

Sustainable finance: principles and recommendations

A Swiss Bankers Association's overview
for banks



June 2022

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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 as and when necessary to reflect new developments and initiatives.

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 the latest [report](#) published by Swiss Sustainable Finance, total sustainable investment volumes climbed to CHF 1982.7 billion in Switzerland in 2022.

1.1. Integrating ESG preferences and ESG risks into investment advice and portfolio management

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 has drawn up binding guidelines on this for its members which come into force on 1 January 2023:

- **Guidelines for financial service providers on the integration of ESG preferences and ESG risks into investment advice and portfolio management (June 2022)**

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)**

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- **How to Avoid the Greenwashing Trap: Recommendations on Transparency and Minimum Requirements for Sustainable Investment Approaches and Products (December 2021)**

1.3. International initiatives

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 international initiatives if they are relevant to their business models:

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

2. Financing

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. Mortgages

Buildings are currently responsible for almost a quarter of CO₂ emissions in Switzerland. The SBA [discussion paper](#) published in February 2022 sets out the measures that banks can take to help move along the renovation of Switzerland's housing stock and thereby improve overall energy efficiency.

- **Climate-efficient mortgages – The ins and outs (February 2022)**

A joint study by the Association of Swiss Cantonal Banks (ASCB) and Swiss Sustainable Finance also provides a comprehensive and structured overview of ongoing initiatives to integrate sustainability into the funding of the construction and renovation of Switzerland's buildings:

- **Sustainability in lending (May 2022)**

Finally, the SBA has published specific Guidelines in June 2022 covering face-to-face and online advice to private individuals seeking finance for single-family and holiday homes. Their purpose is to motivate owners to deal with the issue of maintaining the value and optimising the energy efficiency of their properties with the support of the bank, and thus be made aware of energy-efficient renovation.

- **Guidelines for mortgage providers on the promotion of energy efficiency (June 2022)**

2.2. Industry initiatives

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

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

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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

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),

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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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