

Sustainable finance: principles and recommendations

A Swiss Bankers Association's overview
for banks



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Purpose

This document is intended to provide members of the Swiss Bankers Association (SBA) with an overview of principles and recommendations concerning sustainable finance. It is focused on topics relevant to the industry and does not cover the applicable laws and regulations. Acting as a general guide for members, it will be updated on a quarterly basis.

The SBA's position

Sustainable finance is a strategic priority for the SBA. It means all forms of financial service that incorporate ESG (environmental, social and governance) criteria into their business or investment decisions for the long-term benefit of clients and society as a whole. The SBA has published a document outlining its basic positions as well as effective approaches to sustainable finance.

- **Sustainable finance in Switzerland: from pioneer to a premier international hub – basic positions and effective approaches**
- **The SBA's position on sustainable finance (June 2020)**

Principles and recommendations

1. Investments

Investments are where the financial sector can achieve the greatest impact in terms of sustainable finance. According to Swiss Sustainable Finance (SSF), assets totalling CHF 1,520.2 billion were being managed sustainably in Switzerland at the end of 2020.

1.1. Integrating ESG considerations into the advisory process for private clients

The advisory process plays a key role in helping clients to understand, influence and even control the impact of their investments from an ESG perspective. The SBA advises its members to apply the principles set out in the following document:

- **Guideline for the integration of ESG considerations into the advisory process for private clients**

1.2. Investment products

The SBA advises its members to follow the recommendations put forward by the Asset Management Association Switzerland (AMAS) and SSF:

- **Sustainable Asset Management: Key Messages and Recommendations of AMAS and SSF (June 2020)**
- **SSF Reporting Recommendations on Portfolio ESG Transparency (June 2021)**
- **How to Avoid the Greenwashing Trap: Recommendations on Transparency and Minimum Requirements for Sustainable Investment Approaches and Products (December 2021)**

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1.3. International industry agreements

The SBA supports the adoption of international initiatives, and many Swiss investment firms have already committed to these. The SBA recommends that its members sign up to the following industry agreements if they are relevant to their business models:

- **Principles for Responsible Investment (PRI)**
- **Net Zero Asset Managers initiative**

2. Corporate finance

The transition to a low-emission economy will require targeted investment by companies in the coming years. The Swiss financial centre will play a vital role as the main source of funding for this investment.

2.1. International industry agreements

As with investments (section 1.3 above), the SBA also supports the adoption of international initiatives in relation to corporate finance. In particular, it recommends that its members sign up to the following industry agreements if they are relevant to their business models:

- **Principles for Responsible Banking (PRB)**
- **Net-Zero Banking Alliance**

3. Transparency

3.1. Climate transparency

One way of measuring climate compatibility is the Paris Agreement Capital Transaction Assessment (PACTA). The SBA recommends that its members take part in the regular climate compatibility tests conducted by the Federal Office for the Environment (FOEN).

- **Testing for climate goal alignment – PACTA**

3.2. Climate risks

With effect from 1 July 2021, large banks and insurance companies (supervisory categories 1 and 2) are required to disclose quantitative and qualitative data on climate-related financial risks. The rules governing this disclosure are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

- **FINMA specifies transparency obligations for climate risks (May 2021)**

4. Education and training

4.1. Swiss Commercial Association reform

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As part of the “Kaufleute 2023” reform, the FOEN and the Federal Office of Energy reviewed the new corporate objectives in April 2020. From the start of apprenticeships in 2023, apprentices will learn three new sustainability-related objectives both on the job and in their coursework.

- **“Kaufleute 2023” reform of basic commercial training**

4.2. Cooperation with *éducation21*

The SBA is taking advantage of synergies to incorporate sustainability in basic training. For example, it has entered into a partnership with *éducation21*, a national centre of expertise and services for sustainable development education in Switzerland. On behalf of the cantonal and federal governments and civil society, *éducation21* supports the implementation and embedding of sustainable development education at secondary level II. This partnership will make it possible to offer banks that provide basic training additional resources and teaching services. Young people undertaking apprenticeships at banks will thus be able to prepare themselves to live independently and responsibly in an ever more complex world.

- ***éducation21* website**

4.3. Further training

The SBA advises its members to certify their wealth management client advisors in accordance with the Swiss Association for Quality (SAQ) standard “Certified Wealth Management Advisor CWMA” under the international norm ISO 17024. Thanks to cooperation with SAQ and Swiss Sustainable Finance (SSF), the topic of sustainability has been embedded even more firmly in the SAQ’s Body of Knowledge (BoK) for client advisor certification.

- **High quality in relationship management**

Contacts

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