

Sustainable Finance

Wealth Management Priorities
Progress Report 2023

Motivation and context

Switzerland's wealth management and private banks want to do their part to help achieve the objectives of the Paris Agreement, both as active members of society and as part of their duty of care towards their clients. Climate risks also represent investment risks that we all need to be aware of.

Background to the initiative

In 2021, the wealth management banks affiliated to the VAV agreed on a set of priorities, published in the brochure "[Sustainable Finance, an opportunity for wealth management banks](#)", that illustrates how and why Swiss private banks are following through on their commitment. Furthermore, this brochure describes the overall complex and fragmented international and national regulatory environment, which is highly relevant, as the exportability of products and services is key. The brochure highlights in detail the potential, conditions, and limits of the wealth management industry in making an appropriate contribution to resolving the climate crisis. Transparent high-quality and comparable raw data from the real economy is still needed to counter greenwashing. Although only 0.5% of all Swiss Green House Gas (GHG) emissions stem from the financial sector itself, banks can – due to their specific economic function – make a significant supplementary contribution to the transformation process in the real economy. In that context, it makes a difference whether it is a commercial bank financing companies directly or a private bank servicing private clients who invest

their own money. Meanwhile, all private banks affiliated to the ASPB have joined the initiative launched by the VAV and other banks have followed them. Since then, the set of priorities has been updated in close consultation with the participating banks and two additional measures have been added, allowing progress with the initiative to be measured versus previous years. Also, the initiative is still open to other banks.

Increase in covered assets under management

Comparison with 2022 shows that the initiative is still delivering in line with its original objectives, which is pleasing to see. Overall, implementation of the priorities is progressing well, with some members already having fully implemented certain priorities. Even though the number of participating banks remained more or less stable, the assets under management they represent have increased yet again (up from CHF 2,200 to CHF 2,400 bn). We hope to see a further increase in the years to come.

New measures

As sustainable finance standards and regulation are continuously developing, two key additional measures have been added to the priorities set last year for 2023: the application of the Swiss Climate Scores indicators for financial assets and client portfolios as well as the stewardship strategy offering clients guidance on discussing sustainability with the companies in which they invest. In doing so, the initiative

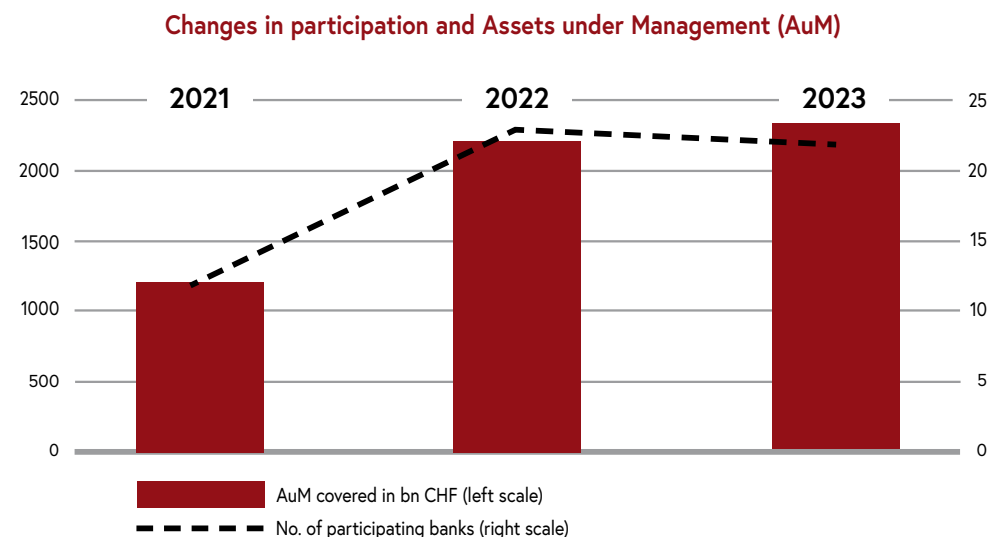
is incorporating two measures from the 'Sustainable finance in Switzerland' report issued by the Federal Council on 16 December 2022.

Compatibility with other initiatives

The overall 14 Wealth Management priorities for 2023 are also compatible with both the self-regulation developed by the Swiss Bankers Association and the Asset Management Association Switzerland as well as with the strategy adopted by the Federal Council in this area. The 14 measures are still grouped in the following four categories: Reduction of GHG Emissions, Offering and Advisory, Training, and Disclosure. The individual measures are explained in detail on pages 4 and 5.

Good progress made with implementation

Generally speaking, solid results have been observed with implementing measures in the areas of Training and Disclosure. Compared with last year, progress made in terms of implementing has been good or very good for almost all measures. Some participating banks are somewhat hesitant about implementing the net zero initiatives or apply the Swiss Climate Scores.



The 14 Priorities for 2023

Reduction of GHG Emissions

Align own organisation to a net-zero Green House Gas (GHG) target by 2050 or sooner, including all Scope 1-3 GHG emissions of own operational processes, treasury book and discretionary managed assets as relevant.

Members agree to initiate actions that contribute to massively lowering GHG emissions in line with the Paris Agreement and the goal of keeping the average rise in global temperatures to no more than 1.5°C (1.5° scenario).



1 Define and pursue a GHG reduction path to achieve a net zero target by 2050 based on the 1.5° scenario, as outlined by the Science Based Target Initiative (SBTI).



2 Pursue a GHG reduction path for treasury book and own operations aiming for a 50% reduction in GHG emissions by 2030, in line with the Net Zero Asset Managers Initiative.



3 Sign one of the net zero initiatives for our industry (e.g. Net Zero Asset Managers initiative; Net Zero Banking Alliance; Net Zero Asset Owners Alliance), at the latest in 2023.

Offering and Advisory

Broaden the sustainable investment solution offering and proactively approach clients to discuss risks and opportunities in sustainable investing, in line with the self-regulation developed by the Swiss Bankers Association..



4 Further integrate ESG considerations across research, advisory and investment processes (in line with the framework set out by the EU Action Plan's Sustainable Finance Disclosure Regulation (SFDR), the amendments to the MIFID II 'Suitability requirements', and FINSA).



5 Further increase the share of sustainably managed assets (according to SFDR Art. 8/Art. 9 products) and offer at least one dedicated investment solution that addresses climate change and decarbonisation (SFDR Art. 9 product) from 2022.



6 Proactively provide clients with more transparency on the share of their portfolio that qualifies as sustainably managed assets – notably around the proportion of assets that target a positive impact across the six pillars of the EU taxonomy – and support clients on decarbonisation targets for their assets where appropriate.

Training

All client-facing employees receive training on advising clients about opportunities and risks in sustainable investing.



7 Ensure that all employees receive training on the basics of sustainability and notably climate on a regular basis.



8 Ensure that all client-facing employees understand how sustainability and sustainable investing are applied within their own organisation and what the organisation's offering is, and that they are able to address the topic in a way that is appropriate to client needs and expectations. In addition, ensure that client-facing employees receive training on the latest industry and regulatory developments, as well as specific issues, on a regular basis.



9 Support the advisory process with information and material about sustainability, specifically climate and decarbonisation, tailored to each client's knowledge.

Disclosure

Support international standards such as the EU Action Plan for Financing Sustainable Growth, key industry initiatives, and guiding principles. In particular, ensure that disclosure actively supports the Paris Agreement

to limit the average rise in global temperatures to 1.5°C [above pre-industrial levels].



10 Become a signatory of the UN's Principles for Responsible Investment (PRI) by the end of 2022.



13 NEW: Apply the Swiss Climate Scores indicators where appropriate to create comparable, meaningful transparency regarding climate compatibility for financial investments and client portfolios.



11 Endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by becoming a signatory and by providing disclosure in line with its recommendations for the financial year 2023 at the latest.



14 NEW: Provide transparency on whether a stewardship strategy is being developed or is already in place. If so, report on the extent to which the institution's stewardship activities are aligned with sustainability goals, specifically the net zero commitments.



12 Measure and disclose GHG emissions resulting from all aspects of own operational processes (Scope 1,2,3) and of the treasury book based on common standards for the financial year 2022 at the latest.

Results as of 2023

The current implementation status of the 14 priorities is visualised hereafter based on data gained from a survey carried out amongst the participating banks in spring 2023. In order to assess the impact of the initiative as a whole correctly, the individual institutions' results are weighted according to the scale of the assets under management. Here, the reference total amount (100%) consists of the aggregate of all VAV and ASPB member banks, plus the additional participating banks that are not members of these two associations. For the few member banks of these two associations that have not participated in this survey, we assume that they are not taking or planning any measures.

Overall, in almost all of the measures, there appears to be a great deal of commitment and a high level of ongoing implementation, especially at the levels of training and disclosure, where it is already clear that these measures have been implemented for a majority. At the level of offering and advisory, a large majority of the measures are currently in implementation. The measures around the reduction path of GHG are still more challenging as they are long-term in nature and therefore more time will be needed to implement them in full.

Reduction of GHG emissions

- 1 GHG reduction path to achieve a net zero target by 2050 (SBTI)
- 2 GHG reduction path of 50% for treasury book and own operations by 2030 (NZAM)
- 3 Sign one of the net zero initiatives for our industry by 2023

Offering and Advisory

- 4 Integrate ESG considerations across research, advisory and investment processes
- 5 Further increase the share of sustainably managed assets (SFDR 8/9)
- 6 Provide clients with more transparency on the sustainable share of their portfolio (EU taxonomy)

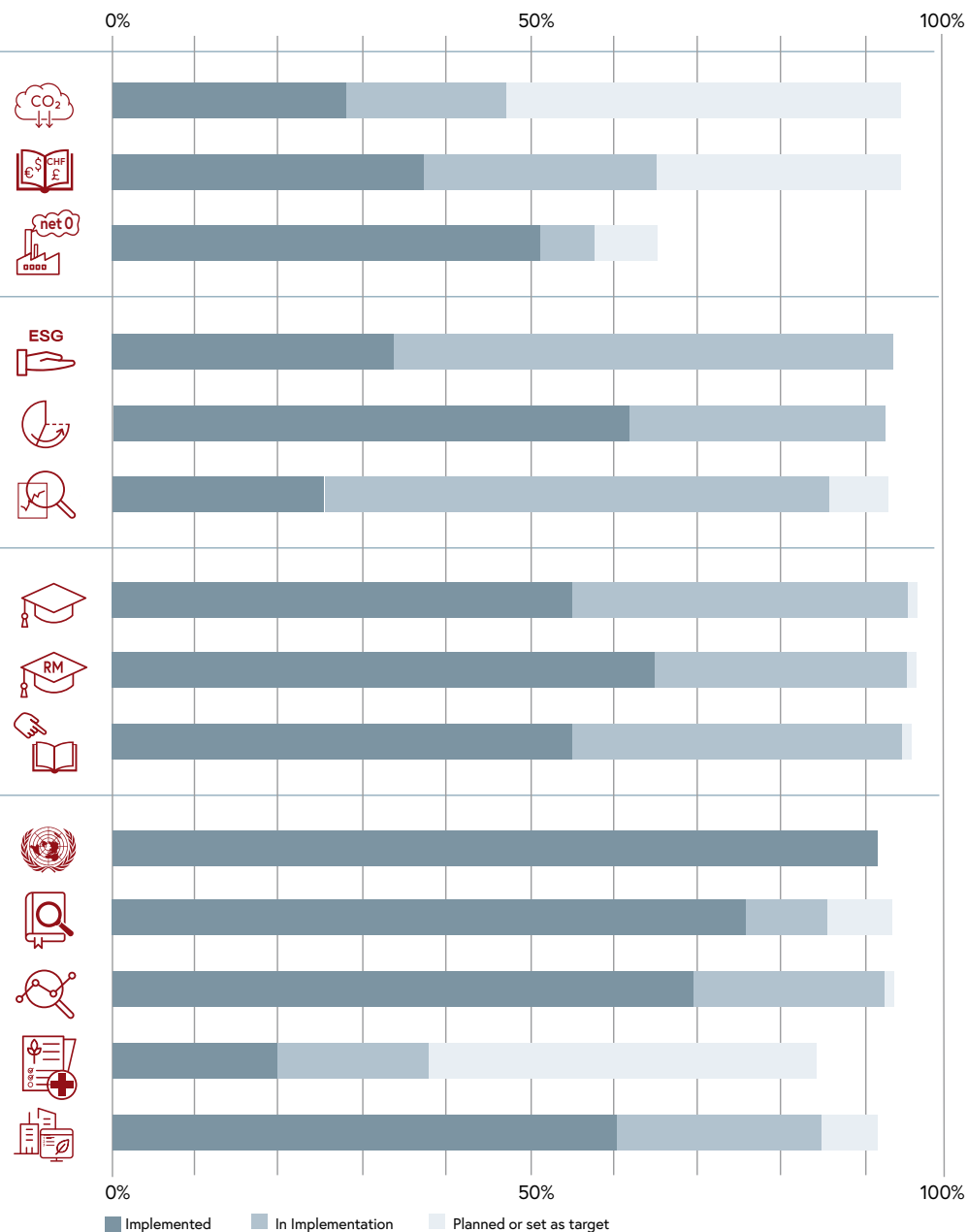
Training

- 7 Ensure that all employees receive training on the basics of sustainability
- 8 Training and education of relationship managers on sustainable investing
- 9 Provide info and material on climate and decarbonisation as part of the advisory process

Disclosure

- 10 Signing the UN Principles for Responsible Investment (PRI)
- 11 Endorse and disclose in line with the TCFD recommendation (for 2023 results)
- 12 Reporting on measures within the value chain (Scope 1,2,3).
- 13 Apply Swiss Climate Scores for financial investments and client portfolios **NEW**
- 14 Develop a stewardship strategy geared to sustainability **NEW**

Survey results as a percentage of the AuM covered



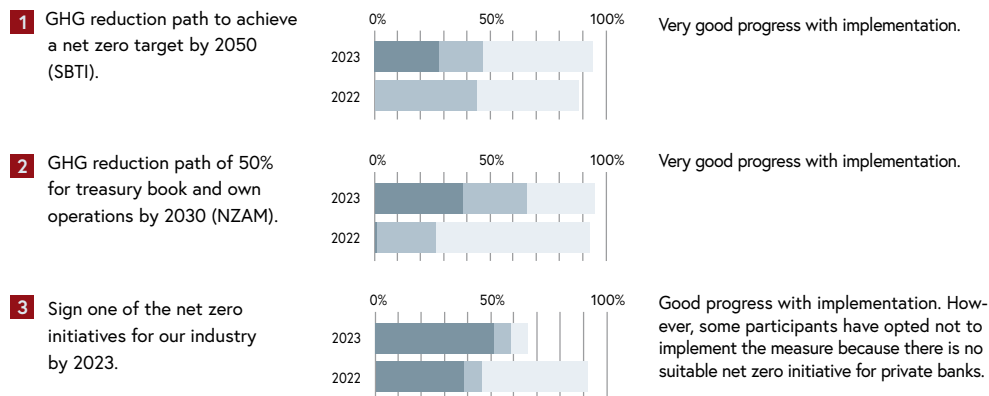
Progress versus 2022

With regard to the impact of the initiative as a whole, the progress measured versus 2022 for each measure is shown below and commented on specifically.

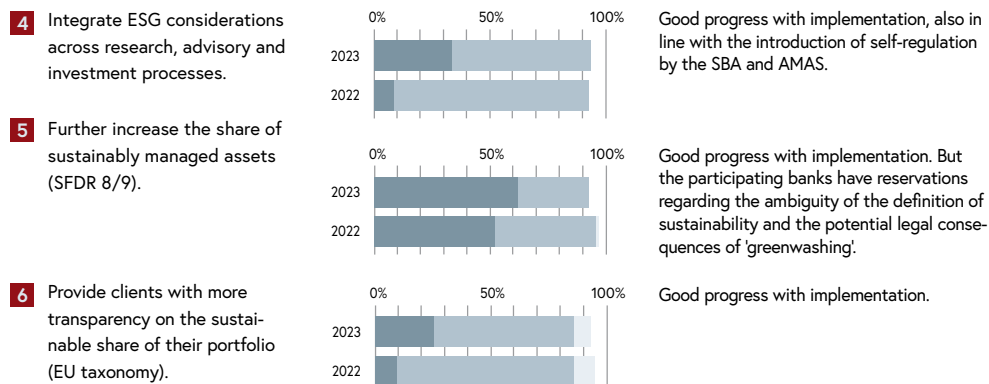
Overall it is clear that good progress has been made. With almost all measures, tangible improvements have been achieved in part ensuring a greater degree of implementation (such

as from 'in implementation' to 'implemented' or from 'planned' to 'in implementation'). Only in the case of the measure No 3 concerning the signature of net-zero initiatives – despite a higher degree of implemented status compared to 2022 – is a significant decline in the overall aimed commitment discernible.

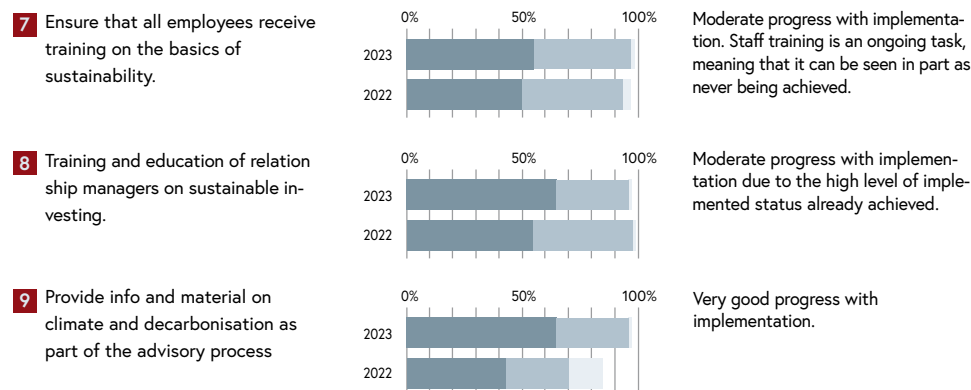
Reduction of GHG Emissions



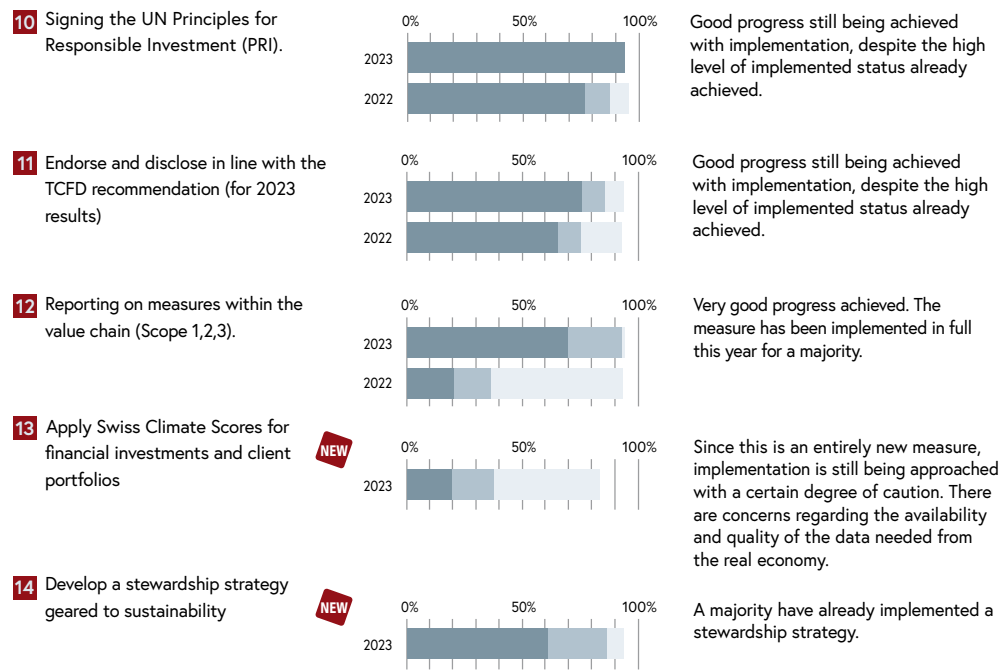
Offering and Advisory



Training



Disclosure



■ Implemented ■ In Implementation ■ Planned or set as target

Participants

22 banks participated in this year's progress measurement.
One bank opted not to disclose its participation.



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Association of Swiss Asset and Wealth Management Banks

**VAV
ABG**

Contacts:

Pascal Gentinetta, Managing Director VAV, Head Public Policy & Stakeholder Management Julius Bär
pascal.gentinetta@juliusbaer.com

Jan Langlo, Director ABPS
langlo@abps.ch

Christian Schilz, Chairman VAV WG Sustainable Finance, Head Corporate Responsibility Vontobel
christian.schilz@vontobel.com

Frank Wulms, Public Policy International Julius Bär
frank.wulms@juliusbaer.com

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