 |
| Water (m³) | 1,021,000 | 22 | 1,136,900 | 24 | 1,326,400 | 27 |
| Waste (t) | 12,100 | 0.26 | 11,600 | 0.25 | 13,500 | 0.28 |
| Greenhouse gas emissions⁴ (CO₂ equivalents in metric tons) | 244,900 | 5.3 | 268,700 | 5.7 | 325,100 | 6.7 |

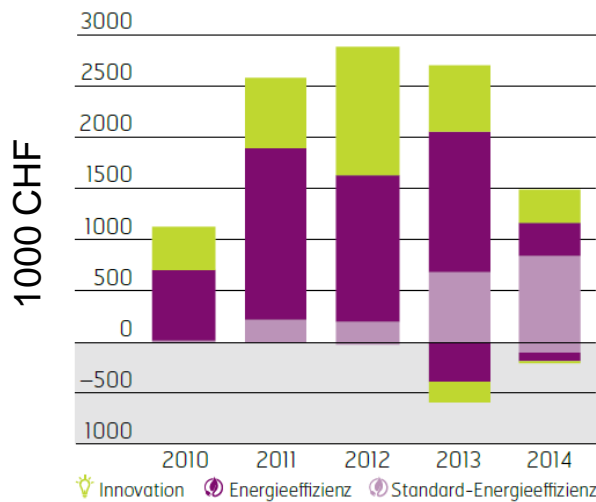
¹ According to VU standard (rounded figures).
² Minor adjustments made to 2012 and 2013 basic data sets.
³ Employees (full-time equivalents).
⁴ Net greenhouse gas emissions.

-24% in 2 years

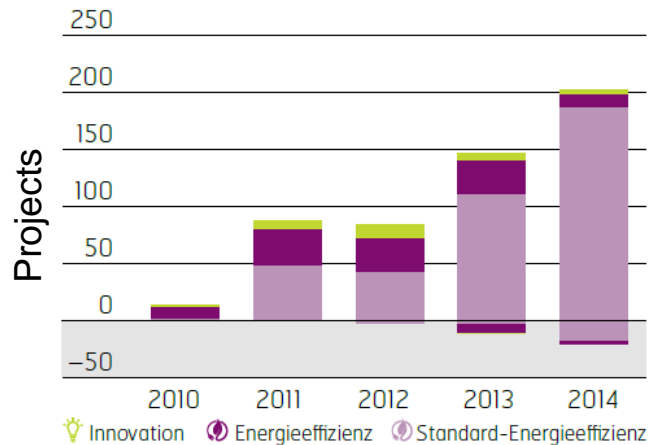
Swiss financial service providers: strong in climate initiatives



Förderung von Projekten in tausend CHF



Förderung von Projekten nach Anzahl



Many companies have climate-neutral operations
(i.e. Credit Suisse, Swiss Re, Vontobel, ZKB, Zurich Insurance Group)

Swiss banks and investors: not so strong in integrating climate risks into core business

- Share of sustainable funds as of total funds around 4%
- No Swiss signatory to the Montreal Carbon Pledge,
1 Swiss member with IIGCC
- No Swiss institutional asset owners divesting from fossil fuel stocks
- Total volume of sustainable thematic funds 17.02 billion CHF (2014)

Stranded Assets – Wave of institutional investors announcing action 2014/2015 – but Swiss institutions missing

- 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 Norway fund's move out of coal-based investments, due to its size as the world's largest sovereign wealth fund

the guardian Winner of the Pulitzer prize 2014

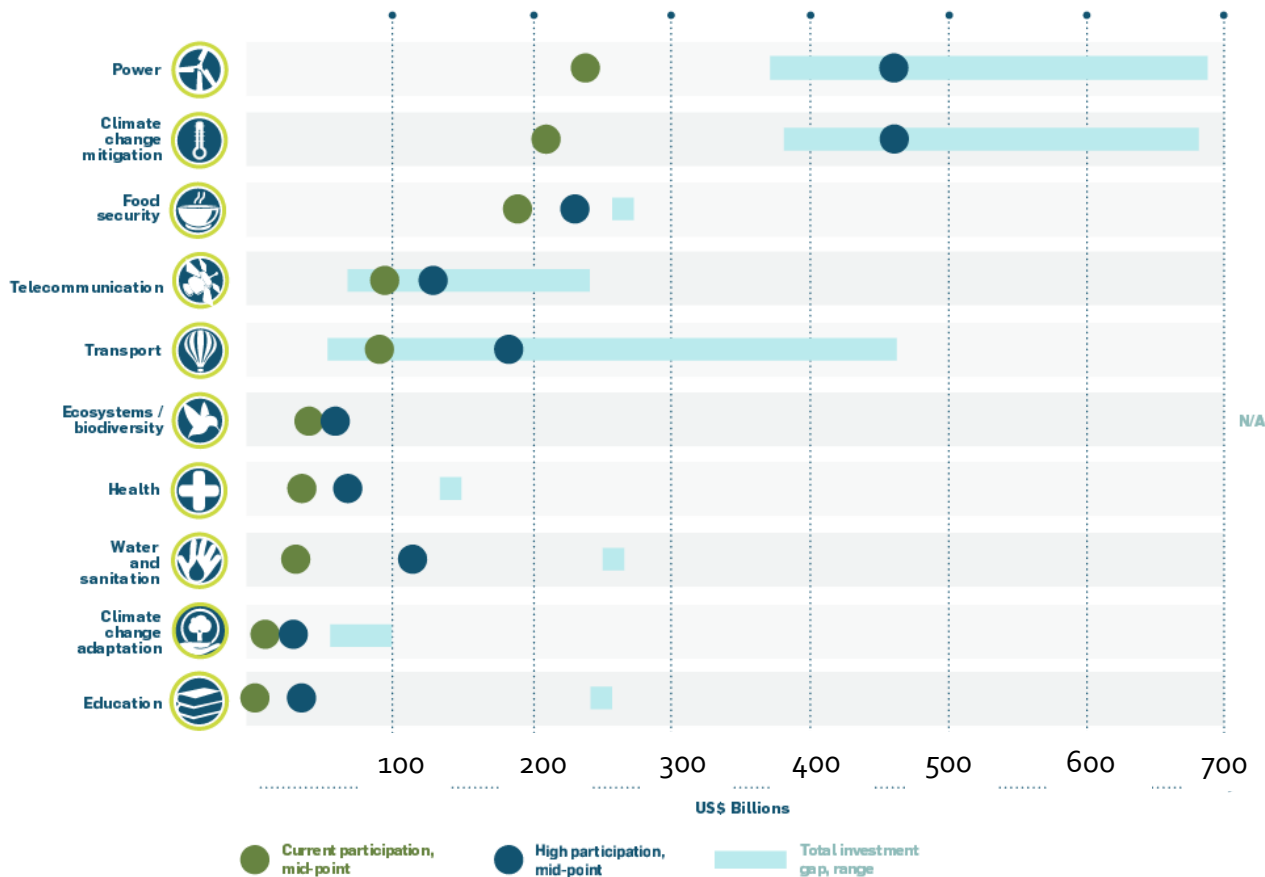
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climate change wildlife energy pollution

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

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

Contact

Sabine Döbeli

CEO Swiss Sustainable Finance

Tel. 058 283 62 16

sabine.doebeli@sustainablefinance.ch

www.sustainablefinance.ch