

Media release

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Sustainable finance: wealth management industry initiative acknowledges further progress.

The third report has now been published on the progress made with the Swiss wealth management industry's 'Sustainable finance as an opportunity for wealth management' initiative, which was launched in 2021. Through their engagement to find solutions to climate change, the 21 banks taking part have continued to build on their initial success. Advances have been made towards implementing the thirteen measures across four key areas – 'Reducing greenhouse gas emissions', 'Offering and advisory', 'Training' and 'Disclosure' – that are intended to help meet the targets set under the Paris Climate Agreement.

In 2021, the VAV launched the 'Sustainable Finance as an opportunity for wealth management' industry initiative to support private and institutional investors with sustainable investing and help transform the economy into a more sustainable system. The participating wealth management banks joined forces to set priority action points, which they have been working towards, developing further, and reviewing regularly ever since. The majority of ASPB's Swiss private banks have been a part of the initiative since 2022. Together with 13 members of the VAV, as well as LGT and J. Safra Sarasin, the initiative is now being supported by a total of 21 institutions with assets under management of around CHF 2550 billion between them.

The area of sustainable finance is developing continuously and at great pace. To align with changes in Switzerland and the wider European context too, a further measure has been incorporated into the priorities this year: creating transparency when using key terms within the sustainability universe and making clear the recognised regulatory or international standards/definitions to which they relate. Meanwhile, one measure has been successfully completed (signing the UN Principles for Responsible Investment by the end of 2022).

State of implementation of the priority action points

The survey on the absolute implementation status of the initiative as of spring 2024 revealed that it is mostly in the areas of 'training' and 'offering and advisory' that measures have already been implemented by the majority. In the area of 'disclosure', the Swiss Climate Scores and the now more stringent reporting in relation to the value chain still represent a challenge. One noteworthy development, however, is the high level of implementation achieved with the newly adopted measure regarding transparency in relation to core concepts and definitions within the sustainability universe.

"I am delighted that we have achieved further measurable progress towards implementing our industry initiative. The initiative is on track, and the subject of sustainability is more relevant than ever today for wealth management banks. In particular, by helping our clients to invest their assets in sustainable companies and innovative technologies, we are able to make a contribution towards protecting the environment and fighting climate change" says Giorgio Pradelli, Chairman of the VAV.

Progress in comparison to last year

Good to very good progress has been made across almost every measure compared to 2023. The most noticeable improvements came in terms of integrating ESG perspectives into research, advisory, and investment processes and defining GHG reduction pathways towards achieving the net zero target by 2050 (including the 50% interim target by 2030 as per the SBTi), which now also includes the treasury book and institutions' own operations. Conversely – and despite progress in terms of implementation – participants continue to have reservations about reporting what percentage of their assets are managed sustainably under EU law owing to an unclear definition of sustainability and the potential legal consequence of 'greenwashing'. The only sign of any noticeable decline relates to reporting on measures within the value chain as a whole. This can be explained by a stricter interpretation of the measure, on account of increasing regulatory requirements.

"The virtue of this initiative is that smaller banks can benefit from the experiences and proven practices of larger banks, even though it is clear that mostly the latter have the resources to implement all priorities. We also welcome the fact that all large Swiss companies will need to publish information regarding climate-related matters from 2025, as we need this information to reflect it in our own work," says Grégoire Bordier, Chairman of the ASPB.

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Thirteen priority action points

The initiative's measures are split across four areas and cover those aspects that are particularly relevant to wealth management banks:

'Reducing greenhouse gas emissions': the aim is to achieve the net-zero emissions target, taking account of all emissions (based on Scope 1-3) that are generated through own operational processes, treasury book, and discretionary managed assets, by 2050 or earlier. Members agree to initiate actions that contribute to lowering GHG emissions – in line with the Paris Agreement.

'Offering and advisory': the aim is to broaden the sustainable investment solution offering and proactively approach clients to discuss risks and opportunities in sustainable investing – in compliance with the self-regulation published by the SBA and AMAS.

'Training': the aim is to integrate sustainability across the business and give training to all employees, particularly in client facing roles, regarding opportunities and risks associated with sustainable investments as well as developments across the industry and in the regulatory sphere.

'Disclosure': the aim is to create transparency regarding sustainability-related activities – in compliance with statutory requirements, international standards, key industry initiatives and guiding principles.

Basic premises

The sustainable finance industry initiative established three basic premises when it was launched:

1. The wealth management banks will not be able to solve the problem of climate change by themselves. Rather, this will require a joint effort by the whole of the economy and society. Nevertheless, the wealth management banks are keen to make their own contribution and to measure and highlight the progress that they make in this regard.
2. The priorities set will be regularly reviewed and developed further in line with the constantly changing regulations and calculation methods (taxonomy) and the latest scientific findings.
3. This joint industry initiative by the VAV and the ASPB is an open platform that welcomes other asset and wealth managers, banks and financial companies willing to support and implement the initiative.