

Switzerland for Sustainable Finance

Transforming finance
for a better world

Swiss Sustainable Finance
SwissBanking
Swiss Funds & Asset Management Association
Swiss Insurance Association



This brochure was produced by Swiss Sustainable Finance on behalf of the four member organisations listed on page 22 and 23, all of which belong to the sustainable finance advisory group of the Swiss State Secretariat for International Finance SIF. The content was developed in close collaboration with the SIF.

- ⁰¹ Swiss Global Firsts
- ⁰² Sustainable Investment and Insurance
- ⁰³ Impact Investing
- ⁰⁴ Excellence in Education
- ⁰⁵ Swiss Business Environment

The Swiss financial centre is well equipped to contribute to global efforts of advancing sustainable development.

Welcome from the President of the Swiss Confederation

Sustainability as a strategic objective creates incredible opportunities for Switzerland's financial centre. Particularly when paired with digital technology, sustainability drives innovation forward and makes finance more competitive. The close links and regular, open dialogue between public authorities and industry produce cutting-edge solutions that bring universal benefit. In this regard, I believe the individual accountability of each player, underpinned by confidence in their own strengths, is extremely important.

Switzerland's stability, open economy, strong rule of law, excellent infrastructure and efficient public services are all factors that create optimal conditions for sustainable businesses. With its long tradition, expertise and high quality standards, the Swiss financial sector is in a perfect situation to further strengthen its position in this field. Given the dynamic growth and booming demand for sustainable investments, the transition from niche to mainstream is already happening.

Switzerland is one of the world's leading financial centres and a global centre of excellence in the field of sustainability. We want to build on this position by setting trends and leading the way forward. International commitments such as the Agenda 2030 and the Paris Agreement on climate change also guide us on this path. Growing demand for sustainability is an incentive for financial service providers to be creative in offering customers attractive and innovative products and services based on new technologies. Should regulatory hurdles in some areas remain, we will strive to identify and remove them.

Greater transparency about investment practices can be particularly helpful for investors to make well-informed decisions. In 2020, the Federal Office for the



Environment and the State Secretariat for International Finance will once again offer free climate alignment tests for pension funds and insurance companies, and offer them to banks and asset managers as well. These assessments will highlight the progress made since the first tests back in 2017.

I am confident that Switzerland's liberal, market-based approach will be successful and that our financial centre is and will continue to be a world leader for Sustainable Finance in the future. —

Ueli Maurer
President of the Swiss Confederation

Combining strengths for a sustainable future

Switzerland is one of the world's leading financial centres. Not only is it a global leader in wealth management, it is also one of Europe's major asset management centres and a world-class hub for insurance services. Moreover, Switzerland has a successful track record in sustainable finance stretching back 36 years and boasting many ground-breaking developments and innovative services.

Switzerland's track record in sustainable finance stretches back 36 years.

This brochure aims to provide a comprehensive overview of Switzerland's unique strengths in sustainable finance, illustrating the many facets of the country's solid sustainability framework that has evolved over the past four decades.

⁰¹ The first section provides an overview of global firsts achieved in Switzerland and highlights the capabilities that single out the Swiss financial industry as a prime enabler of innovation.

⁰² The second section focuses on Switzerland's strong position in sustainable wealth and asset management – the result of continuous market growth over the past 10 years – as well as the efforts made in the insurance industry. The country's leading role in private wealth management has laid the foundation for the creation of sustainable investment services both for private and institutional clients. Local research firms have been highly instrumental in crafting sophisticated offerings not just for Switzerland, but also for international markets. The recent dynamic market growth in sustainable assets is mainly due to the fact that insurance companies and large Swiss pension funds have recognised the advantages of adopting sustainable investment policies.

⁰³ One special talent of the Swiss financial market is its strength in managing investments that contribute to the development of lower and middle-income countries – a topic covered in the third section. Inspired by

the work of international organisations headquartered in Geneva, as well as a large number of charitable foundations, and having a long tradition in humanitarian aid, Switzerland has become a centre of excellence in microfinance and other impact investment models. This segment is particularly important for closing the financing gap to achieve the UN Sustainable Development Goals (SDGs).

⁰⁴ Outstanding academic talent is a vital prerequisite for innovative financial services and solutions, and thus the fourth section of this publication takes a look at Switzerland's top-ranking higher education and research institutions. Sustainable finance programmes are becoming more and more prominent in the Swiss education system not just at university level, but also in vocational training.

⁰⁵ The final section looks at the role of the Swiss federal government, whose political system is based on the principle of subsidiarity. Under this open system, regulatory requirements are only introduced when the market fails to find appropriate solutions. Such a framework fosters innovation not just in finance, but also in the real economy.

The social, economic and environmental challenges our world is facing require concerted action and all players are expected to contribute their fair share. The UN Sustainable Development Goals and the Paris Agreement set clear objectives and are the basis for defining ambitious goals on a national level. There is no doubt that the financial sector has a key role to play in providing capital and steering investment decisions in a direction that supports the achievement of those targets. Key players in the Swiss private financial sector have already proven that they have the capacity and know-how to contribute to meeting the global goals.

More recently, the Swiss National Bank and FINMA, the Swiss financial markets regulator, have joined a global network to develop ideas on how to ensure global financial systems are not part of the problem, but rather part of the solution. Based on the innovation showcased in this brochure, we are convinced that the Swiss financial centre is well equipped to generate forward momentum in the global journey toward advancing sustainable development.



Swiss financial players have the capacity and know-how to contribute to meeting the global goals.

The four associations sponsoring this publication represent over 90% of the Swiss financial sector and are all deeply committed to supporting their members on this ambitious path. In dialogue with the Swiss federal authorities and other stakeholders, we are

ready to cooperate and work towards shaping a financial centre that serves as an exemplary role model in delivering high standards and achieving positive social impact through sustainable finance. —

Swiss Sustainable Finance
SwissBanking
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Swiss Insurance Association



1995 SAM founded in Zurich

SAM (Sustainable Asset Management), known today as RobecoSAM, is the **first asset management company to focus exclusively on sustainable investing**. In association with RobecoSAM, the Dow Jones Sustainability Indices (DJSI) are launched in 1999 as the **first global sustainability benchmark series**. They track the stock performance of the world's leading companies in light of environmental, social and economic/governance criteria.

1994 Sarasin launches OekoSar

OekoSar, the **world's first environmental efficiency fund**, invests in future-oriented and innovative small to medium-size companies that significantly contribute to environmentally and socially responsible business practices.

1983 Birth of Nest Collective Foundation

The collective foundation Nest is founded as the **first independent pension fund focusing solely on sustainable investments**. It pursues high environmental and social standards, while excluding investments in controversial business activities such as weapons and the nuclear industry.

1997 Ethos Investment Foundation launched

Two Swiss pension funds create the **first investment foundation dedicated to sustainable investment and stewardship services in a combined form**. Ethos launches a sustainable investment fund, open to Swiss pension funds, based on proprietary ESG ratings, while using the resulting know-how for voting recommendations, shareholder resolutions and active engagement.

1998 Founding of ECOFACT

ECOFACT, the **first environmental and social risk consultancy for financial players** is founded in Zurich. This later leads to the founding of RepRisk, a pioneer in ESG and business conduct, as well as due diligence data solutions.



01 Made in Switzerland: global firsts in sustainable finance

As one of the world's leading financial centres, Switzerland has a long tradition in sustainable finance. Its economic and political stability has paved the way for pioneers in finance to identify sustainability trends at an early stage. In more ways than one, the country is a first mover in creating a financial landscape contributing to a sustainable world.



2009 Credit Suisse Real Estate Fund Green Property created

Credit Suisse launches the **first green real estate fund** focusing on sustainable construction. It invests in high-quality new construction projects located in strong Swiss economic regions with the aim to ensure that properties and projects meet strict ecological, economic and social requirements.

2014 Swiss Sustainable Finance (SSF) is founded

SSF is the **first national sustainable finance platform uniting members from private and public sectors, as well as academia.** Its goal is to strengthen Switzerland as a leading voice and player in sustainable finance, thereby contributing to a sustainable and prosperous economy.

2001

1999 UBS receives global environmental certification

UBS is the **first financial service institution to be globally certified by ISO for their environmental management system.** The certificate guarantees the bank's structured approach in addressing environmental issues across all operations, which sets the groundwork for further pioneering work.

2000

2000 Creation of the Pictet Water Fund

As the **first water fund**, the Pictet fund invests across the entire water value chain. The fund invests in service companies producing and distributing drinking water and those active in the collection and treatment of wastewater, as well as other water technology companies.

2001 Foundation of BlueOrchard

BlueOrchard Finance Ltd. is the **first private and fully commercial microfinance debt investment manager** worldwide. Its foundation is the result of a collaborative effort between several UN agencies and private bankers in Geneva.

2009

36 years of experience

Both pension funds and asset managers have played an important role in the long history of sustainable finance in Switzerland, dating back to 1983.

2014

2015 Zürcher Kantonalbank launches Fairtrade gold bars

In cooperation with the Max Havelaar Foundation Switzerland, Zürcher Kantonalbank launches the **first Fairtrade-certified gold bars.** The gold, available in bars of 1 to 10 grams, is sourced from certified small-scale mines and its origin can be traced back to the mine with a Fairtrade code.

2017 Swiss Re embraces ESG benchmarks

The Swiss Re Group, one of the world's leading providers of reinsurance and other insurance services, is **among the first to move towards ESG benchmarks across its listed equity and credit portfolios.** By 2018, Swiss Re applies ESG to close to 100% of its USD 130bn investment portfolio.

2015

2017 FOEN initiates climate alignment pilot test

In alignment with the Paris Agreement, which calls on countries to limit global warming to a maximum of 2°C, the Swiss Federal Office for the Environment (FOEN) together with the State Secretariat for International Finance SIF initiates the **first open-source climate portfolio test** for pension funds and insurance companies. This allows them to measure their investment portfolios against the 2°C target.

2018 FC4S establishes its secretariat in Geneva

Financial Centres for Sustainability (FC4S), the **first global platform for financial centre action on green and sustainable finance**, announces the establishment of its Secretariat in Geneva. The objective of the network is to accelerate the expansion of green and sustainable finance.

2017

2018

now!

02 Innovative solutions for sustainable investment and insurance services

As a leading financial centre, Switzerland began introducing sustainable investment products early on. The growing number of private and institutional clients with a focus on responsible asset management are benefitting from industry experience.

When it comes to choosing the right location to invest assets, investors consider Switzerland a centre of excellence for products and services, complemented by a top-notch advisory experience. According to the BCG

such as Credit Suisse and Edmond de Rothschild, have set up training programmes on sustainable finance for their client advisors, thereby ensuring high-quality advisory services.

Switzerland's expertise and pioneering spirit has led to a significant increase in sustainable assets.

Global Wealth 2019 report¹, a total of CHF 2.27 trillion of international assets were managed in Switzerland at the end of 2018, leaving the country at the top of the rankings as the world's largest wealth management centre for international assets.

Switzerland's expertise and pioneering spirit in banking has increasingly branched out to include sustainable finance. As early as the 1990s, Swiss financial players introduced sustainable discretionary mandates. A major environmental accident caused by a pharmaceutical company in Basel, for example, led to Bank J. Safra Sarasin launching the first dedicated mandates based on environmental criteria and the first environmentally oriented mutual fund. Today, sustainability is consistently integrated into the investment processes at many other Swiss banks.

Other institutions were founded with the sole purpose of providing sustainable financial services, namely Alternative Bank Schweiz (ABS) in 1990, RobecoSAM in 1995, Forma Futura Invest in 2006 and Globalance Bank in 2011. Over the years, several Swiss banks have also developed exclusive sustainability indicators for investment portfolios. Zürcher Kantonalbank, for example, introduced a sustainability indicator that has been included on all fund factsheets as early as 2011. In addition, Raiffeisen has been assessing the sustainability preferences of clients in their on-boarding process for trading accounts since 2013, which has seen the share of sustainable funds grow to over 60% of total Raiffeisen fund volumes. Other institutions,

Sustainable assets surge to new levels

As a result of these developments, the volume of sustainable assets managed in Switzerland has significantly increased over the past 10 years. According to the latest Swiss Sustainable Investment Market Study 2019², published by Swiss Sustainable Finance (SSF), sustainable investments reached CHF 716.6 billion by the end of 2018. The impressive increase over the past years is attributable to the fact that more and more institutional investors, such as insurance companies and pension funds, are opting for sustainable investment strategies and many asset managers are now also integrating sustainability criteria as a standard in their selection processes.

View Infographic on next page! 



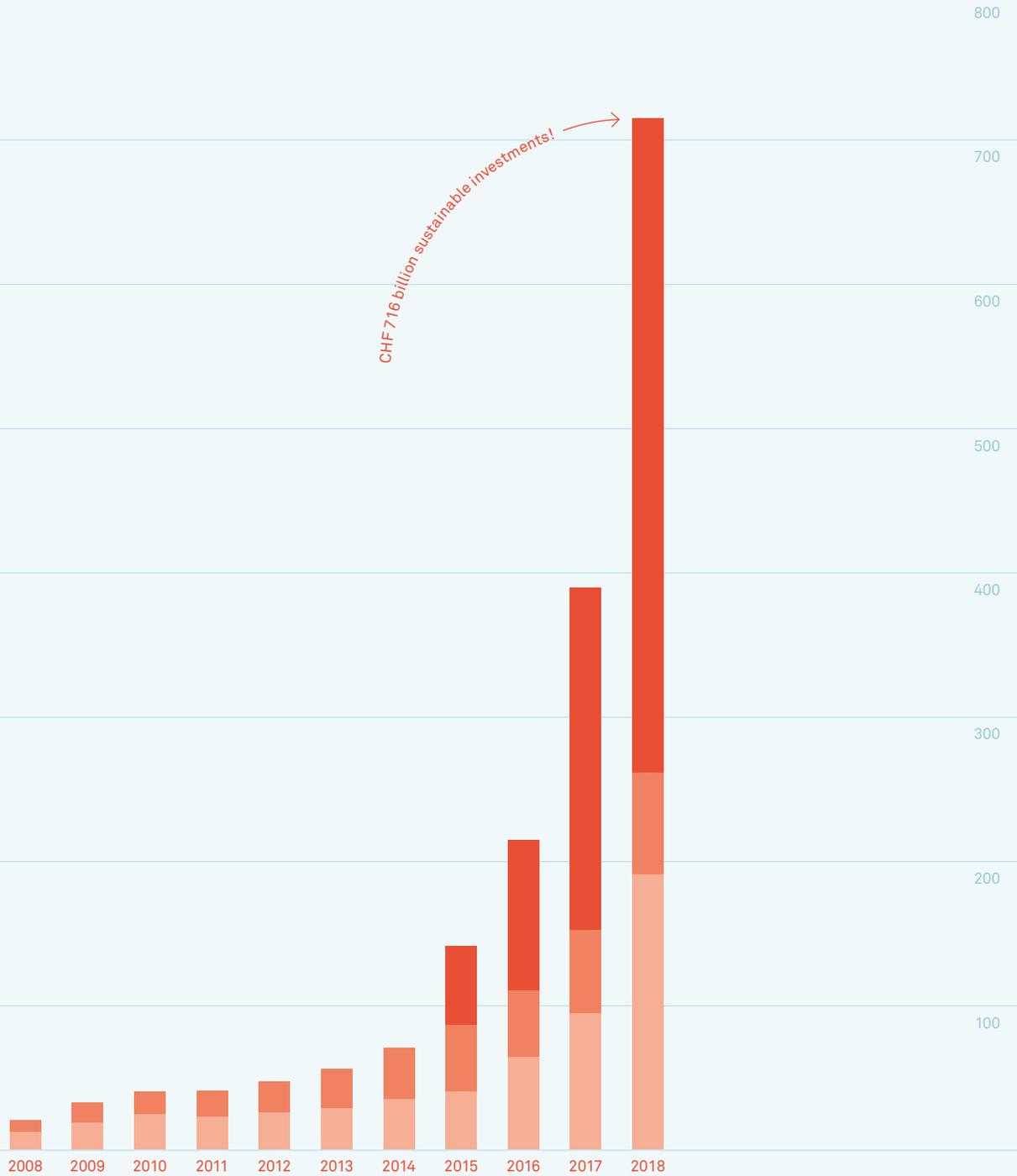
The digital transformation serves sustainability goals

With an estimated 10% of all European fintech businesses based in Switzerland, the Swiss financial industry is well equipped to continue the digital revolution. From its Crypto valley with over 600 companies, to Trust Square, the world's biggest blockchain hub, Switzerland benefits from a concentrated network of experts – a competitive advantage for this transition. The nation is committed to making sure these technologies are also used to advance the sustainable finance sector. A survey by Stockholm Green Digital Finance ranks Switzerland first in terms of number of players offering applications that combine fintech with sustainability. To help further develop sustainable digital finance solutions, the Swiss FinTech Innovation Lab and the UN-founded Green Digital Finance Foundation recently launched a collaboration program.

Development of sustainable investments in Switzerland

Sustainable assets represent a sizeable market share

Volume in CHF billion



Funds Mandates Asset Owners

The CHF 716 billion sustainable investments represent a share of 21% of total assets managed in Switzerland.³ This share is double the size of the global share of sustainable investments of 11%, as calculated by McKinsey.⁴

Swiss insurance companies with a broad risk perspective

It's not only the Swiss banks that have recognised the opportunities in sustainable finance. Swiss insurance companies caught on early and began setting up processes to assess sustainability risks in risk modelling over a decade ago, and consequently integrated such factors into their underwriting. Equally, they play a crucial role in the prevention of natural perils, many of which are caused by climate change. For instance, in cooperation with the Swiss public sector, the Swiss insurance industry has developed a hazard map for surface run-off water, enabling building owners and spatial planners to take effective preventive measures against this water hazard, which accounts for 50% of all natural water hazard damage.

In terms of international involvement, Swiss Re, one of Switzerland's top insurance companies, helped establish the Principles for Sustainable Insurance (PSI), a global sustainability framework and initiative of the United Nations Environment Programme Finance Initiative launched in 2012, and have actively supported its activities ever since.

Furthermore, sustainability factors play an increasingly important role in the management of insurance companies' assets. Swiss Re was the first insurance company in Switzerland to switch to sustainable benchmarks in asset management. The firm also has a long tradition in advising developing countries on how to achieve economic resilience to climate change. Zurich Insurance Group committed USD 5 billion into impact investing in 2017 and has recently developed an impact measurement framework to assess the environmental effects and resilience of its impact investment portfolio.

Service providers support a robust sustainable community

Swiss investors can profit from a vibrant community of sustainable investment service providers. Research firms such as Carbon Delta, Covalence, Inrate and RepRisk – many with an international client base – offer data analytics and proprietary ratings that assist investors in assessing sustainability performance, opportunities and risks.

With the growing trend of investors becoming active owners, services such as those provided by Ethos Engagement Pool, zRating and BHP help investors have a say on environmental, social and governance practices of investee companies. Finally, sustainable investment consultancies such as Conser and onValues support the acceleration of the trend by advising pension funds and other asset owners on how to set up sustainable investment policies and processes.

Embracing sustainable finance

The Swiss finance industry has demonstrated its capacity to develop a nascent concept into a thriving and diverse industry that caters to the changing needs of investors. More of this spirit is needed to ensure that the financial sector is part of the solution in addressing the world's challenges. —

¹ Global Wealth 2019, Reigniting Radical Growth, BCG, 2019

² Swiss Sustainable Investment Market Study 2019 available at <https://bit.ly/2weCupw>

³ Total Swiss assets managed amount to CHF 3.34 trillion by the end of 2018 based on the SBA Banking Barometer 2019, SwissBanking, 2019

⁴ Based on McKinsey Performance Lens – Global Growth Cube 2018

03 Spearheading the impact investing field

Having established a robust impact investing industry, Swiss private and public sectors have successfully built a bridge between private-sector funding and sustainable development.

A first mover in microfinance

Microfinance, one of the first forms of impact investments, helps build businesses and improves livelihoods, while providing competitive returns for private investors. In 1998, the General Assembly of the United Nations announced that 2005 was to be the year of microcredit. Swiss private industry players were early responders and by then had established four microfinance organisations and specialists: BlueOrchard, responsAbility, Symbiotics and Fundo. Switzerland's early movers also managed to make this previously inaccessible investment opportunity available to private investors. As one of the birthplaces of commercial microfinance investments, Switzerland remains world market leader in this segment and a prime location for the respective asset management services, controlling about one-third of global market share.

The power of partnerships

Diving deeper into the impact investment market by exploring new asset classes and themes, Swiss players have built on their valuable experience with microfinance and developed unrivalled expertise in other impact investment models.

With many of these investments occurring in developing and emerging markets, specialist asset managers have often benefitted from forming effective partnerships with local and international specialists. This is key to achieving success and attracting the necessary capital from both the private and public sector in order to reach ambitious impact goals, as the following examples illustrate.

Symbiotics, UBS and SECO went a step further than microfinance with the launch of a fund providing loans to “the missing middle”, offering the capital required for SME business growth.

Major development institutions partnered with BlueOrchard and large insurers to create a private debt and equity fund – a climate insurance product that aims to protect the poor and vulnerable from climate risks.

The press freedom issue was tackled by Vontobel and responsAbility through the launch of a certificate to support the development and financing of independent news media businesses in emerging democracies. The certificate relies on an innovative form of guarantee by the Swiss government.

Other examples are AlphaMundi partnering with two development agencies for a loan guarantee facility, or De Pury Pictet Turrettini & Co developing an innovative engagement methodology with specialised partners to improve sustainability along supply chains of listed companies held in their funds.

Public support for innovation

The Swiss government places high importance on making sure that impact products are successful by using their own funds

A world market leader in microfinance, Switzerland manages a third of global microfinance funds.

and resources to invest and support innovation in private sector solutions.

Through the Swiss Investment Fund for Emerging Markets (SIFEM), a development investment vehicle established by the federal government in 2005, the public sector invests in private sector develop-

ment in emerging economies and often acts as a seed investor for private investment funds. The Swiss State Secretariat for Economic Affairs (SECO) provides technical assistance and first-loss guarantees for various financial products in order to reduce the risks for private investors. In 2018, the SECO 17 project,



designed specifically to encourage innovation, recognised four innovative investment solutions with a focus on the UN's Sustainable Development Goals (SDGs), awarding technical assistance funding to the respective financial institutions to support projects in the areas of energy, climate, fisheries and ocean health.

No slowing down

There are no signs that the Swiss impact investment community is ready to slow down. As the industry is committed to addressing global challenges, such as those outlined in the SDGs, Swiss impact investors continue to drive innovation forward.

The creation of a "Humanitarian Impact Bond" by ICRC in cooperation with Bank Lombard Odier, UBS Optimus Foundation's first development impact bond in education, and SECO's support for the first social impact bond in Colombia to increase employment rates, are all examples of how the Swiss financial centre is demonstrating its willingness to tackle difficult social development issues through impact investment innovations.

Additionally, a broad set of industry players, ranging from small start-ups to global asset managers, has taken an active role in pushing innovation. Companies such as Partners Group have launched several private-equity products where social and environmental impact is the key factor considered during investment selection. Clarmondial, meanwhile, has established an innovative blended finance agriculture fund aiming to provide affordable finance for experienced local agricultural stakeholders adopting best practices.

Building bridges for the SDGs

The strong presence of international organisations in Geneva, such as the UNEP FI, adds a unique element to the impact investing community, as it creates opportunities for productive partnerships. The establishment of the Geneva Sustainable Finance Collaboration, a joint initiative by Sustainable Finance Geneva and the SDG Lab, is a prime example. Its objective is to foster more coordinated and systemic collaboration among financial players and experts in sustainable development and to mobilise SDG financing in the Swiss market. This initiative, along with many others, illustrates Switzerland's ongoing contribution to close the USD 2.5 trillion funding gap to achieve the SDGs. —

04 A commitment to excellence

Switzerland is home to several high-ranking universities, technology institutes and other academies that put the country's education system among the best in the world. In addition, the growing number of programmes devoted to sustainability and sustainable finance make it an even more attractive centre for learning.

Switzerland's higher education system is characterised by institutional diversity, educational variety, competitive quality of teaching and research, as well as strong international ties. The rich educational programmes at various tertiary levels range broadly from classic university disciplines to groundbreaking research which cater for the rapidly changing requirements of students, society and the economy.

Moreover, Swiss higher education is accessible to all and relatively inexpensive, especially when compared with the US or the UK. This is only possible through the generous investments of federal, cantonal and professional organisations, all of which are committed to sharing responsibility for ensuring a high standard of tertiary education. The positive impact of these investments demonstrates the country's desire to achieve excellence – as reflected in global university rankings.

A solid foundation for sustainability education and research

Clearly, strong academic institutions are a key component for enriching the sustainability landscape, and sustainability education programmes are the main tool for leveraging innovation in sustainability investment models and practices into Swiss finance. Switzerland already has multiple centres for academic research on sustainable finance, and the number of training and educational programmes on the topic is growing, not to mention the increase in scientific research publications. For the latter, international cooperation is essential. The University of Zurich therefore co-founded the Global Research Alliance for Sustainable Finance and Investment, which was established in 2017 to promote



Center for Sustainable Finance and Private Wealth (CSP)

Research facility: CSP is a research and training entity in the Department of Banking and Finance, University of Zurich (UZH) that concentrates on the nexus of private wealth and sustainable finance. Launched in February 2017, the centre conducts research on integrating sustainable strategies across entire portfolios and how sustainable and impact investing relate to financial performance.

Course offering:

- Education programmes available that include sustainable finance
- Certificate of Advanced Studies (CAS) and other executive programmes in sustainable finance and impact investing

Center for Financial Networks and Sustainability (FINEXUS)

Research facility: This centre at the University of Zurich addresses fundamental research and policy questions about systemic risk and sustainability, both financial and environmental, from the innovative perspective of networks science, big data science and complexity science.

Center for Corporate Responsibility and Sustainability (CCRS)

Research facility: An associate institute of the University of Zurich that aims to explore the role of the private sector in sustainable development on the local and global level, with research in the areas of sustainable building and real estate, sustainable finance, sustainable impact and business ethics.

Zurich University of Applied Sciences (ZHAW)

Course Offering: Education programmes available that include sustainable finance



University of St. Gallen

Research facility: Conducts research and offers several courses in sustainable finance on different academic levels, including bachelor's, master's and executive programmes.

Course offering: Education programmes available that include sustainable finance

Institute of Financial Services Zug (IFZ) at Lucerne University of Applied Sciences and Arts

Research facility: Dedicates considerable research capacity to sustainability, with IFZ conducting an annual study on sustainable investment funds in Switzerland.

multi-disciplinary academic research on sustainable finance and investment.

On an overarching level, the 5-year National Research Programme “Sustainable Economy: resource-friendly, future-oriented, innovative” (NRP 73) is up and running and aims to lay the foundation for a sustainable economy that uses natural resources sparingly, creates welfare and increases the competitiveness of Swiss business, having finance as one of its research themes.

Switzerland’s got talent

According to the 2018 IMD World Talent Ranking (WTR), which assesses the status and development of competencies necessary for businesses and the economy to achieve long-term value creation, Switzerland has tremendous talent, holding the top position in a ranking of more than 60 economies.

Additionally, CFA Institute, the global association for investment management professionals, puts Switzerland in the top five globally and top in Europe, with a market penetration of around 9% CFA Charterholders of all professionals in core functions of investment management. This illustrates the level of expertise available in the financial industry and is a key indicator of the Swiss financial centre’s professionalism and maturity.

While competent professionals are important for every economy, an active dialogue between practitioners and the academic world is imperative for further developments. To allow for this exchange, academic centres and industry associations offer executive education, seminars, wealth owner outreach programmes and specific workshops on sustainable investment topics. —

05 A favourable business environment

Switzerland's picture-perfect landscapes and economic and political stability are not the only contributors to the alpine nation's positive image abroad. The country is increasingly known for its stance on sustainable development, particularly in finance.

Switzerland is known for many things: from economic and political stability to pristine lakes and mountains, to delicious cheese and chocolate, and more recently, its drive to become a leader in sustainability. In 2017, Switzerland was listed in an index created by Bertelsmann Stiftung and the UN Sustainable Development Solutions Network as one of the top five countries achieving the UN Sustainable Development Goals the fastest. While the nation has a long history of contributing to peacekeeping, respect for human rights and conflict mediation, it also deserves credit for its commitment to environmental protection and sustainable development.

Sustainability mindset

Not only is sustainability engrained in Swiss culture, it is part of the federal constitution's Articles 2 and 73. The nation is a world leader in recycling and waste management and takes great measures to preserve the quality of its air and water. What's more, the nation is engaged in addressing climate change. In an agreement with the government, different sectors committed to reducing their climate emissions over time in alignment with national goals, with considerable improvements in energy efficiency already achieved. To support the shift, the Swiss Green Economy Symposium, held annually since 2013, uses specific examples to show how business, politics, science and NGOs contribute to better protection of the environment. Furthermore, cleantech solutions also play an important role. In 2017, the world's first commercial direct air capture plant (founded by Clime-works) opened near Zurich, with technology that removes CO₂ directly from air, and thereby helps keep global warming below the critical 2°C target. Last but not least, Switzerland has built up an extensive sustainable finance community comprising many committed companies and institutions, as this brochure illustrates.

Setting up the political environment

With the country's clear sustainability ethos, it is no surprise that Switzerland strives to excel in sustainable finance and contribute to sustainable development globally. One

hallmark of Switzerland's approach is not only the willingness of government organisations to offer resources and support, but also the flexible framework provided for the market to freely evolve and innovate.

Since 2016, sustainable finance has been an integral part of the Swiss Federal Council's (Swiss Government) financial market policy – a policy that encourages a

Sustainability is engrained in Switzerland's constitution.

bottom-up approach, market incentives, corporate responsibility, an open dialogue between government authorities and industry and collaboration through a growing sustainability network. This lays the foundation for a future-oriented financial market policy that boosts the competitiveness of the Swiss finance centre and aligns it with internationally recognised standards, specifically in the area of sustainable investments.

The dialogue intensifies

As sustainability in financial business continues to become more important, a regular exchange of information between respective government bodies and the financial sector is crucial. The consensus is that by focusing on sustainability, the Swiss financial centre can raise its profile in the international competitive environment and simultaneously contribute to meeting global environmental and sustainability goals. Measures to institutionalise a dialogue with industry have been taken. The Swiss State Secretariat for International Finance SIF holds regular roundtables on sustainable finance with representatives of the financial industry. In addition, it established the Sustainable Finance Advisory Group in 2018, consisting of major industry associations and other federal departments, to strengthen Switzerland's global position in the sustainable finance market. In summer 2019, a SIF-led internal work group was set up to coordinate and develop different actions in the field.

NGOs add to the discussion by pushing for faster uptake of sustainability in finance. For example, by publishing benchmark reports on the sustainability performance of the largest Swiss banks and pension funds, WWF Switzerland provides valuable material promoting a dialogue between industry, academics and politicians.

Time to take action

In the context of the Paris Agreement, the Federal Office for the Environment (FOEN) and the SIF gave Swiss pension funds and insurance companies the opportunity to participate in a pilot test to measure the climate compatibility of their portfolios. It emerged that Swiss pension funds and insurance companies are not yet on a two-degree path and therefore need to focus on more climate-friendly investments. Such climate compatibility tests will support them in aligning their financial flows to the Paris climate goal. By 2020, the scope of the voluntary climate tests will widen the screening to banks and asset managers.

Ban on financing controversial weapons

Under the Swiss Federal Act on War Material, direct investments in the production of controversial weapons are illegal. By prohibiting direct investment in the production of such weapons, Switzerland helps to illegitimise them. A group of Swiss asset owners built on this regulation by establishing the Swiss Association for Responsible Investments (SVVK-ASIR), an association currently uniting eight major Swiss pension funds and two insurance companies that agree on an exclusion list, based on the above regulation, as well as a combined engagement approach. While this example is consistent with the country's engagement to achieve a universal ban, it also underlines Switzerland's determination to make sustainability integral to its DNA. —

⁵ The Paris Agreement Capital Transition model (PACTA) is available online: transitionmonitor.com

Sponsors' portraits

Swiss Sustainable Finance



The mission of Swiss Sustainable Finance (SSF) is to strengthen Switzerland's position as a leading voice and actor in sustainable finance, thereby contributing to a sustainable and prosperous economy. The association, founded in 2014, has representative offices in Zurich, Geneva and Lugano. Currently, SSF unites over 130 members and network partners from financial service providers, investors, universities

and business schools, public-sector entities and other interested organisations. Through research, capacity-building and the development of practical tools and supportive frameworks, SSF fosters the integration of sustainability factors into all financial services. An overview of Swiss Sustainable Finance's current members and partners can be found on its website: sustainablefinance.ch

Swiss Bankers Association

As the umbrella organisation and voice of the banks, the Swiss Bankers Association (SBA) advocates optimal framework conditions for the Swiss financial centre at home and abroad. The SBA represents the interests of the banking sector vis-à-vis representatives from industry, policymakers, the government and the supervisory authorities. It stands for open markets,

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scope for entrepreneurial freedom and a level playing field. As a competence centre, it is a source of banking-related knowledge and is engaged in issues that will be of relevance in the future. Founded in Basel in 1912, the SBA's members currently consist of almost 300 institutions and around 12,000 individuals. swissbanking.ch

Swiss Fund & Asset Management Association



The Swiss Funds & Asset Management Association (SFAMA), which was established in 1992 with its registered office in Basel, is the representative association of the Swiss fund and asset management industry. Its members include all the major Swiss fund management companies, many asset managers, and representatives of foreign collective investment schemes.

Among SFAMA's members there are also numerous other service providers operating in the asset management sector. SFAMA is an active member of the Brussels-based European Fund and Asset Management Association (EFAMA) and The International Investment Funds Association (IIFA) in Toronto. For further information, please visit sfama.ch

Swiss Insurance Association

The Swiss Insurance Association (SIA) is the umbrella organisation representing the private insurance industry. It is headquartered in Zurich, Switzerland and employs approximately 60 generalists and specialists. Its membership consists of some 80 primary insurance companies and reinsurers – both large and small – with over 46,000 employees in

ASA | SVV

Switzerland. SIA member companies account for over 85% of private insurance premiums generated in the Swiss market. The SIA represents the insurance sector both nationwide and internationally. It works to promote an economically viable framework for insurance and aligns its interests with the Swiss economy as a whole. svv.ch

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