



SWISS SUSTAINABLE INVESTMENT MARKET STUDY 2021



SABINE DÖBELI

CEO, SWISS SUSTAINABLE FINANCE

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TECHNICAL INFORMATION

- USE Q&A FUNCTION TO SUBMIT QUESTIONS
- WEBINAR RECORDING WILL BE MADE AVAILABLE ONLINE

PROGRAMME

10:00	Welcome note	Jean-Daniel Gerber , President, Swiss Sustainable Finance
10:05	Key results of market study and outlook	Kelly Hess , Director Projects, SSF
10:15	Academic perspective on results	Prof. Timo Busch , Center for Sustainable Finance and Private Wealth, University of Zurich
10:25	Regulatory developments	Anja Bodenmann , Project Manager, SSF
10:35	Key European developments relevant for Swiss market development	Victor van Hoorn , Executive Director, Eurosif
10:45	Q&A	Moderated by Sabine Döbeli , CEO, SSF



JEAN-DANIEL GERBER

PRESIDENT, SWISS SUSTAINABLE FINANCE



KELLY HESS

DIRECTOR PROJECTS, SWISS SUSTAINABLE FINANCE

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SWISS SUSTAINABLE INVESTMENT MARKET

CATEGORISATION OF SUSTAINABLE INVESTMENT APPROACHES

Pre-investment decision

Exclusions

Norms-based Screening

Best-in-Class

ESG Integration

Post-investment decision

ESG Voting

ESG Engagement

Pre investment decision

Sustainable Thematic Investments

Impact Investing

Align investments with personal values or established norms and mitigate ESG risks

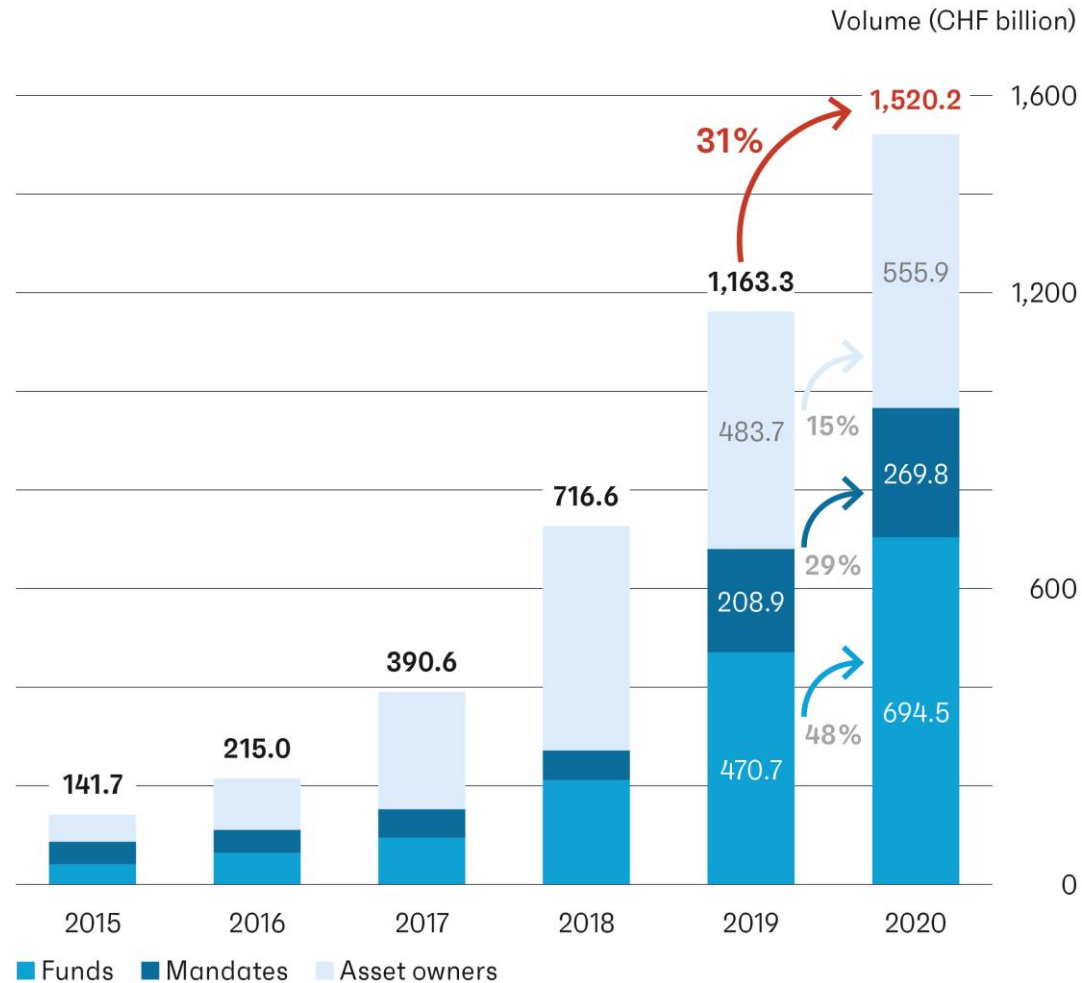
Pursue ESG opportunities

Actively pursue positive impact

— SUSTAINABILITY FOCUS —

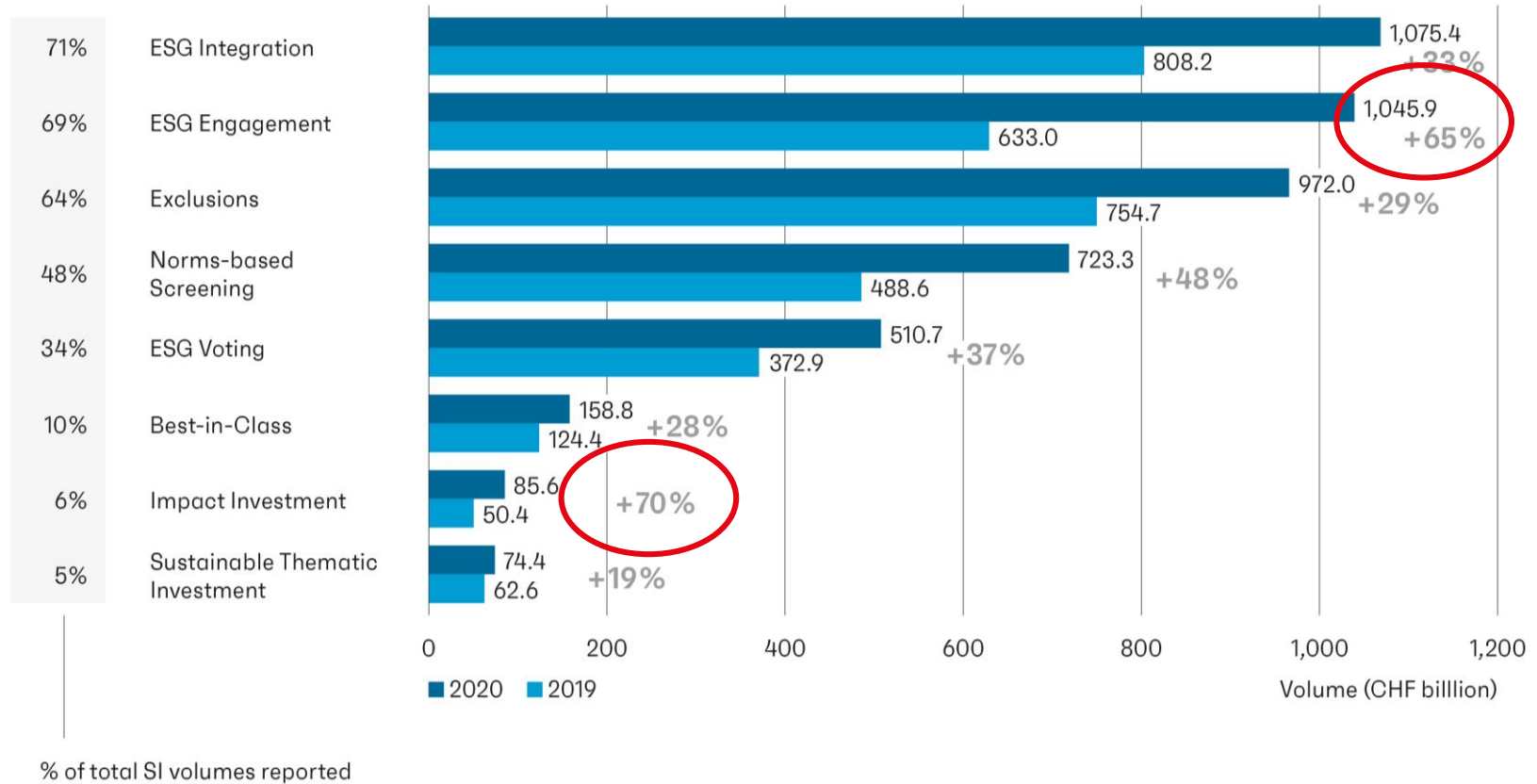
GROWTH OF SUSTAINABLE INVESTMENTS CONTINUES

Development of Sustainable Investments in Switzerland



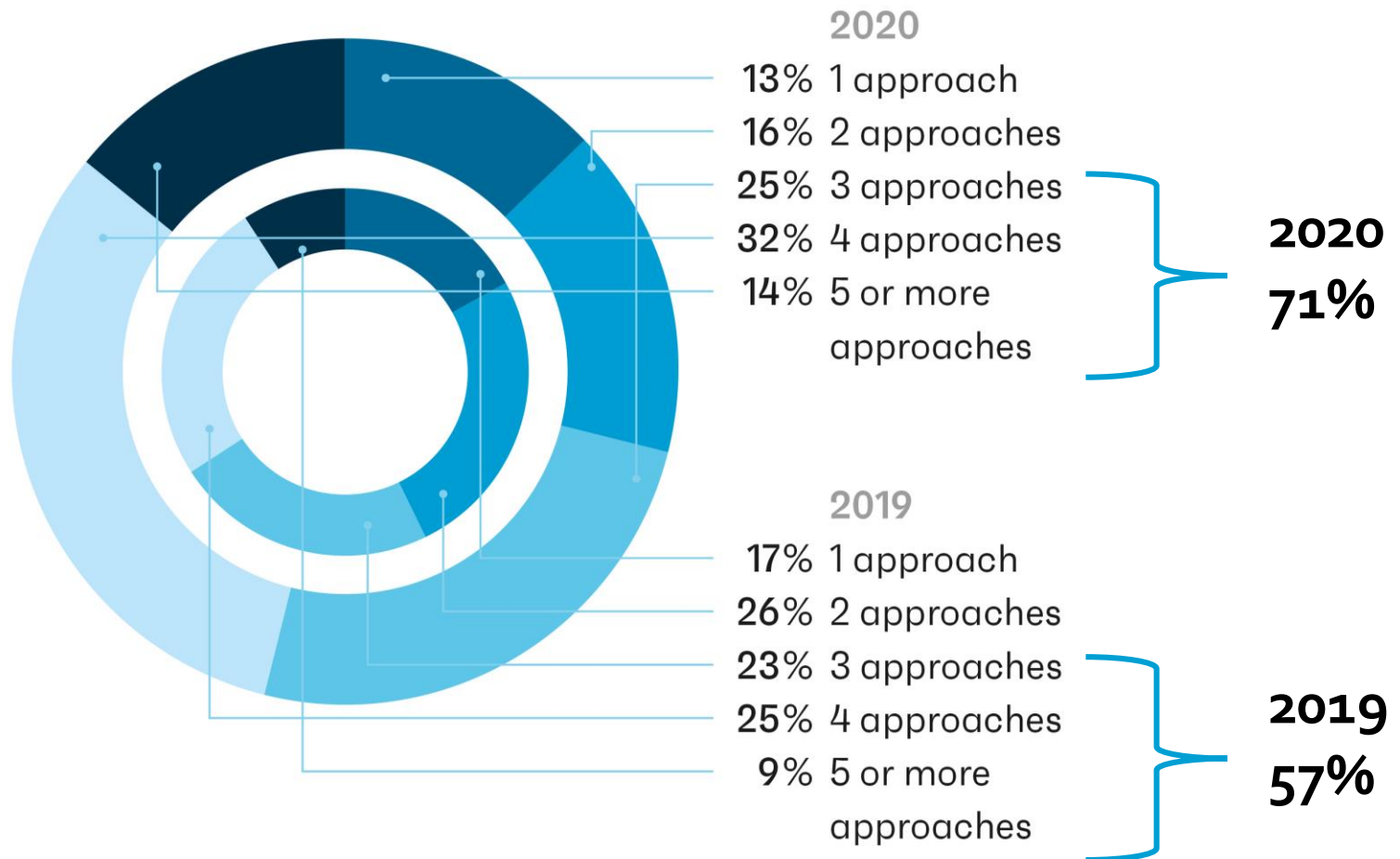
HIGH GROWTH FOR ACTIVE OWNERSHIP AND IMPACT

Development of individual SI approaches



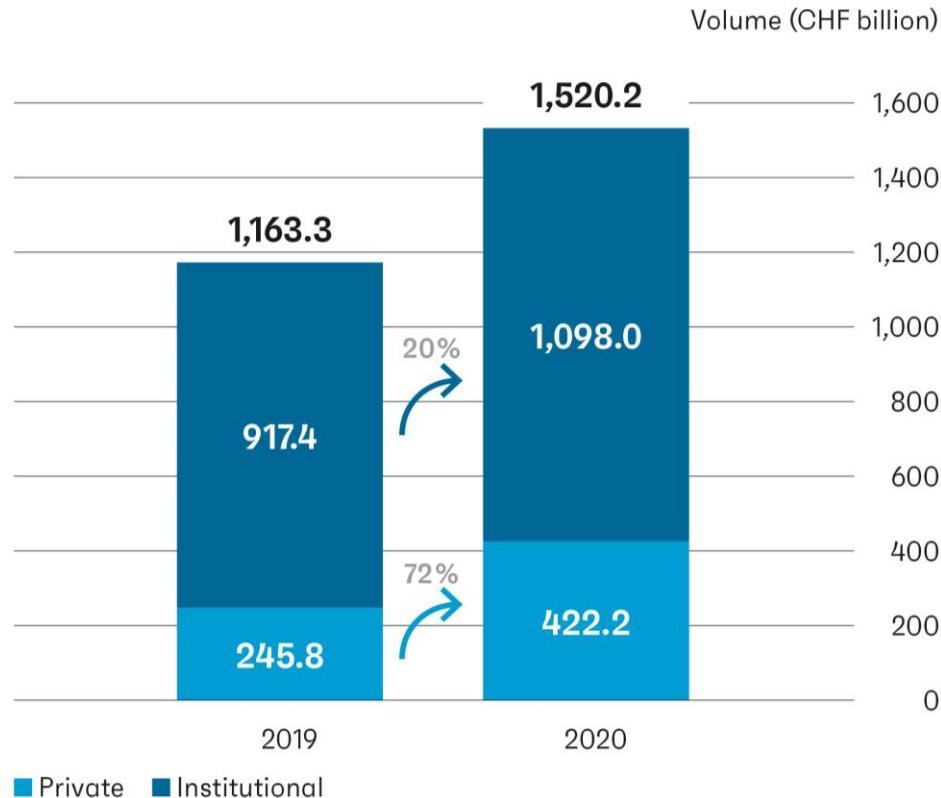
MOST ASSETS COMBINE DIFFERENT APPROACHES

Number of approaches applied to sustainable investment volumes



PRIVATE INVESTORS GAIN SHARES

Development of institutional and private sustainable investments

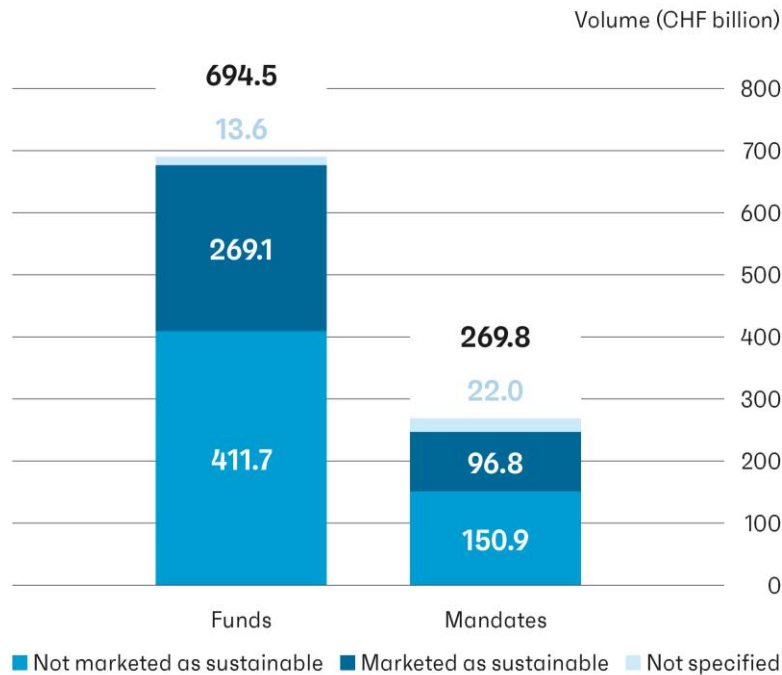


Proportion of private SI volumes grew from 21% to 28 % in 2020

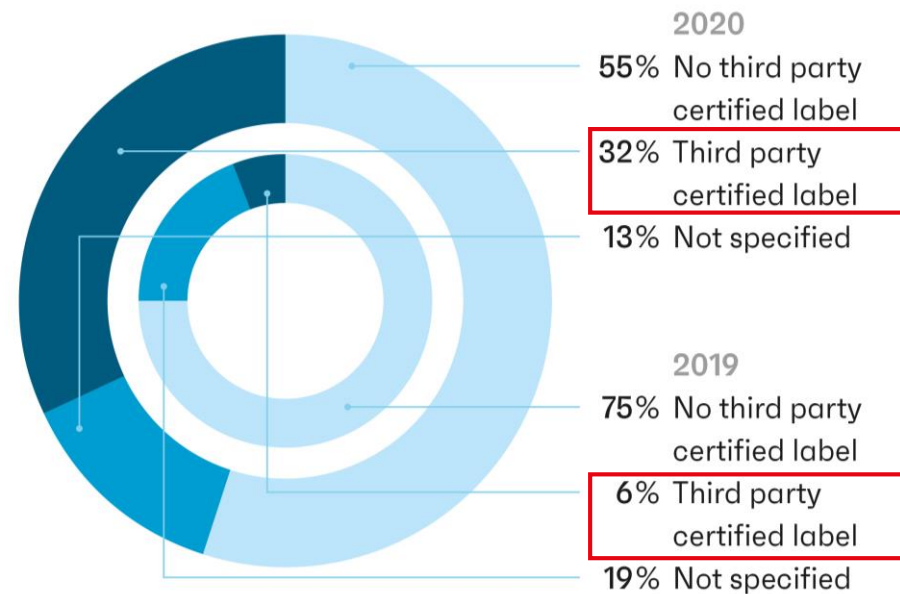
1/3 OF FUNDS/MANDATES MARKETED AS SUSTAINABLE

32% with third-party certified label

Marketing of sustainable products



Labelling of sustainable funds



POLL 1

Which approach would you consider as most effective to achieve real-world impacts with your listed equity investments?

- Exclusions
- ESG Integration
- Engagement
- Thematic Investments

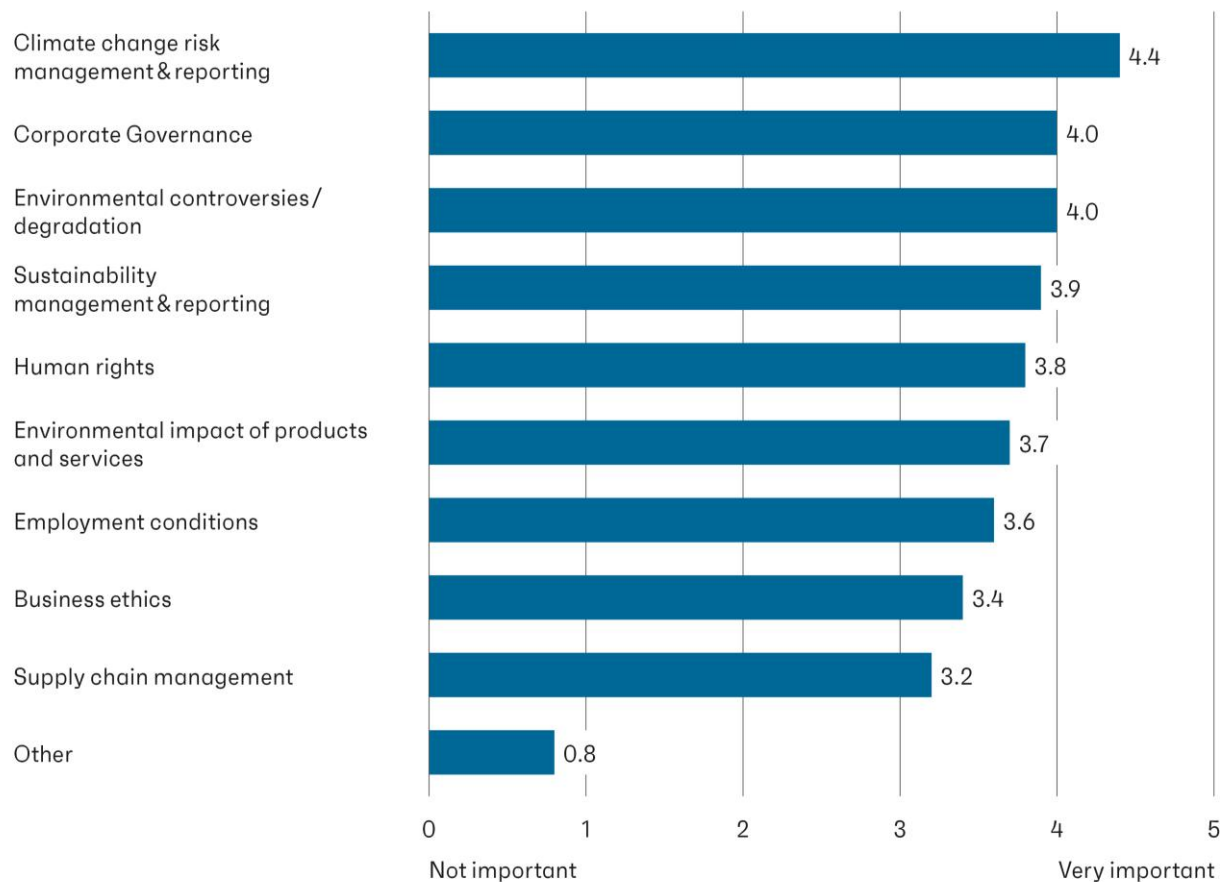


PROF. TIMO BUSCH

SENIOR FELLOW AT CSP
PROFESSOR AT UNIVERSITY OF HAMBURG

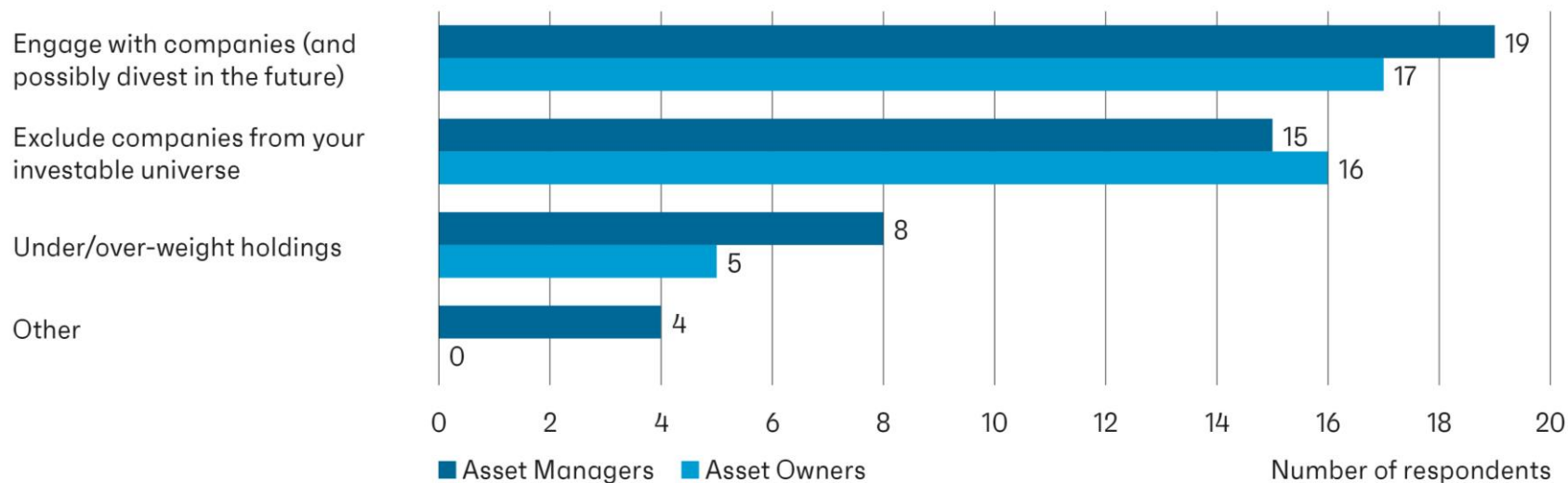
ESG ENGAGEMENT RANKS 2ND IN TERMS OF VOLUME

Main engagement themes in average level of importance



ENGAGEMENT AS MAIN PRIORITY

Investor actions following norms violations





ANJA BODENMANN

PROJECT MANAGER, SWISS SUSTAINABLE FINANCE

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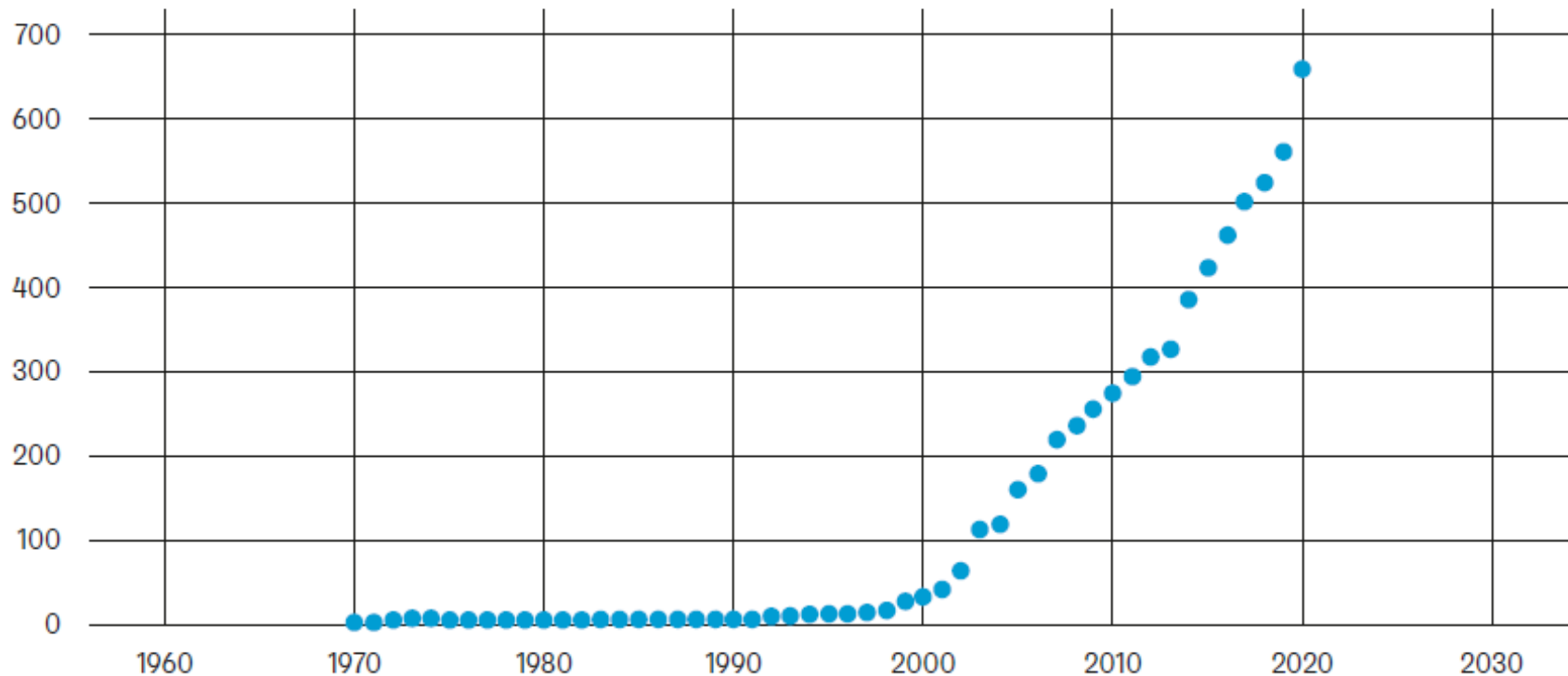
REGULATORY DEVELOPMENTS

STRONG INCREASE IN POLICY MEASURES

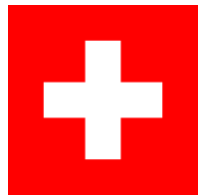
Cumulative number of sustainable finance policy interventions around the globe



Number of policy interventions



Source: PRI responsible investment database (2021)



— **Swiss Government and Authorities**

- Federal Council report published in June 2020, and concrete measures adopted in December 2020
- Second round of PACTA climate compatibility tests – results published in November 2020
- Green Fintech Network initiated by the State Secretariat for International Finance (SIF) in November 2020 – Action Plan published in April 2021
- Swiss Government active in preparing Taskforce on Nature-Related Financial Disclosures (TNFD)

— **Swiss Public Financial Bodies**

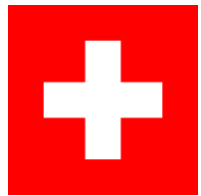
- Financial Market Supervisory Authority (FINMA) introduced transparency obligations for climate risks for large banks and insurance companies in late May 2021 & now also requires ESG information for funds promoting sustainability
- Swiss National Bank (SNB) announced decision to move out of coal in late 2020

— **Swiss Parliament**

- 5 parliamentary items of business on sustainable finance in 2020
- Revised CO₂ Act aims to align financial flows with climate targets and requires the SNB and FINMA to review micro- and macro-prudential financial risks of climate

ACCELERATING ACTION IN SWITZERLAND

Federal Council measures adopted in December 2020



Binding implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by Swiss companies currently in preparation

SIF is to propose to the Federal Council any necessary **amendments to financial market legislation to prevent so-called greenwashing** by autumn 2021

Recommendation to financial market players that they **publish methods and strategies for taking account of climate and environmental risks** when managing their clients' assets

Switzerland will step up its **involvement in international environmental conferences and initiatives**

EUROPEAN UNION: FINALIZATION AND IMPLEMENTATION OF REGULATION



- **Action Plan on Financing Sustainable Growth well advanced**
 - Sustainable Finance Disclosure Regulation (SFDR) requirements applicable since 10 March 2021
 - Review of Non-Financial Reporting Directive (NFRD) underway --> Corporate Sustainability Reporting Directive (CSRD) proposed in April 2021
 - EU Taxonomy Regulation : Technical Screening Criteria for two of the six environmental objectives released
- **Renewed Sustainable Finance Strategy expected in July 2021**
 - Mobilize funding for the objectives of the EU Green Deal

GLOBAL SUSTAINABLE FINANCE REGULATORY DEVELOPMENTS



- **Transparency on climate risks**
 - Efforts to make TCFD reporting mandatory: Canada and New Zealand
 - Mandatory TCFD reporting for large pension funds introduced in the United Kingdom (UK)
- **Sustainable finance taxonomies**
 - Clear momentum beyond the EU: For example in the UK, Singapore and Canada
- **Broader climate policy developments:** Major steps in the world's largest economies
 - US rejoined Paris Agreement and US Federal Reserve joined Network for Greening the Financial System (NGFS)
 - China announced net-zero target for 2060

POLL 2

In your opinion, what is the most significant effect of the EU regulation on financial markets?

- Increases **climate alignment** of investments
- Steers **new financial flows** into solutions
- Provides more **transparency** for clients
- Just **increases costs** for fund managers
- **Creates bubbles** and is counter-productive



VICTOR VAN HOORN
EXECUTIVE DIRECTOR, EUROSIF

SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

- **SFDR rapidly becoming a common language for the European sustainable investment market**
 - **1st Challenge** - Data availability on PAI indicators and Taxonomy alignment
 - **2nd Challenge** - Classification of products (6/8/9) and the emergence of local guidance
 - **3rd Challenge** – Sequencing of reporting requirements
- **Next Steps** – adoption of the RTS, Q&A on SFDR interpretation, further rules on communication materials

EU TAXONOMY REGULATION

- **Work in Progress - Climate Mitigation & Adaptation, followed by four additional environmental objectives, amidst political turmoil**
 - **1st Challenge** - Transition finance and access to capital for industries not deemed sustainable
 - **2nd Challenge** - Spillover into EU Recovery Budget
 - **3rd Challenge** – Spillover into other EU legislative discussions on climate
- **Next Steps** – adoption of climate objectives, questions of developing Social Taxonomy and Significant Harm Taxonomy

- **Sustainability preferences for clients (MiFID II)** – complex criteria that will be difficult to implement, making distribution more complex
- **EU Ecolabel for retail investment products** – ambitious green label, unlikely to see large market uptake

RENEWED EU SUSTAINABLE FINANCE STRATEGY

- **Expected in July** – laying out EU Policy program for 2021 – 2024
- Focus on sustainability risks to financial system, transition finance and alignment with EU climate objectives
- Expectations:
 - Labelling initiatives
 - Renewed focus on engagement and stewardship
 - Corporate reporting
 - Focus on ESG ratings and data providers

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Q&A

Moderated by **Sabine Döbeli**, CEO, Swiss Sustainable Finance

THANK YOU FOR JOINING US!



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