Swiss Sustainable Finance

Media release

Sustainable investments still realising double-digit growth in Switzerland

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The market for sustainable investments has once again enjoyed double-digit growth in 2020, although the rate was more moderate than in the prior year. As the new Swiss Sustainable Investment Market Study 2021 reveals, the total volume of sustainable investments in Switzerland now stands at CHF 1,520.2 billion, equivalent to impressive growth of 31 percent over the reporting period. The market data collected and analysed by Swiss Sustainable Finance (SSF) highlight the growing importance of impact investing concepts, reflecting a further advancement of the sustainable investment market.

According to the SSF study published today in collaboration with the Center for Sustainable Finance and Private Wealth (CSP) at the University of Zurich, the dynamic growth rate of sustainable investments is chiefly attributable to two main factors: on the one hand, the broader use of sustainable investment approaches for existing assets, and on the other the positive market performance in 2020, which is responsible for about a third of the reported growth. The growth was also driven (albeit to a smaller extent) by inflows into existing sustainable investment funds. The volume of sustainable funds enjoyed a significant rise of 48 percent and for the first time these now account for more than half the overall Swiss fund market, with a share of 52 percent (2019: 38 percent). "This is a real success story which is also reflected in the rising volume of sustainable assets managed by institutional investors (+ 15 percent) as well as sustainable mandates (+ 29 percent)," comments Sabine Döbeli, CEO of SSF. Investment concepts are also becoming increasingly sophisticated: two or more sustainable investment approaches are used in combination in 87 percent (2019: 83 percent) of the total sustainable investment volume.

Growing importance of impact investing

The market for sustainable investment is about to enter a third era, a shift the financial sector calls "Sustainable finance 3.0". Given the fact that ESG criteria are currently already broadly integrated into financial markets, investors are increasingly demanding greater emphasis on the impact of investments. This year's study also shows that investors are paying more attention to impact. ESG engagement has enjoyed the second highest growth rate and improved its ranking to second place, up from third last year. The category of impact investing still enjoys the highest growth rate of all sustainable investment approaches, at 70 percent. Investors' stronger focus on impact is also reflected in the measures they take when the companies they invest in violate sustainability norms. In the past, this usually led to the company in question being excluded from the investment universe. By contrast, the most frequent action taken in 2020 both by asset managers and asset

Swiss Sustainable Finance
Grossmünsterplatz 6
CH-8001 Zürich
Phone +41 44 515 60 50
www.sustainablefinance.ch

owners was to intervene and seek a dialogue with the firm in question. "Establishing a dialogue is a much more effective approach to prompting a change of behaviour than simply divesting from a company," notes Professor Timo Busch, Senior Fellow at the CSP and co-author of the study.

Better orientation through sustainability certificates and labels
An independent review of investment processes is an important step towards creating greater transparency and trust. Encouragingly, independent sustainability certificates and labels are becoming more widely accepted. While only six percent of reported sustainable funds carried independently certified labels in the previous year, this proportion had increased more than fivefold by the end of 2020. In concrete figures, 32 percent of the sustainable fund volume was certified by third parties last year, such as FNG-Siegel, GRESB, Label ISR and LuxFlag. The process for agreeing a binding standard definition as to what "sustainable" exactly means is still ongoing, however, and requires further efforts from market players in order to meet investors' expectations of greater clarity and transparency on sustainable investments. With this in mind, SSF therefore plans to publish new recommendations on the transparency of portfolios' sustainability. These recommendations have been drafted in collaboration with asset managers and institutional investors.

The study was supported by the six main sponsors, AXA, Kieger, Schroders, Swiss Life Asset Managers, UBS and Union Bancaire Privée (UBP), as well as the six supporting sponsors Amundi Asset Management, Banque Cantonale Vaudoise, Basellandschaftliche Kantonalbank, GAM Investments, Graubündner Kantonalbank and swissQuant Group AG. SSF would like to take this opportunity to thank all the sponsors for their valuable support.

Contact:
Sabine Döbeli, CEO Swiss Sustainable Finance
+41 44 515 60 52
sabine.doebeli@sustainablefinance.ch
www.sustainablefinance.ch

Additional information:
> Swiss Sustainable Investment Market Study 2021 (PDF)
(English report in full, German summary, French summary)
> Key points at a glance (Microsite for market study 2021)
> Key figures (in PowerPoint)

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Swiss Sustainable Finance (SSF) strengthens the position of Switzerland in the global marketplace for sustainable finance by informing, educating and catalysing growth. The association, founded in 2014, has representative offices in Zurich, Geneva and Lugano. Currently SSF unites around 170 members and network partners from financial service providers, investors, universities and business schools, public-sector entities and other interested organisations. An overview of Swiss Sustainable Finance's current members and network partners can be found here.