



Swiss Sustainable Finance

Promoting Switzerland as a leading center for sustainable finance

www.sustainablefinance.ch



Who we are

SSF brings together financial and non-financial service providers, investors, universities and business schools, public sector entities and other interested organisations. It provides a platform to foster the integration of sustainability principles into all financial services.

Its mission is to:

- Promote the growth of sustainable finance through capacity building and fostering of sound frameworks for implementation
- Support Switzerland's leading role in the global marketplace for sustainable finance through active communication both within and outside Switzerland
- Unite stakeholders to represent the interests of the sustainable finance community

Through its different workstreams (described on page 7) SSF is working towards these goals. Its network and research make SSF the first port of call for information on sustainable finance in Switzerland.

What is sustainable finance

Sustainable finance refers to any form of financial service integrating environmental, social and governance (ESG) criteria into the business or investment decisions for the lasting benefit of both clients and society at large.

A sustainable financial centre is a financial marketplace that, as a whole, contributes to sustainable development and value creation in economic, environmental and social terms. In other words, one that ensures and improves economic efficiency, prosperity, and economic competitiveness both today and in the long-term, while contributing to protecting and restoring ecological systems, and enhancing cultural diversity and social well-being.

Activities that fall under the heading of sustainable finance, to name just a few, include integration of ESG criteria in asset management, sustainable themed funds, active ownership, microfinance and other forms of impact investing, green bonds, carbon markets, lending with ESG risk assessment and development of the whole financial system in a more sustainable way.

At the end of 2013 the total volume of assets under sustainable management in Switzerland totalled CHF 57 billion, an all-time high. A third of global microfinance investments are managed by Swiss players. Over the past 10 years, Swiss companies have developed a variety of innovative services related to sustainable finance, including a risk index based on environmental and social risks as well as a fair-trade fund to pre-finance agricultural goods.

The whitepaper "Path to the Sustainable Financial Centre Switzerland", published in 2013 by the two organisations Sustainable Finance Geneva and The Sustainability Forum Zürich, outlines a broad set of activities and measures to reach a more sustainable financial centre. These activities encompass products and services in support of sustainable development as well as a culture that fosters a more long-term view in the financial centre. SSF's activities are developed from the ideas drafted in this paper.

Landscape of Swiss sustainable finance

The following chart illustrates the many different actors relevant for sustainable finance as well as the way they interact. SSF through its activities intends to increase both financial flows and strengthen the positive impacts for development of a sustainable financial centre.

Service providers



Sustainable investment consultants

Consistent investment policies



Sustainability research providers

Transparency on sustainability performance



Active ownership services

Insights and dialogue



Objectives:
supporting and adding value

Benefits for society

Job creation



Key investor groups

Insurance companies

Pension funds

Foundations

Family offices and
private clients

Objectives: improve risk/return-profile,
align investments with values

Investments

Financial service providers

Banks

Asset managers

Objectives: offer attractive services,
tap new business opportunities

Active voting and
engagement

Evaluate sustainability risks
and opportunities

Equity, bonds, loans

Real economy in Switzerland and abroad

Objectives: get capital and funding
for sustainable growth

Non-business actors



Public sector

Regulatory frameworks,
national & international
network



Academia

Research and training on
sustainable finance



NGOs

Tools and guidelines,
communication & influence

Objectives: promote sustainable
economy and sustainable
financial system



Supporting sustainable
development



Supporting setup of
stable financial system



Financing cleantech
solutions



Financing new energy
and efficient
infrastructure



The truth about sustainable finance

Approaches to sustainable finance and traditional finance go hand in hand

Sustainable finance builds on traditional financial tools, incorporating consideration of environmental, social, and corporate governance factors. These issues present both a risk and opportunity, since companies that are well governed, manage their environmental risks, and are an attractive employer or business partner can gain a competitive advantage.

Sustainable investment strategies offer competitive returns

Companies that recognise sustainability as a key business issue produce better returns and shareholder return than companies that do not¹. In the investment industry, sustainable strategies in general perform neither worse nor better than traditional investment strategies, but sustainability factors can be used by asset managers to add value within the context of an active investment strategy².

Sustainable finance is much more than ethical investing and environmental funds

Sustainable finance goes beyond excluding 'unethical' companies from investment portfolios, and it is not primarily about investing in specific environmental themes. It recognises the impact that sustainability factors have on the viability and profitability of corporations and therefore the returns that their investors can earn. It is also ensuring that the financial industry continues to support a well functioning economy rather than making profit today at the expense of the future.

Clients are interested in sustainable finance

Growing numbers of asset owners are demanding that their assets be managed sustainably, becoming signatories to the UN PRI and other regional initiatives. Worldwide, at least US\$ 13.6 trillion³ is managed in a sustainable way, representing over 20% of all managed assets and growing.

¹ Harvard and London Business School: "The Impact of a corporate culture of sustainability on corporate behaviour and performance", Eccles et al 2011

² Research Center for Financial Services, Steinbeis Hochschule Berlin: "Sustainable investments in the spotlight of science", Kleine et al 2013

³ Global Sustainable Investment Alliance: "2012 Global Sustainable Investment Review", 2013

Workstreams

SSF focuses its activities on six different workstreams that grew out of discussions with members and network partners.

- 1** Promotion of sustainable finance as a core competence of the Swiss financial centre to the industry and investors globally, defining the critical messages and developing communication tools.
- 2** Providing regular market intelligence on sustainable finance, encompassing developments in managed asset volume as well as key trends in different segments, and using these insights to support the communication workstream.
- 3** Capacity building in Swiss financial education, cooperating with universities and business schools to integrate knowledge of sustainable finance into both pre- and postgraduate courses.
- 4** Establishing a platform for Swiss institutional asset owners to discuss the main barriers and potential first steps to implementing a long-term sustainable investment policy.
- 5** Encouraging a strong offering in sustainable and impact investing for high net worth individuals and charitable foundations. Therewith building on Switzerland's position as a major global centre for private wealth management and foster growth in this field.
- 6** Promoting the right frameworks for development investments and fostering innovative financing solutions to raise more private capital for development.

More information will be published on the SSF website as the workstreams are further developed.

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