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Swiss Sustainable Investment Market Study 2025

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We are very pleased to see how many Swiss financial services organisations have continued to support the Sustainable Investment Market Study, and we thank all participants for their invaluable contribution. It allows us to provide representative insights in the development of sustainable investments in Switzerland, and in turn to position and showcase Switzerland globally on the topic of sustainable finance.

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Content

Preface by Swiss Sustainable Finance

Being a sustainable finance specialist is not always easy, these days. “ESG backlash” is the prevalent term to describe the headwinds sustainability topics are currently facing – the idea of a general scepticism with regards to the benefits of sustainable investing from many sides. The accumulating shakes to the global geopolitical order have also contributed to shift public attention to issues perceived as more immediate and pressing concerns.

We however observe from daily news reports how sustainability risks increasingly materialise in costly damage. Manufacturing plants, storage facilities and other properties turn out to be vulnerable to natural hazards, such as floodings, landslides and wildfires, creating more frequent disruptions in industrial and agricultural production, energy grids or global supply chains. Private individuals are not spared, with the loss of homes or livelihoods in dramatic events.

The present or upcoming impact of such events on the financial resilience of investee companies, and in turn on portfolio risks and returns, is of direct relevance to investment managers. These risks will not go away, instead they are likely to increase over time. Addressing them in a targeted, yet pragmatic way is the basis for long-term investment success.

Against this backdrop, the Swiss Sustainable Investment Market Study 2025 has an important role to play. It positions Switzerland in the global market and provides insights on long-term trends in sustainable investing – the facts and figures behind the noise. You can rightly assume that we awaited this year’s results with tension. We are pleased to see that the often-cited “ESG-backlash” did not reach Switzerland in 2024. Rather, asset managers and investors appeared to stick to their set targets and even improved the quality with which they integrated sustainability considerations into investment decisions. In other words, a majority of market participants remain convinced that it offers value to take sustainability factors into account.

We would like to thank all involved parties which contributed to the study: the survey respondents for their effort in providing data, the members of the market study focus group for their valuable feedback on the methodology, and Professor Timo Busch and the team from Advanced Impact Research (AIR) GmbH, who evaluated the data for the study with great care and diligence in a continued fruitful collaboration.

The main messages of our study will help you gain a concise overview on the key developments in the Swiss sustainable investment market. We hope it will leave you with the shared conviction that sustainable investing is here to stay.

Sabine Döbeli
CEO, SSF

Romain Leroy-Castillo
Director Projects, SSF

Executive Summary

The objective of this year's market study is to provide transparency on the development of the sustainable investment market in Switzerland, as well as the maturation of sustainable investment practices for banks, asset managers and asset owners.

A total of 83 Swiss respondents took part in this year's study, which is consistent with the participation level of the past years. The balanced representation of asset owners (35%), asset managers (33%) and banks (32%) allows us to provide relevant insights for all these segments. The continued readiness of participants to spend time on an extensive questionnaire shows that the Swiss financial services industry remains engaged and committed to the topic of sustainable investing – as shown also by the development of the market itself.

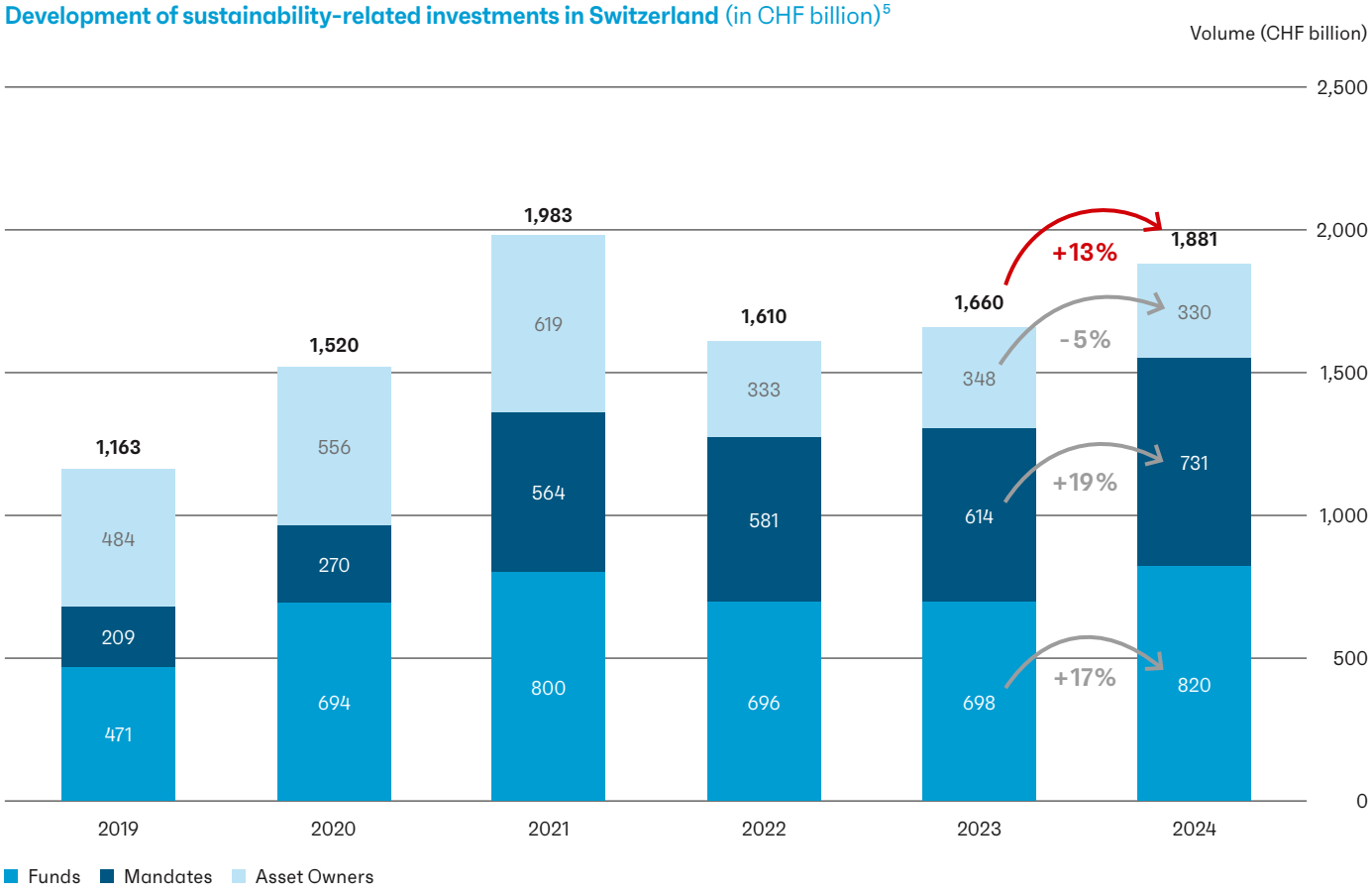
The findings of this year's study put in perspective the widespread narrative of growing investor fatigue and scepticism toward sustainable investing, as our key messages illustrate.

1 Significant rebound in sustainability-related volumes

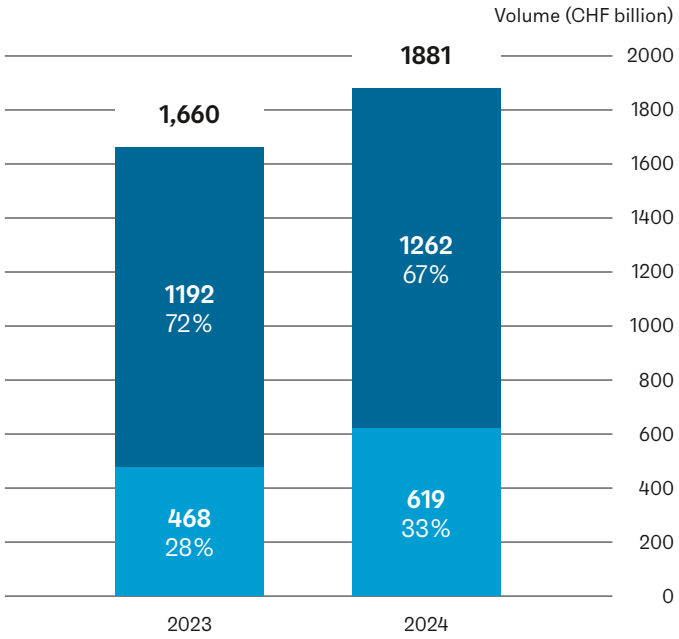
The "ESG backlash" does not seem to have reached Switzerland. As of 31 December 2024, the total volume of Swiss sustainability-related investments reached CHF 1,881 billion – a growth rate of 13% compared to the previous year and a clear upward shift following the more modest increase in 2023.

→ Detailed analysis on page 20

Development of sustainability-related investments in Switzerland (in CHF billion)[5]



Development of private and institutional sustainability-related investments (in CHF billion) (n=61)



2 Rise of the retail investor

The growth of sustainable investing has historically been fuelled by demand from institutional investors. While the market share of retail investors had plateaued at circa 28% since years, we witness a significant uptick in 2024 to 33% – the first one in four years, highlighting a growing engagement of private investors in sustainable investment strategies. This shift also reflects the increased offering of sustainability-related investment products by Swiss retail and regional banks.

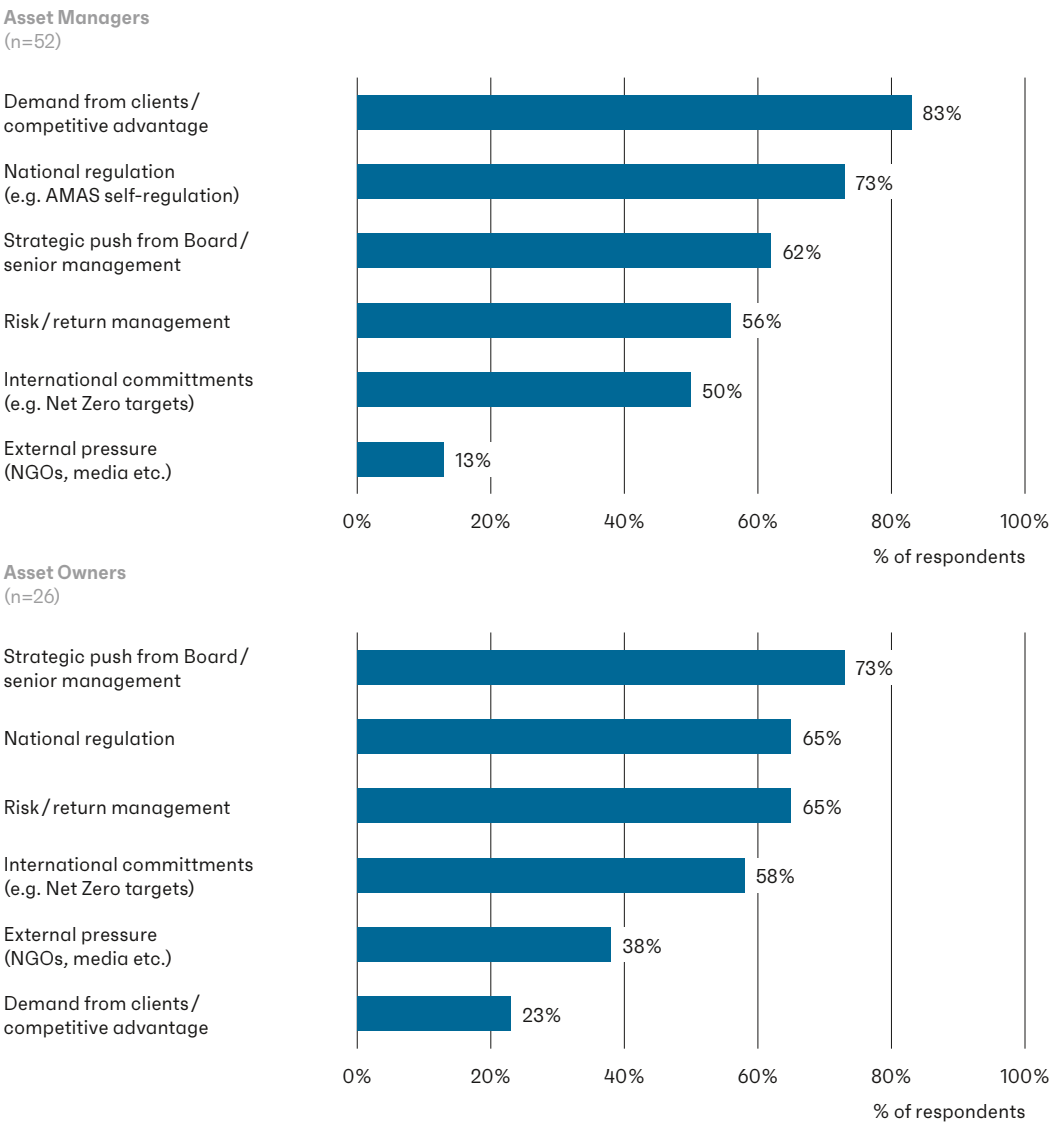
→ Detailed analysis on page 22

3 Business opportunities as key driver for banks and asset managers

Among banks and asset managers, client demand and competitive advantage clearly dominate as the leading drivers for sustainable investing. Asset owners are most strongly influenced by internal dynamics, with 73% citing a strategic push from senior management as their primary motivation. These differences suggest that the adoption of sustainable investment practices for asset managers is more market-driven, whereas asset owners tend to be motivated by a certain understanding of their obligations to act in their beneficiaries' best interest.

→ Detailed analysis on page 17

Main drivers behind sustainable investing for asset managers and asset owners
(in % of respondents) (n=78)

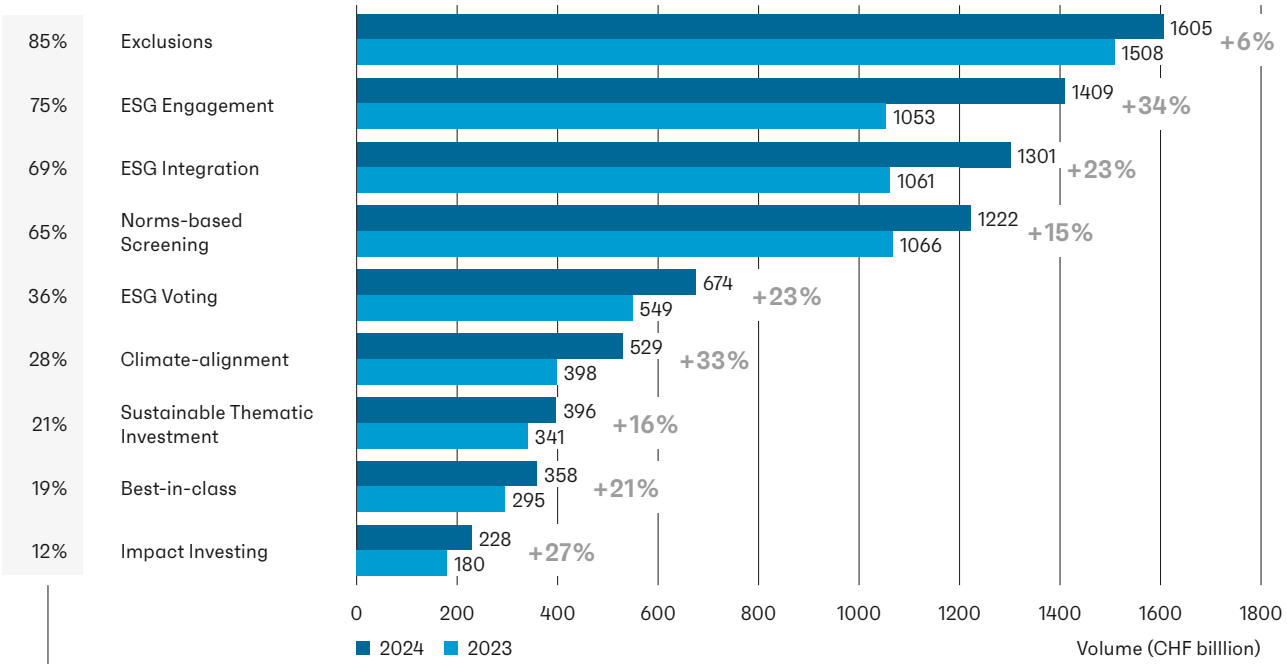


4 Maturation of the market: continued quality increase

The consistently high growth across almost all sustainable investment approaches highlights the ongoing trend toward combining multiple approaches. This is a sign of the maturation of the market, which moves year after year towards more elaborate sustainable investment practices. Specifically, sustainable thematic investment (+16%), climate-alignment (+33%) and impact investment (+27%) recorded strong gains in 2024, reflecting a continued broadening in the application of sustainable investment approaches, and the market's growing emphasis on outcome-oriented strategies. A notable change is the rise of ESG engagement from fourth to second position of all applied sustainable investment approaches compared to last year, and the presence of ESG engagement in all top 10 combinations of approaches. This reflects the continuously increasing focus of the financial services industry on stewardship as a key investment approach to initiate and accompany positive change.

→ Detailed analysis on page 34

Development of sustainable investment approaches (in CHF billion) (n=78)



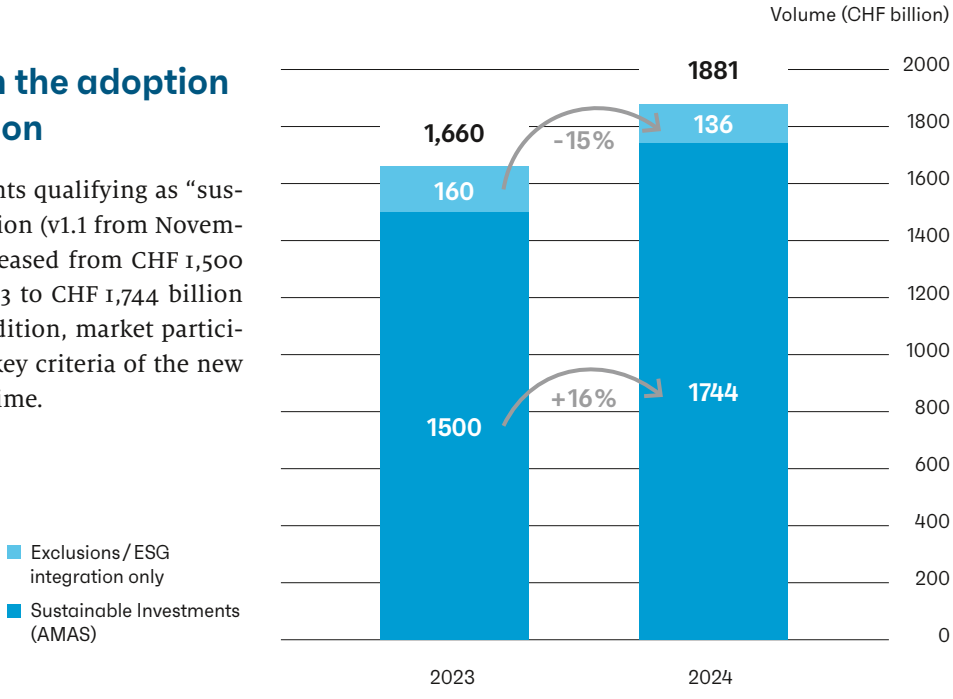
% of total sustainability-related volumes applying respective approach

5 Continued progress in the adoption of AMAS self-regulation

Year on year, the volume of investments qualifying as "sustainable" under the AMAS self-regulation (v1.1 from November 2023) keeps rising. It further increased from CHF 1,500 billion (90% of total volumes) in 2023 to CHF 1,744 billion (93% of total volumes) in 2024. In addition, market participants have started to implement the key criteria of the new AMAS self-regulation (v2.0), ahead of time.

→ Detailed analysis on page 29

Breakdown and development of sustainability-related investment volumes based on AMAS self-regulation (v1.1) in 2023 and 2024 (in CHF billion)

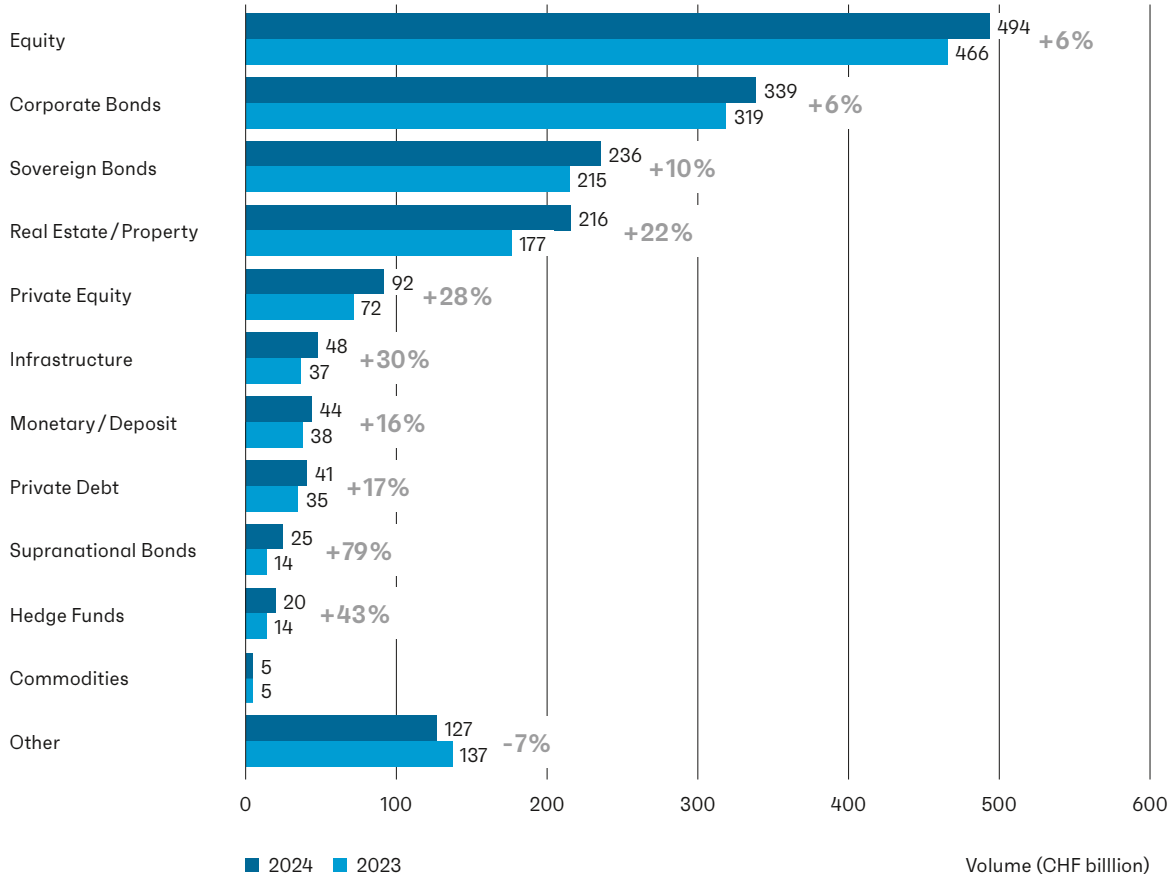


6 Alternative asset classes progress in sustainability-related portfolios

For asset owners, assets are primarily allocated to corporate bonds and sovereign bonds (55% combined), followed by real estate (24%). This reflects their focus on asset classes providing stable returns and limited volatility in line with their need to align assets with liabilities. Asset managers allocate the largest share to equities (33%), followed by corporate bonds (18%). Additional allocations to private equity and infrastructure underline the increased interest of the industry to diversify their asset mix by adding private market investments to their sustainability-related portfolios.

→ Detailed analysis on page 23

Volumes of sustainability-related investments per asset class (in CHF billion) (n=72)



Further selected insights

Artificial Intelligence: progressive but cautious adoption in sustainable finance

65% of asset managers report being in the planning or early implementation phase of artificial intelligence (AI) supported tools in some part of their operations, and 17% have already done so. Only a fifth of asset managers are not considering it. Among asset owners, 68% are also in the early stages of adoption, but only 4% report advanced integration of AI in their processes. Compared to asset managers, a notably higher share (28%) are not considering it at all. However, across both segments, only a minority (18%) of respondents currently use AI specifically in the context of sustainable finance, suggesting that AI's potential in this area is still largely untapped.

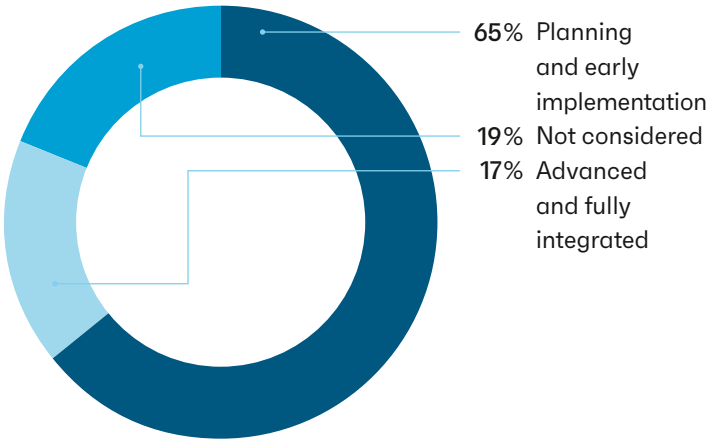
Artificial Intelligence: business benefits on the long term, efficiency gains for compliance matters on the short term

Improved decision-making clearly stands out as a primary driver, reflecting market expectations that AI's potential lies in efficiency gains in data analysis and operational execution. However, on short term the by far predominant use case is reporting, while business-driven applications are marginal. In other words, the industry sees immediate benefits in compliance-driven AI applications (focusing on disclosure and reporting requirements), but mid- to long-term benefits mostly in business-driven AI use cases.

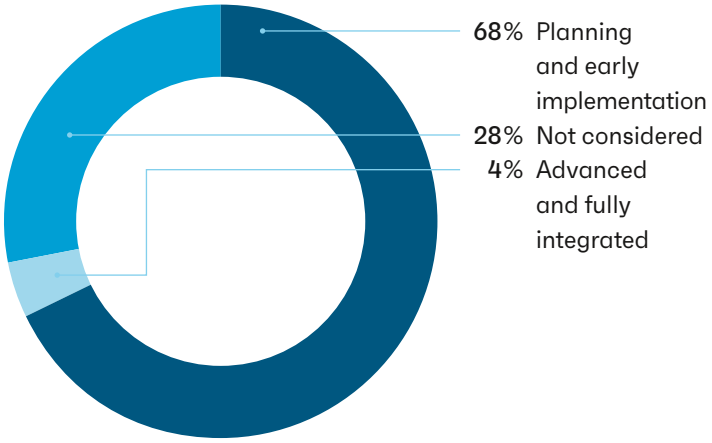
→ Details on page 51

Stage of artificial intelligence adoption in the organisation for asset managers and asset owners (in % of respondents) (n=73)

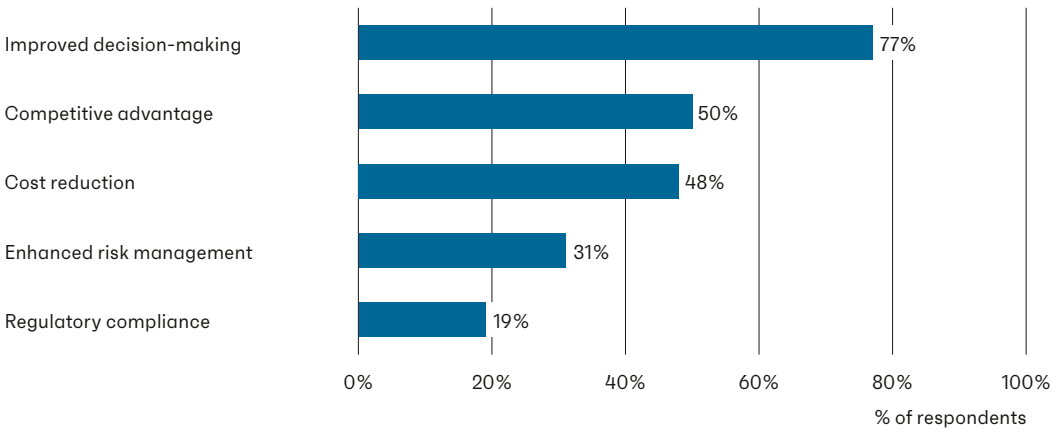
Asset Managers
(n=48)



Asset Owners
(n=25)



Artificial intelligence adoption: main organisational drivers for asset managers and asset owners (in % of respondents) (n=52)

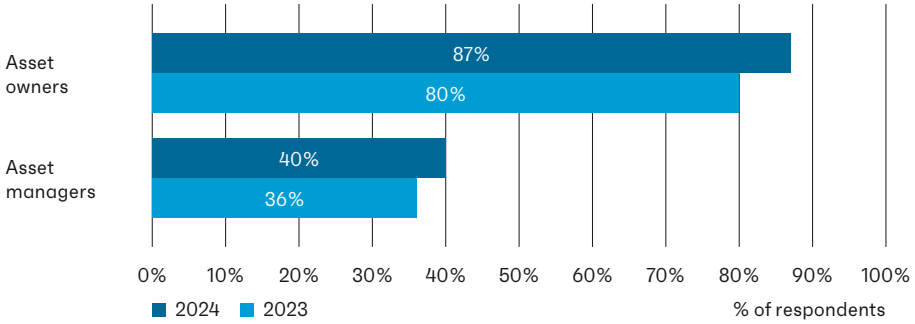


Real Estate: confirmed strategic importance for Switzerland's climate transition

For both asset owners and asset managers, the number of respondents having established a formal sustainable real estate policy increased (the high rate for asset owners is consistent with the higher share of real estate in their portfolio, while less than half of asset managers are active in this field). The growing adoption of such policies underscores the strategic importance of real estate in Switzerland's climate transition. 31% of respondents already calculate grey emissions – an area that will grow in importance in the next years in light of the arbitrage needed between new constructions and renovation of existing properties.

→ Details on page 54

Formal ESG real estate policy for asset managers and asset owners in 2023 and 2024 (in % of respondents) (n=40 asset managers, n=23 asset owners)

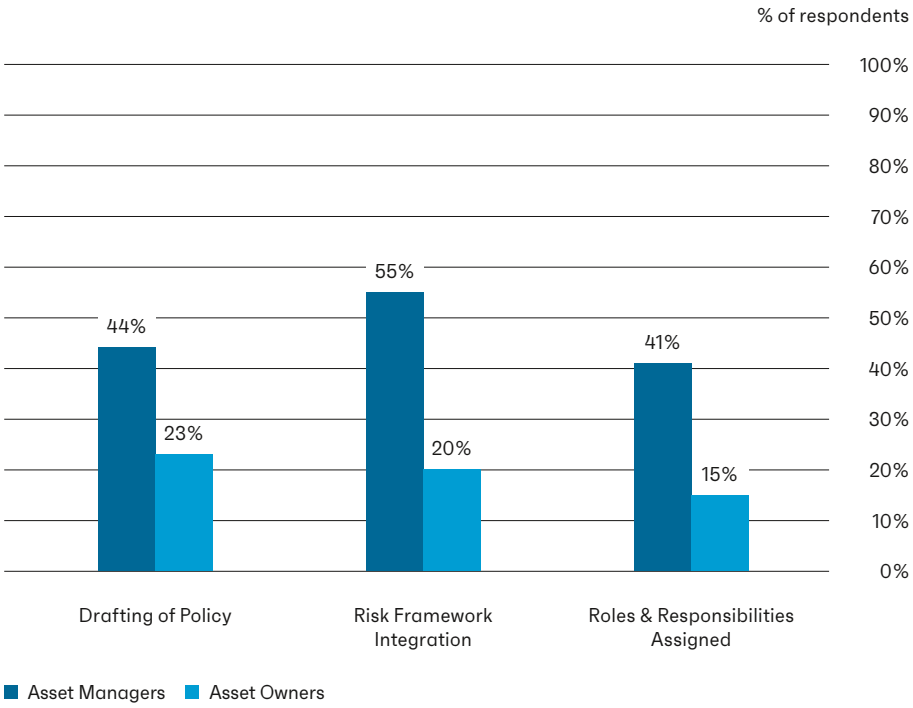


Nature-related risks: already an early integration in risk frameworks

Both asset managers and asset owners have started integrating nature considerations into their processes: half of asset managers have developed a policy (44%) and assigned roles and responsibilities (41%), while less asset owners have a developed policy (23%) and assigned roles (15%). As a group, asset managers are further in integrating risk assessment, with 55% doing so, while fewer asset owners have examined nature-related risks (20%).

→ Details on page 58

Integration of nature-related risks into organisational governance for asset managers and asset owners (in % of respondents) (n=67)

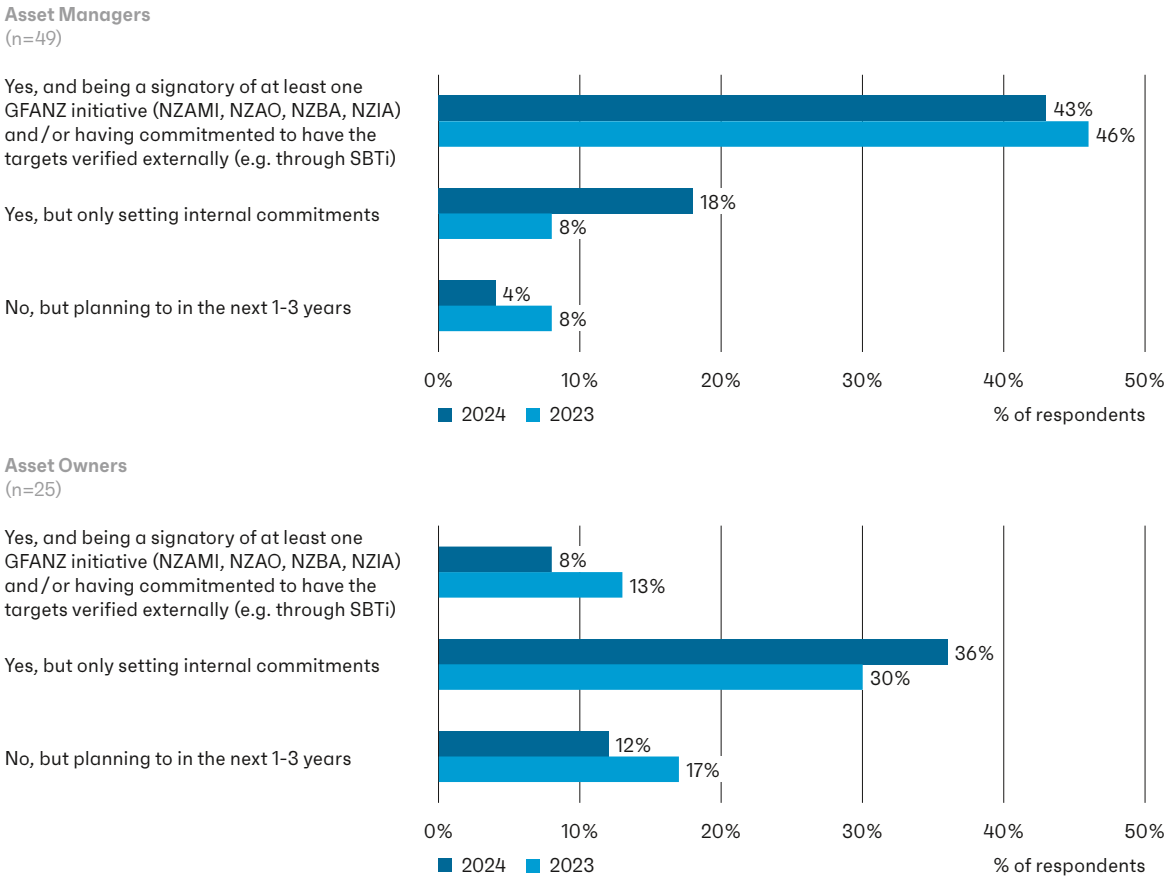


Climate change: increase in ambition, decrease in formal commitments

The share of respondents with formal external commitments slightly decreased compared to last year (31% vs. 33%), while internal-only pledges increased. This shows a broader uptake of climate ambitions combined to reservations in committing to external verification. These observations are consistent with growing reservations from the industry to engage in formal initiatives in light of international headwinds for climate initiatives.

→ Details on page 56

Formal pledge to a net zero commitment of asset managers and asset owners in 2023 and 2024 (in % of respondents) (n=74)



Key regulatory developments

The regulatory landscape for sustainable finance shifted notably in 2024 and early 2025. After a consultation period in 2024, Switzerland introduced new rules to enhance transparency, risk management, support the net-zero target, and align with global standards in 2025. Despite ongoing challenges, companies have increasingly adapted to EU requirements in 2024. In early 2025, the EU pushed forward with its Omnibus simplification package, while regulatory uncertainty also grew in the U.S. Globally, companies face more complex and diverging rules, prompting stronger strategic alignment, improved governance, and better data management.

→ Details on page 63

01

Introduction

1.1 Objective of the study

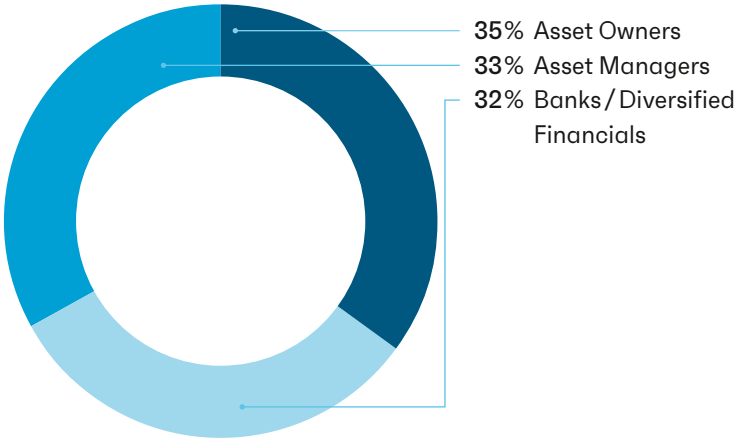
The objective of this year's market study is to provide transparency on the development of the sustainable investment market in Switzerland, as well as the maturation of sustainable investment practices for banks, asset managers and asset owners. For that purpose, the SSF Market Study 2025 again uses several perspectives (combinations of sustainable investment approaches and AMAS self-regulation) to qualify overall sustainability-related investment volumes. The study also provides further insights regarding regulatory developments in Switzerland and abroad, and special topics like the adoption of artificial intelligence for sustainable finance.

Chapter 2 provides insights on the adoption of sustainability principles in the Swiss investment market. This includes overall drivers behind the adoption of sustainable investing, volumes of sustainability-related investments, investor types, asset allocation and the perspective of the AMAS self-regulation[1]. Chapter 3 covers details on applied sustainable investment approaches. Chapter 4 dives into a selection of special topics: real estate investments, climate change, nature-related risks and artificial intelligence in sustainable finance. Chapter 5 contains an overview of the regulatory framework in Switzerland and beyond, and Chapter 6 provides an outlook on further developments.

Details on the methodology of the study can be found in the Appendix on page 80.

1.2 Overview of study participants

Figure 1: **Market study participants**
(in %) (n=83)



A total of 83 Swiss respondents took part in this year's edition of the Swiss Sustainable Investment Market Study, which is consistent with the participation level of the past years. This consistency ensures the reliability and comparability of results.[2] As shown in Figure 1, 33% of respondents are asset managers, 32% are banks and 35% are asset owners (mostly pension funds and insurance companies). For the rest of the study, asset managers and banks or diversified financials are referred to as asset managers, except stipulated otherwise. This balanced representation allows us to provide relevant insights for all these segments in the rest of the study. The continued readiness of participants to spend time on an extensive questionnaire shows that the Swiss financial services industry remains engaged and committed to the topic of sustainable investing – as shown also by the development of the market itself (Figure 5 on page 20).

1 AMAS (2023): *Self-regulation on transparency and disclosure for sustainability-related collective assets*. Version 1.1. Available at: https://www.am-switzerland.ch/en/regulation/self-regulation/sustainable-finance-self-regulation

2 A list of study participants who consented to be named is provided on page 85

Renewable Energy Infrastructure: A Key to the Future

Corinne Heusser,
Head Investor Relations, EBL Infrastruktur Management AG

Renewable energy infrastructure is an important and necessary component in addressing the challenges of climate change and ensuring a sustainable energy supply in the long term. It includes the technical, organisational and logistical systems needed to make efficient use of renewable energy sources such as solar, wind and hydropower.

One of the most significant challenges confronting the energy sector is the transition from a fossil fuel-based infrastructure to a decentralised and flexible system. Renewable energy sources, such as solar and wind power, are inherently linked to weather conditions, necessitating the implementation of intelligent grids to ensure the real-time balancing of supply and demand. Energy storage systems, including batteries, pumped storage, and hydrogen storage, are also identified as crucial elements in stabilising variability.

The integration of these technologies offers considerable potential, including the expansion of wind and solar power plants, which will reduce dependence on imported fossil fuels in the long term. Furthermore, this expansion will reduce CO_2 emissions and create local jobs in research, installation and maintenance.

It is evident that regions which invest in renewable energies often experience a concomitant increase in innovation and a more resilient economy. The existence of a conducive political framework, characterised by the provision of subsidies, tax incentives, and the promotion of research and development, is a prerequisite for the competitiveness of such infrastructure.

Conclusion

The expansion of renewable energy infrastructure is no longer a matter of choice; it has become an imperative. It establishes a trajectory for a sustainable future by integrating environmental, economic and social objectives. The investments made in the present will yield returns in the future, manifesting in a more stable, cleaner and fairer energy supply. Achieving this goal is predicated on a close collaboration between political institutions, business entities and civil society.

Scan to see more

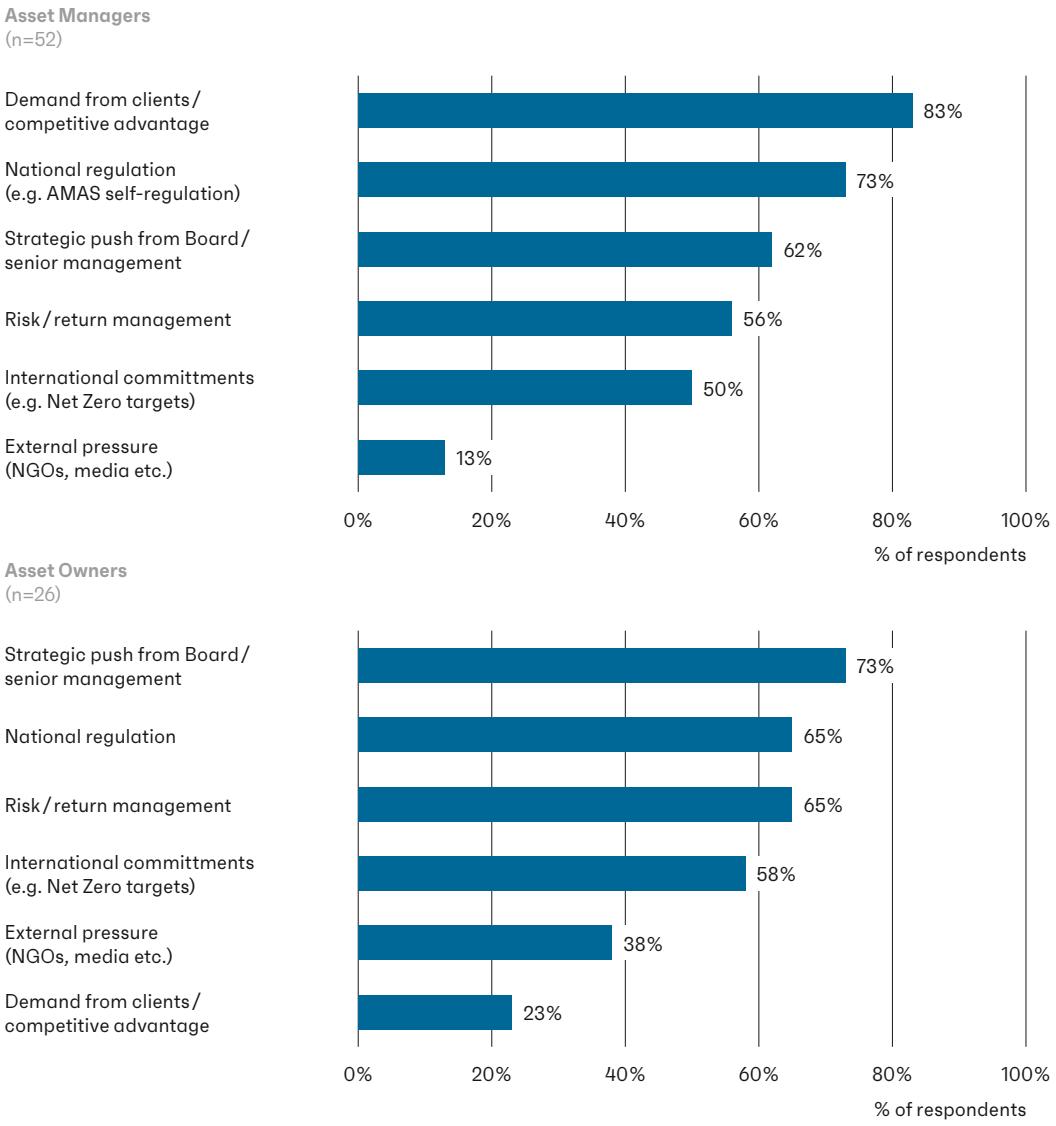
02

Swiss Sustainable Investment Market

This chapter provides an overview of the Swiss sustainable investment market: drivers behind the adoption of sustainable investment practices, development of total volumes, insights into asset allocation and client base, and a perspective on the implementation of the AMAS self-regulation.

2.1 Drivers to the adoption of sustainable investing

Figure 2: **Main drivers behind sustainable investing for asset managers and asset owners** (in % of respondents) (n=78)



We have reintroduced this year questions on key drivers and obstacles to the adoption of sustainable investment practices – reflecting their renewed relevance amid the evolving regulatory expectations and geopolitical dynamics. The results provide insight into both the motivations and challenges currently shaping sustainable investment strategies in the Swiss market.

The main drivers for sustainable investing differ noticeably between asset managers and asset owners (Figure 2). Among asset managers, client demand and competitive advantage dominate as the leading motivator, cited by 83% of respondents. This is followed by national regulation (73%) and strategic push from senior management (62%), while external pressure such as from NGOs or media plays only a minor role.

In contrast, asset owners are most strongly influenced by internal dynamics, with 73% citing a strategic push from senior management as their primary driver. Interestingly, client demand plays a much smaller role, mentioned by only 23% of asset owners, while external pressure is a more significant factor than for asset managers (38% vs. 13%). This can be explained in part by the fact that many asset owner respond-

ents are pension funds, for which it is typically challenging to gather beneficiaries' preferences. These differences suggest that the adoption of sustainable investment practices for asset managers is more market-driven, whereas asset owners tend to be motivated by a certain understanding of their obligations to act in the best interest of their beneficiaries. Finally, the more prominent role of risk/return management as a driver for asset owners compared to asset managers aligns well with their investment profile (Figure 10 on page 24).

The main obstacles to the adoption of sustainable investing also reveal differences between asset managers and asset owners (Figure 3). For asset managers, regulatory complexity is the dominant challenge, cited by 76% of respondents, reflective of the increasing breadth and depth of the regulatory frameworks that apply to asset managers (including banks), especially when they are active in different countries. Reputational risk (e.g. greenwashing allegations) and limited resources follow, each named by 53%. Among asset owners, limited resources stand out as the main challenge, followed by profitability concerns (44%). Here again, this appears to reflect the typical situation of pension funds where a handful of employees often have to combine a variety of roles and may therefore struggle with resources and time management. Taken together, the drivers and obstacles for sustainable investing highlight diverging priorities: asset managers are more concerned about regulatory and reputational risk, while asset owners face more structural and resource-related challenges.

Figure 3: **Main obstacles to sustainable investing for asset managers and asset owners** (in % of respondents) (n=76)

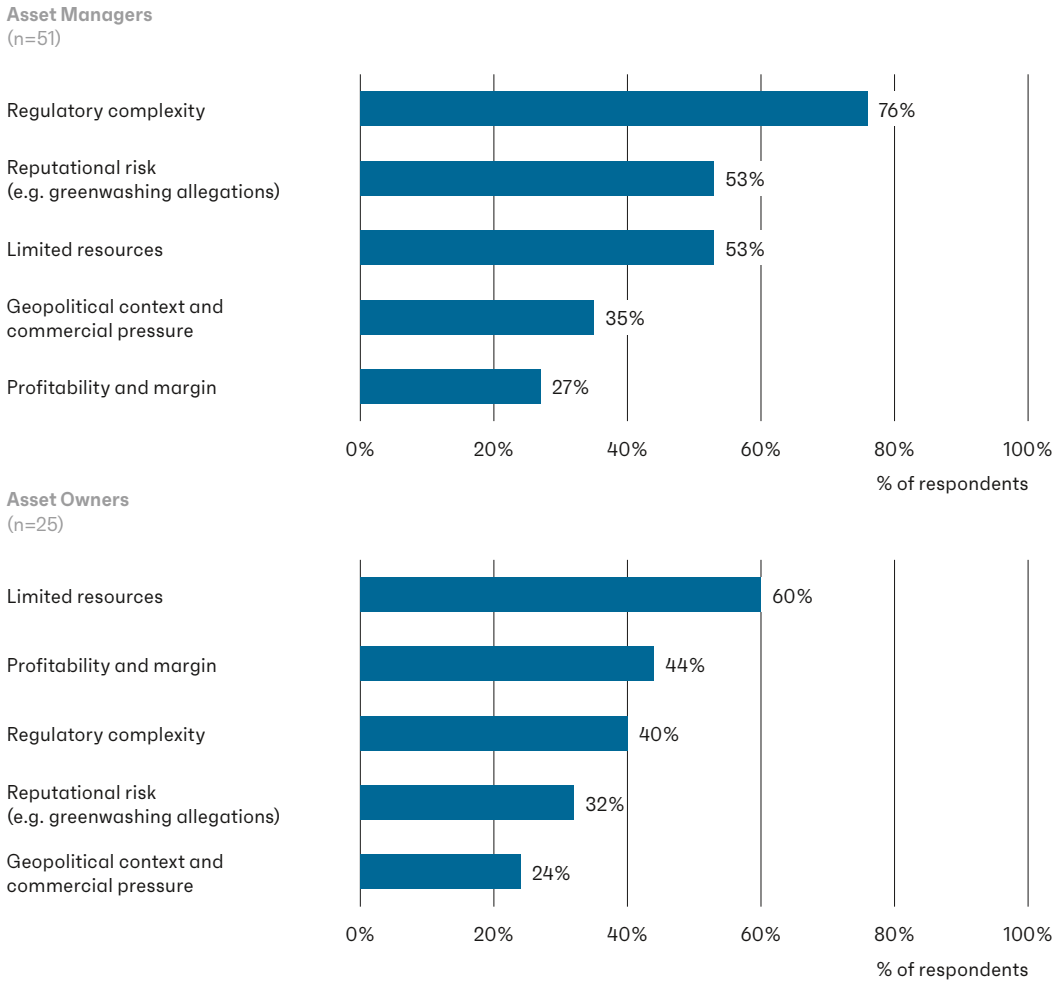
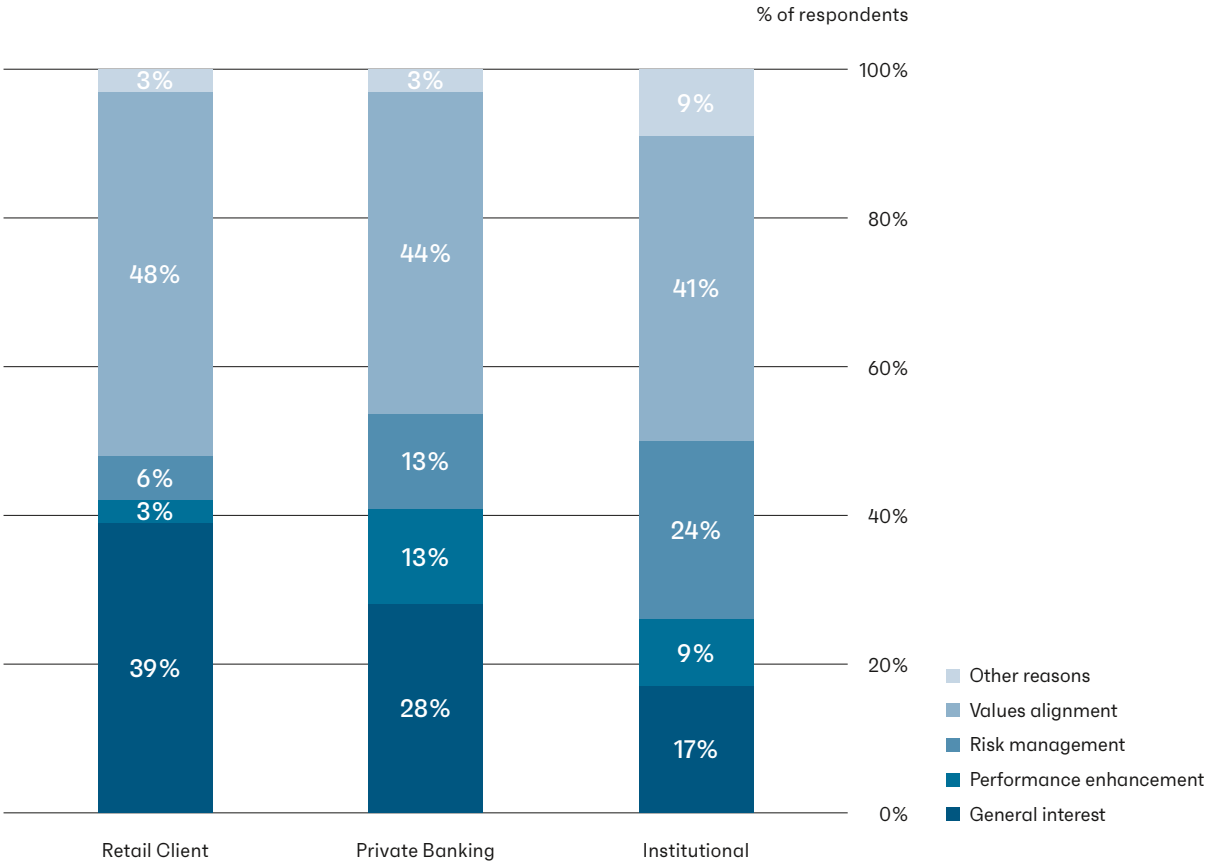


Figure 4: **Client motives for sustainable investment, for asset managers** (in % of respondents) (n=46)



Asset managers (including banks) were asked to assess the main motivations of their clients when considering sustainable investments, differentiated by client segment (Figure 4). Overall, values alignment remains a central motivation across all client segments, while performance enhancement consistently ranks lowest – a reminiscence that geopolitical shockwaves in the past years have created challenges to the performance of ESG-labelled products.

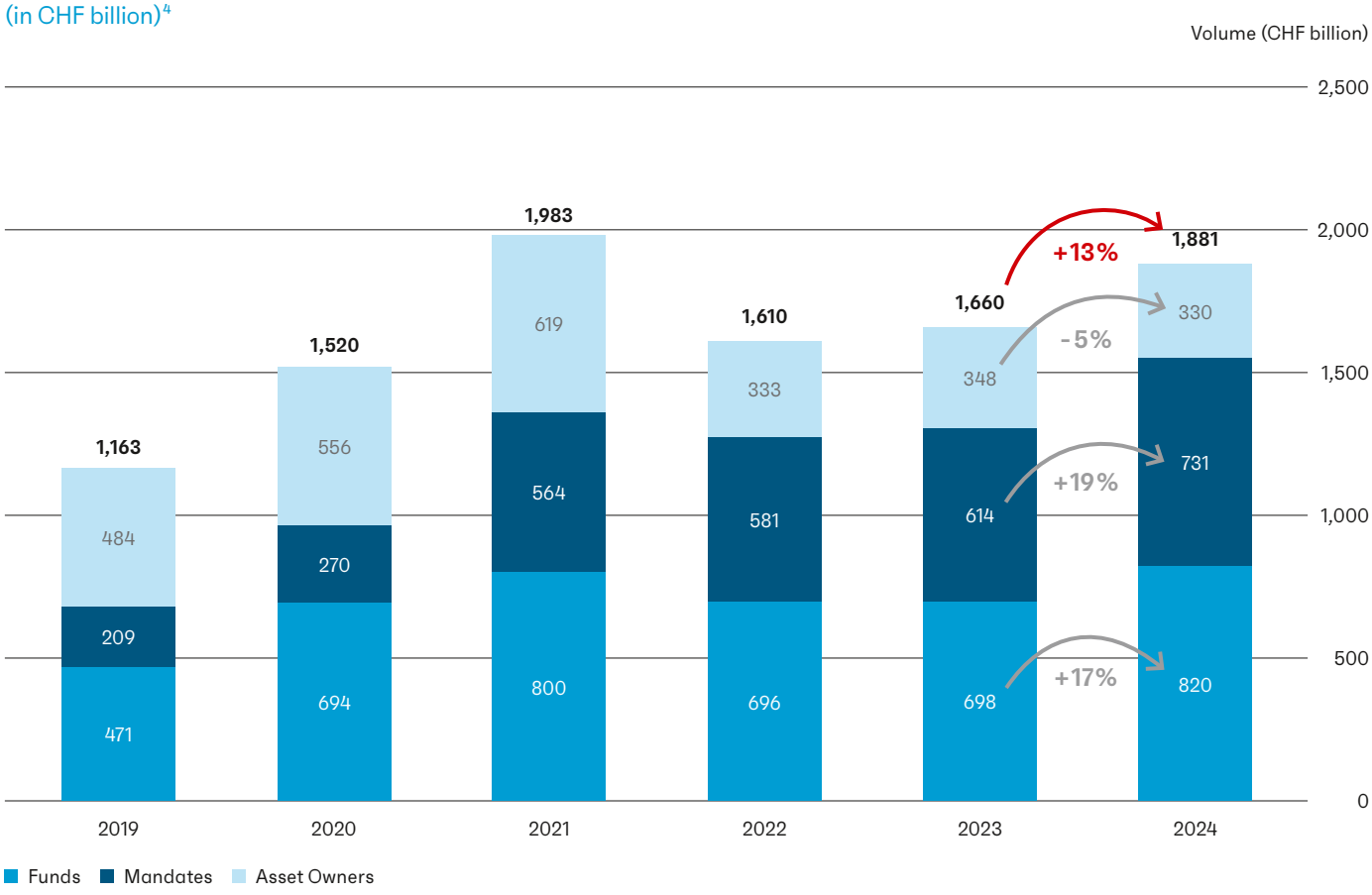
However, the results reveal nuances between retail, private banking, and institutional clients. For retail clients, performance enhancement and risk considerations play only a minor role (3% and 6%), highlighting the importance of personal values as primary drivers. In the private banking segment, performance enhancement and risk management are equally relevant at 13% each, suggesting a slightly more diversified set of motivations in this client group. Institutional clients show a different picture: risk management at 24% show that sustainable investments can serve as a mean to improve risk/return profile, reflecting a more strategic integration of sustainability factors.

2.2 Overall volumes of sustainability-related investments

Figure 5 shows the development of the market volume of sustainability-related investments in Switzerland from 2019 to 2024. As of 31 December 2024, the total volume of Swiss sustainability-related investments reached CHF 1,881 billion, including funds, mandates and self-managed assets of asset owners. This result corresponds to a growth rate of 13% compared to the previous year and marks a clear upward shift following the more modest increase in 2023. This is one of the key takeaways of this year's study. While overall financial markets are estimated to have grown by around 8% depending on the benchmark[3], the increase in sustainability-related investments appears particularly strong. This suggests a meaningful expansion of sustainability strategies beyond pure market effects in the year 2024.

When considering only those participants who took part in both this and last year's SSF market study, the increase is even more pronounced, amounting to 20% (see Figure 6). This indicates that the reported growth is not merely due to changes in the respondent base but reflects an actual increase in volumes.

Figure 5: **Development of sustainability-related investments in Switzerland** (in CHF billion)[4]



3 The performance effect is calculated by applying a given performance to the previous year's volumes of the four major asset classes. For the performance of equity, corporate bonds, sovereign bonds and real estate investments, the indices MSCI World Index (USD), Bloomberg Barclays Global Aggregate Corporate Bond Index, FTSE World Government Bond Index and MSCI World Real Estate Index (USD) were used, respectively.

4 Some participants that submitted the questionnaire for asset owners for the market study 2024 have reported as asset managers for this year's market study. We reclassified these participants as asset managers for 2023. This led to a minor data restatement for last year, to have like-for-like comparisons between 2023 and 2024 data.

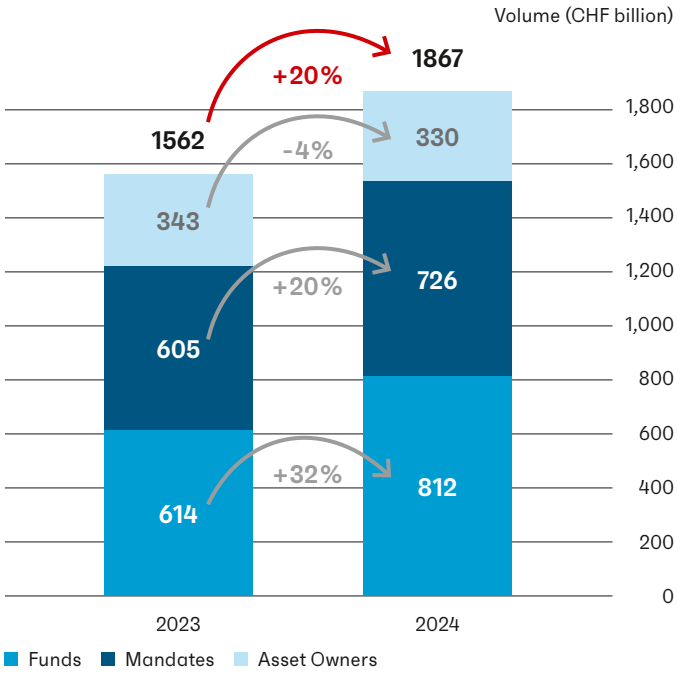
Volumes reported by asset owners declined slightly, even among returning participants. This is not an homogeneous market trend, but rather the reflection of a few individual cases among some of the asset owners with a large asset base, namely:

- Some have delegated the portfolio management for additional parts of their assets rather than manging them inhouse, leading to a reduction of assets reported on the asset owners side combined to an increase on the asset managers side;
- Some respondents were reclassified from asset owners to asset managers;
- Certain participants have introduced more stringent requirements to assets reported as sustainable, leading to the declassification of some assets compared to 2023;
- Finally, a couple of asset owners reported an actual decrease of their assets under management across all strategies, also affecting the ones reported as sustainable.

There is not one single obvious factor behind the significant rebound of sustainability-related investments in 2024 but the following developments may have played an important role.

The first driver is an increased offering of sustainability-related investment products by certain market players, in particular Swiss retail and regional banks. In parallel, more and more banks have integrated sustainability preferences into client onboarding conversations. Combined, these factors have channelled new capital of private clients into sustainability-related products.

Figure 6: **Development of sustainability-related investments in Switzerland without changes in participants** (in CHF billion)[5]



Market performance also favoured sustainability-related investment products, which demonstrated good returns in 2024. Despite the impact of weapons exclusions on some portfolios (in a time of high performance of defence industry stocks), sustainability-labelled products performed sometimes better than their mainstream peers. This can be attributed to the combination of their typical overweight in technology stocks, which performed very well in 2024 (among others fuelled by the rise of artificial intelligence), and the stabilisation of oil prices after their surge in 2022.

Finally, part of this evolution may be attributed to a generational shift. It is likely that the transfer of wealth from first generation entrepreneurs or aging private banking clients to younger investors, more sensitive to the sustainability narrative, has started driving up the demand for such products on the side of private investors. This also aligns to the rise of private investors in the overall market share of sustainability-related products, from 28% to 33% (Figure 7 below).

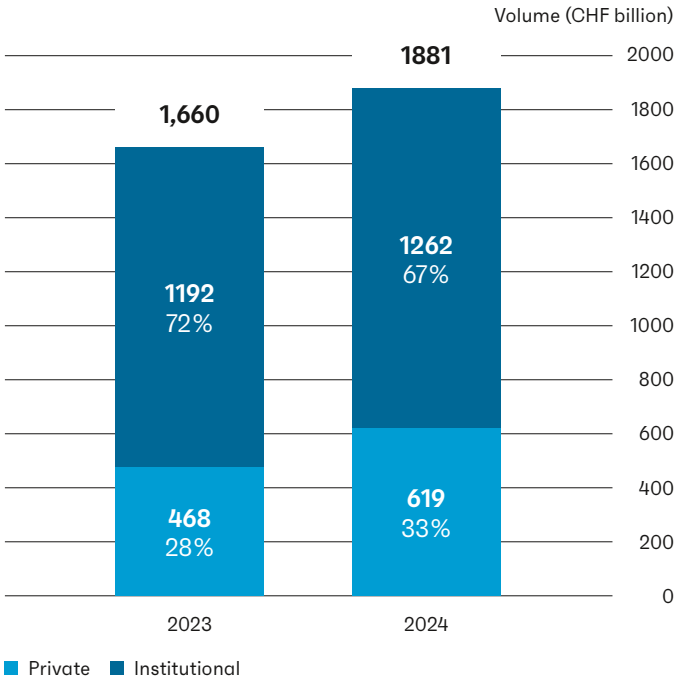
5 This Figure includes only those participants in the data for 2023 and 2024 who participated in both years to control for the influence that changes in participants have on overall sustainability-related volumes.

2.3 Investor types

For many years, the growth of sustainability-related investments has been fuelled by demand from institutional investors. Institutional investors continue to account for the majority of sustainability-related investment volumes in Switzerland. In 2024, institutional assets increased from CHF 1,192 billion to CHF 1,262 billion (+6%) still representing the largest part of the market (67%) (see Figure 7). However, 2024 shows a notable evolution in the market share of retail investors. While the market share of retail investors had plateaued at circa 28% since years, we witness a significant uptick in 2024 to 33% (last significant uptick took place in 2020[6]). This shift highlights a growing engagement of private investors in sustainable investment strategies, contributing to the overall expansion of the market.

It can also be explained by an increased offering of sustainability-related investment products by certain market players, such as Swiss retail and regional banks. The "IFZ Sustainable Investments Studie 2024"[7] suggests that Swiss retail banks have an above-average high proportion of sustainable funds in their range of in-house funds, and that the sustainable fund range has been growing significantly faster than the conventional one from mid-2023 to mid-2024. Although sustainable funds included in the product range of Swiss retail banks only have a market share of 56%, they attracted 87% of all net new assets. This suggests that that private investors have favoured sustainable funds over conventional funds in the allocation of capital during the study's coverage period.

Figure 7: **Development of private and institutional sustainability-related investments** (in CHF billion) (n=61)



6 SSF (2021): *Swiss Sustainable Investment Market Study*, p. 9. Available at https://www.sustainablefinance.ch/en/our-activities/ssf-publications-3037.html

7 HSLU (2024): *IFZ Sustainable Investment Studie 2024*, pages 28-31. Available at https://hub.hslu.ch/sustainable/sustainable-investments-studien

2.4 Asset allocation

Figure 8 shows that, as in previous years, equities, corporate bonds, sovereign bonds and real estate remain the dominant asset classes. Equities represent the largest share at 29%, followed by corporate bonds (20%), sovereign bonds (14%), and real estate (13%). Together, these four asset classes account for the vast majority (76%) of sustainability-related volumes

Figure 9 captures the development of the sustainability-related asset allocation for both asset managers and asset owners in absolute terms. Equity holdings increased significantly from CHF 466 to 494 billion, recovering from the decline observed in the previous year. A similar trajectory applies to real estate, which grew from CHF 177 to 216 billion, reversing the negative trend seen in 2023. Corporate bonds (+20 billion) and sovereign bonds (+19 billion) also expanded.

Figure 8: **Asset class distribution for sustainability-related investments** (in %) (n=72)

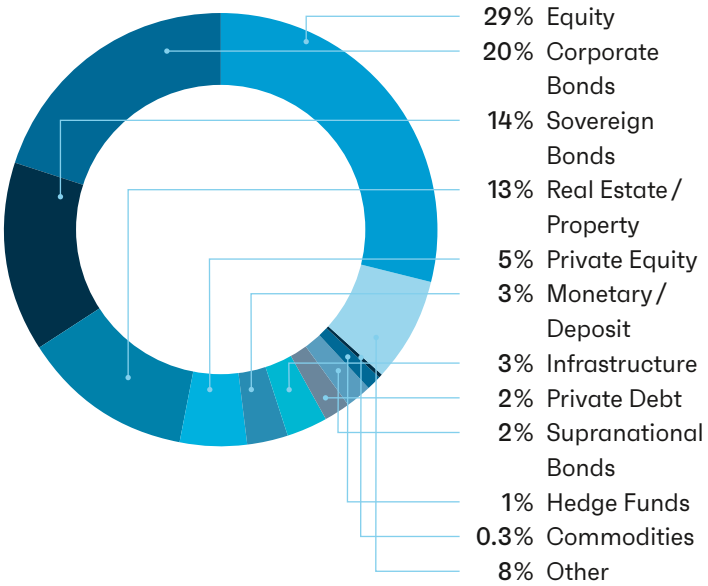


Figure 9: **Volumes of sustainability-related investments per asset class** (in CHF billion) (n=72)

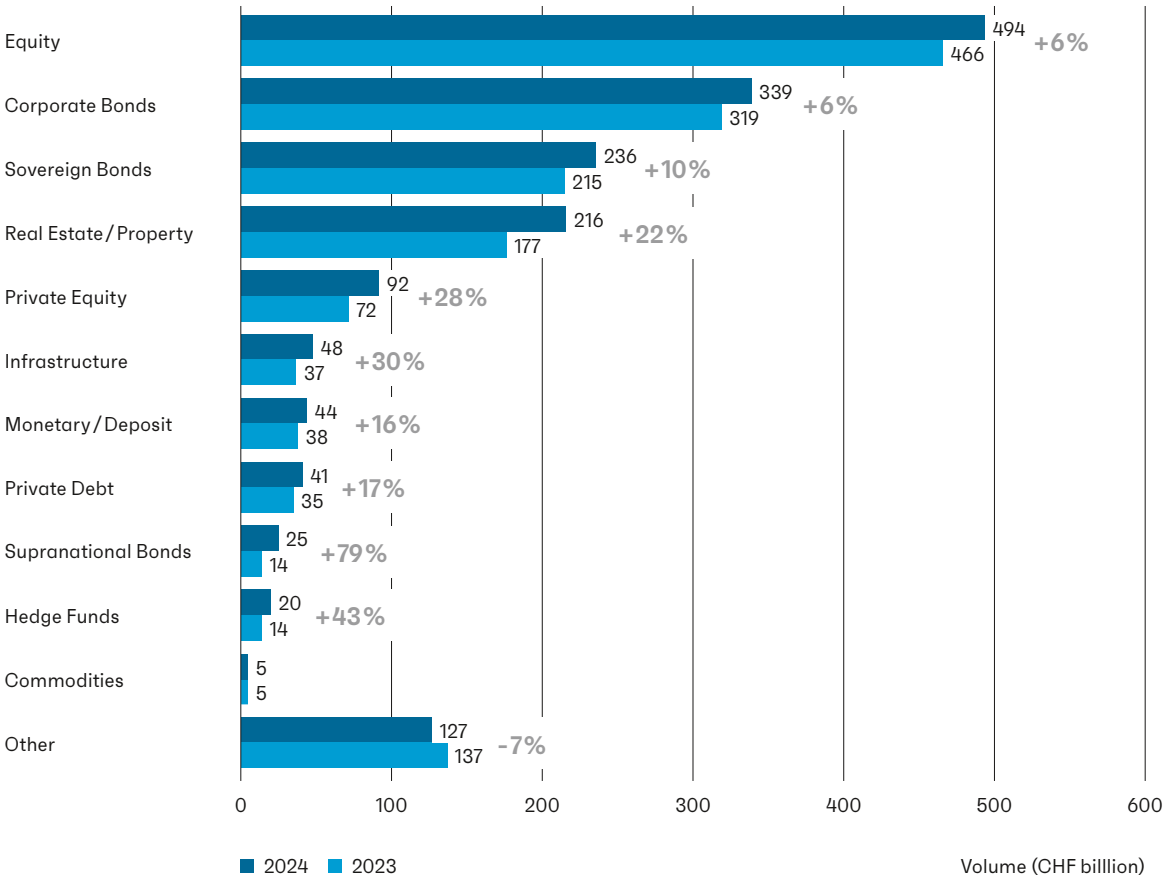
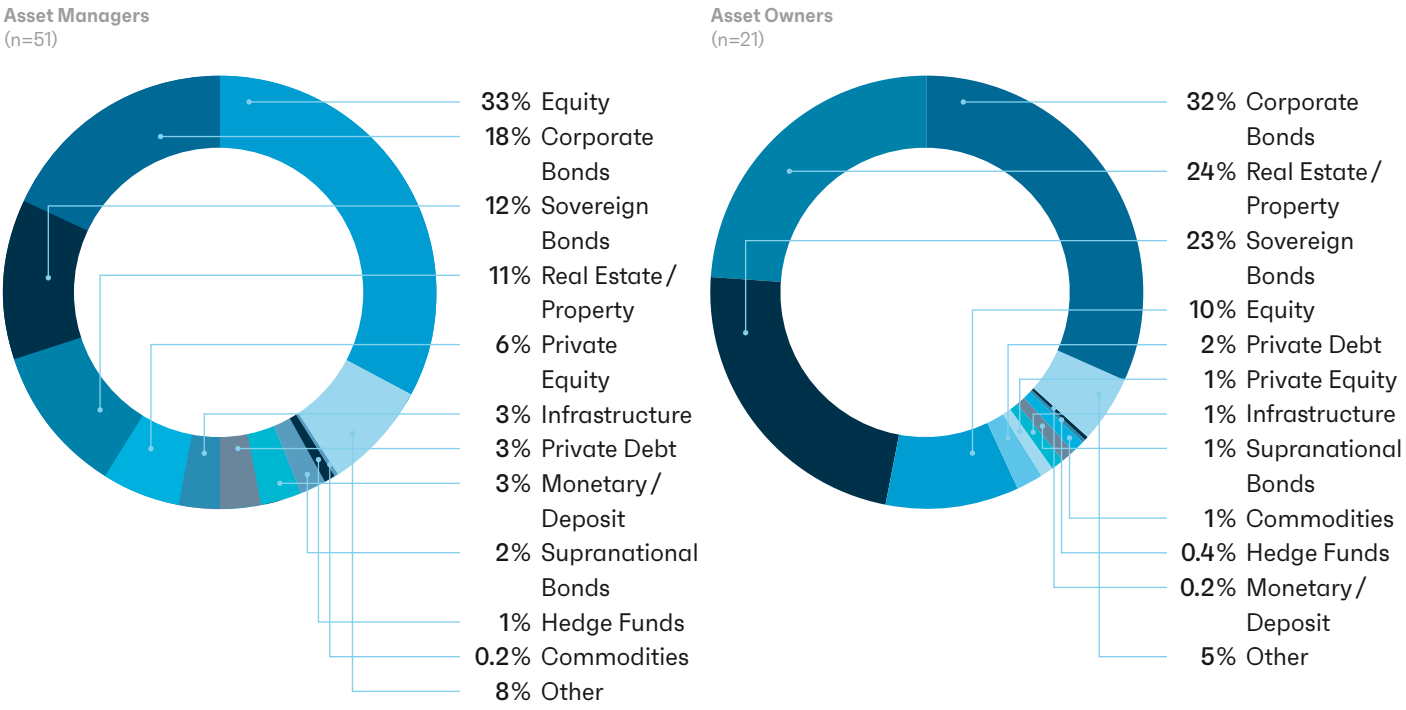


Figure 10: **Asset class distribution for sustainability-related investments for asset managers and asset owners** (in %) (n=72)



Other asset classes remain comparatively small but several experienced notable growth. Private equity investments showed the strongest relative increase, rising by around 28% from CHF 72 to 92 billion. Infrastructure investments also grew considerably (CHF 34 to 48 billion), and smaller gains were recorded in monetary/deposit holdings and private debt. In contrast, hedge funds and commodities remained low in absolute terms.

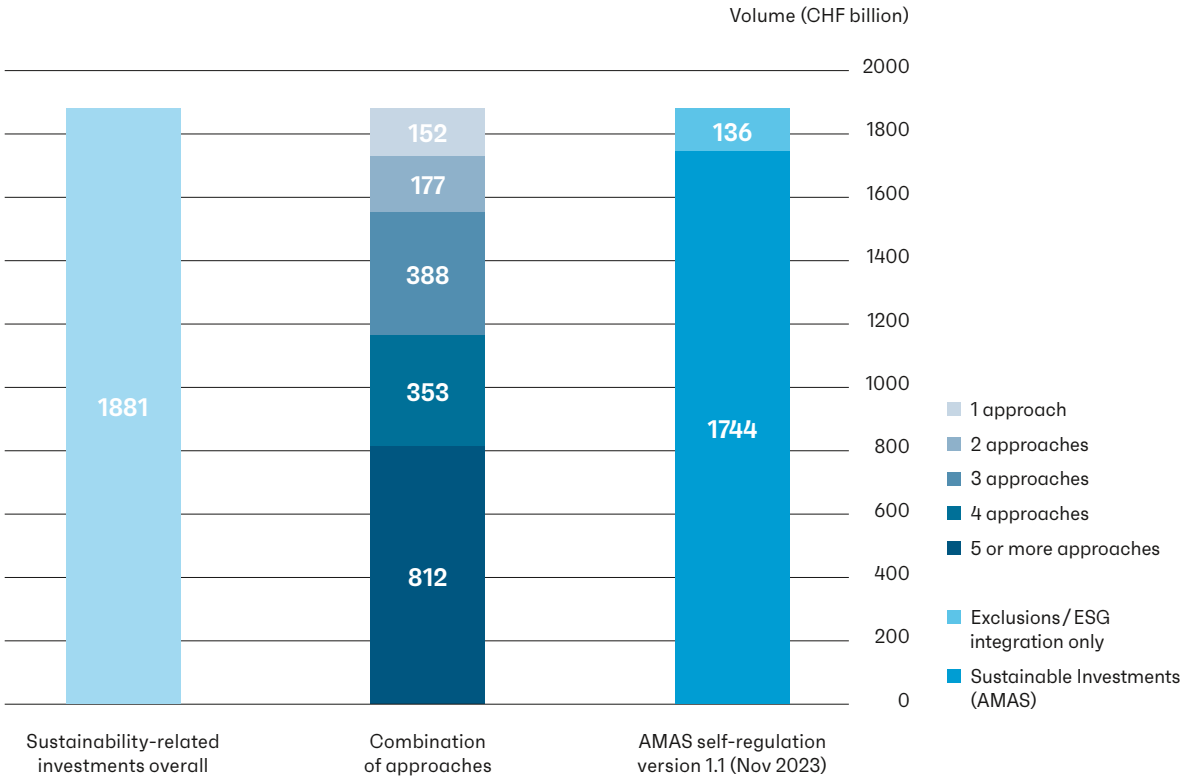
These developments reflect the increased interest of the industry to diversify their asset mix by adding infrastructure and other private market investments to their portfolio. They suggest that while traditional asset classes continue to dominate, alternative and private market investments are gradually gaining ground in sustainable portfolios.

Asset managers and asset owners continue to differ significantly in their asset allocation (Figure 10). For asset owners, the largest shares are allocated to corporate bonds and sovereign bonds (55% combined), followed by real estate (24%). This reflects their higher allocation to asset classes providing stable returns and limited volatility in line with the need to align assets with liabilities.

In contrast, the largest share of sustainability-related assets managed by asset managers lies in equities (33%), followed by corporate bonds (18%). Larger allocations to private equity and infrastructure also underline the higher risk tolerance of some of the clients served.

2.5 Perspectives on sustainability-related investments

Figure 11: **Different perspectives on sustainability-related investments in the Swiss investment market** (in CHF billion)



This section looks at the total volume of CHF 1881 billion along two perspectives (see Figure 11).[8]

The first perspective provides insights into how different sustainable investment (SI) approaches are combined. Compared to last year, a notable increase can be observed in the use of multiple SI approaches. The volume of investments applying five or more approaches grew significantly by almost 29%, reaching CHF 812 billion in 2024 – the strongest relative growth among all categories. Likewise, investments using three or four approaches rose by 19% and 8% respectively. In contrast, volumes relying on only one or two approaches continued to decline, with decreases of 15 and 10%. These developments underline the market increasing maturity, where combining of approaches has now become standard. Details can be found in Chapter 3 "Details on sustainable investment approaches" on page 34.

The second perspective indicates how many assets can be classified as sustainable under the AMAS self-regulation version 1.1 published in 2022[9]. At the end of 2024, CHF 1,744 billion can be classified as sustainable under the AMAS framework, representing 93% of the total reported volumes and therewith an increase of 3 percentage points compared to the previous year. Section 2.7 on page 29 provides additional details and insights.

8 In this year's study, we have not pursued the assessment of sustainability-related assets against the EUROSIF methodology, that we had included in the two previous market studies. The EUROSIF methodology allowed to gather insights that go beyond the combination of SI approaches, focusing on a strategy's ambition to contribute to the transition towards a sustainable economy. It has however not been widely adopted across other European countries, which lead to no further comparability with other markets.

9 AMAS (2023): *Self-regulation on transparency and disclosure for sustainability-related collective assets.* Version 1.1. Available at: https://www.am-switzerland.ch/en/regulation/self-regulation/sustainable-finance-self-regulation

2.6 Highlights on funds and mandates

A comparison of the development of the sustainability-related fund market with the overall fund market in Switzerland shows that the share of sustainability-related funds in 2024 remains stable. Figure 12 shows a fairly unchanged picture since many years. As of 31 December 2024, the total volume of the Swiss fund market stood at CHF 1,615 billion[10] from 1371 billion in 2023[11]. The reported sustainability-related funds amounted to CHF 820 billion, from 698 billion in 2023. In other words, both sustainability-related and other fund types developed in parallel, and there is still uptake potential for sustainability-related products in terms of market penetration.

Figure 13 shows that asset managers market 56% of their reported sustainability-related fund volumes as sustainable products (CHF 457 billion out of CHF 820 billion). For mandates, the share of actively marketed sustainable products is significantly lower at 25% (CHF 182 billion out of CHF 731 billion).

Those percentages remain relatively stable since years, with only marginal movements. In 2024, there has been a slight increase in the marketing of sustainability-related products: For funds, the marketed share rose from 53% in 2023 to 56% in 2024, while the share of mandates marketed as sustainability-related increased from 21% to 25%.

These figures highlight that a substantial portion of sustainability-related volumes – especially in mandates and among asset owners – is not actively marketed as sustainable. It shows a reluctance by the industry to publicly disclose their sustainability related investments. This can be attributed to the regulatory and reputational concerns highlighted in Figure 3 on page 18. It also highlights that the industry is doing much more than it says and remain committed to sustainable investing in action, if not in words.

Figure 12: **Proportion of sustainability-related funds in the overall Swiss fund market** (in % of total fund market)

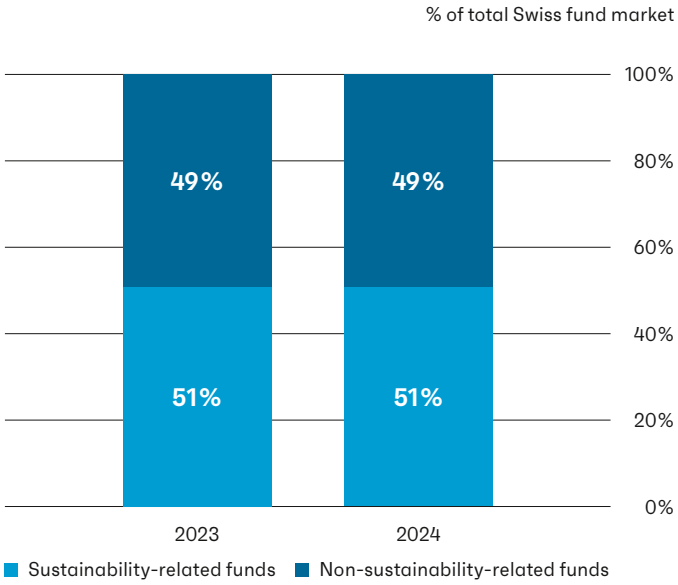
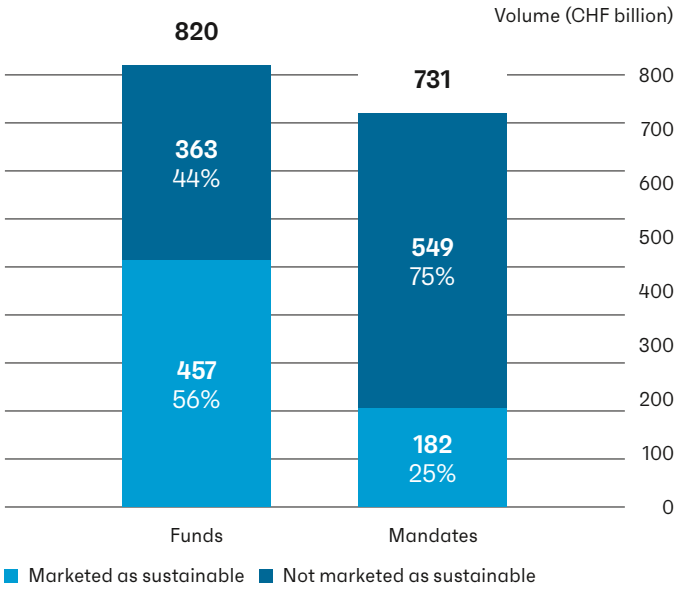


Figure 13: **Marketing of sustainability-related products by asset managers** (in CHF billion) (n=73)



10 Swiss Fund Data (2025): *Swiss Fund Market Statistics – Month-End Analysis 31.12.2024*. Available at: https://www.swissfunddata.ch/sfdpub/fundmarket-statistics, accessed 16/04/2025

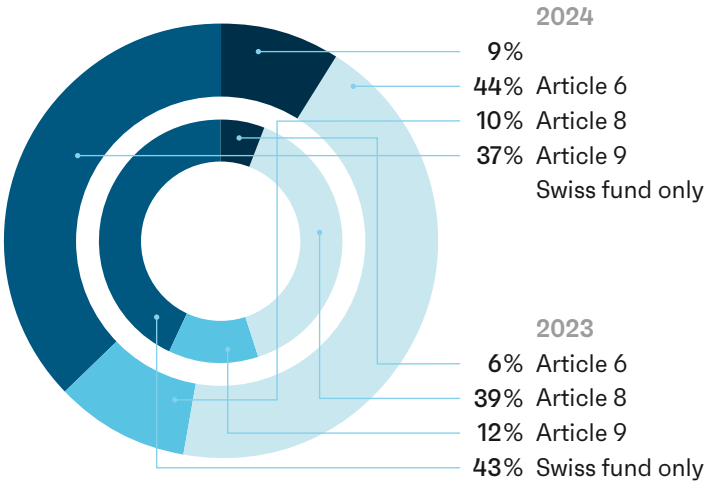
11 Swiss Funds Data (2024): *Swiss Fund Market Statistics – Month-End Analysis 31.12.2023*. Available at: https://www.swissfunddata.ch/sfdpub/fundmarket-statistics, accessed 30/04/2025

Asset managers were asked to indicate whether their funds are classified under the EU Sustainable Finance Disclosure Regulation (SFDR). As shown in Figure 14, 63% of the reported sustainability-related funds fall under one of the SFDR categories – Article 6, 8, or 9 – while 37% are Swiss funds only and therefore not subject to the SFDR.

The trend from 2023 to 2024 in Switzerland is aligned to the one observed globally: Article 9 funds have shrunk relatively to Article 6 and Article 8 funds. Among the SFDR-classified funds, 44% fall under Article 8 (2023: 39%), 10% under Article 9 (2023: 12%), and 9% under Article 6 (2023: 6%)[12].

The evolution of Article 9 funds'market share is driven by a combination of lower organic growth and outflows across all of 2024.[13] In addition, the broadly worded definition of Article 8 funds[14] allows a wide range of interpretation and contributed to the reclassification of a number of Article 9 funds into Article 8 funds, driven among others by the tightening of rules on naming conventions for investment funds in the European Union[15]. It will be interesting to see how things evolve in the next years in light of EU initiatives to develop minimum criteria for ESG product categories[16].

Figure 14: **Classification of funds based on EU regulation by asset managers in 2023 and 2024** (in % AuM) (n=46)



12 According to the SFDR under Article 6 "financial market participants shall include descriptions of the following in pre-contractual disclosures: (a) the manner in which sustainability risks are integrated into their investment decisions; and (b) the results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available. Where financial market participants deem sustainability risks not to be relevant, the descriptions referred to in the first subparagraph shall include a clear and concise explanation of the reasons therefore." As such, the reported volumes for Article 6 can be assumed to be investments that take sustainability risks into account in their investment decisions.

13 Morningstar Sustainalytics (2025): *SFDR Article 8 and Article 9 Funds: Q4 2024 in Review.* Summary available at https://www.esgtoday.com/sustainable-fund-flows-rebound-in-q4-2024-as-both-european-inflows-and-u-s-outflows-accelerate-morningstar/

14 Article 8 covers financial products that "promote environmental or social characteristics", but do not have sustainable investment as their core objective.

15 ESMA (2024): *Guidelines on funds' names using ESG or sustainability-related terms.* Available at https://www.esma.europa.eu/sites/default/files/2024-05/ESMA34-472-440_Final_Report_Guidelines_on_funds_names.pdf

16 EBA et al. (2024): *Joint ESAs Opinion on the assessment of the Sustainable Finance Disclosure Regulation.* Available at https://www.esma.europa.eu/sites/default/files/2024-06/JC_2024_06_Joint_ESAs_Opinion_on_SFDR.pdf

Figure 15: **Ratio of sustainability-related volume compared to total AuM for asset managers** (in number of respondents) (n=53 (2024), n=48 (2023))

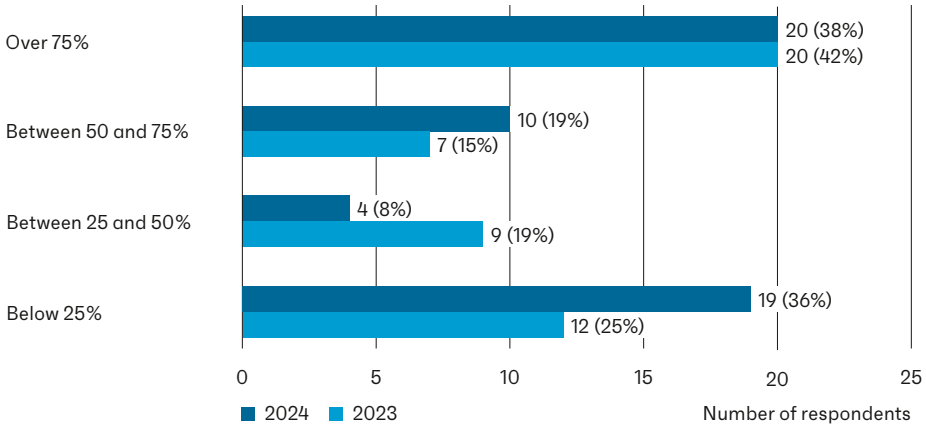
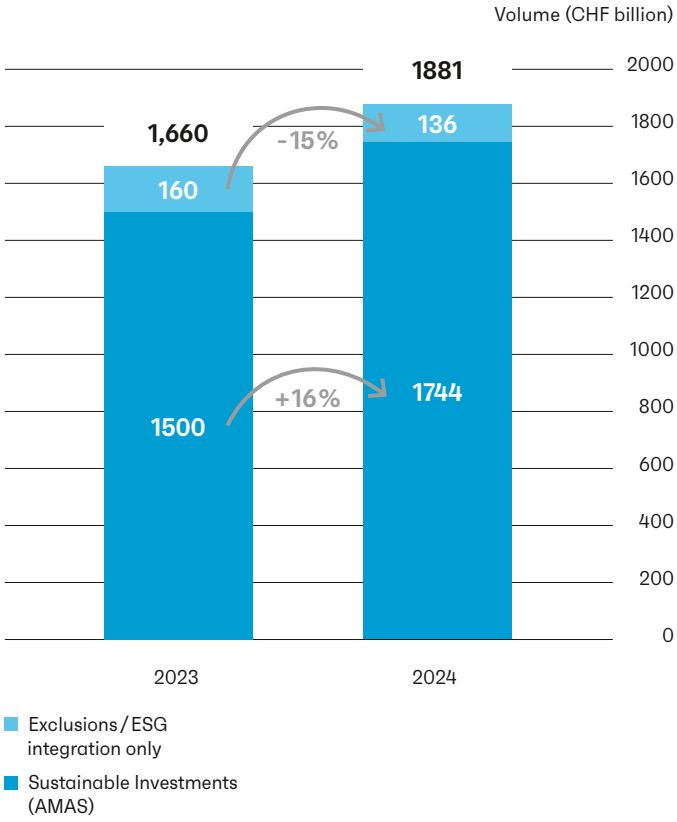


Figure 15 shows the proportion of sustainability-related investments of asset managers as a percentage of their total assets under management. These results show that 57% of asset managers (an unchanged percentage to last year) continue to integrate sustainability across the majority of their portfolios. At the same time, the number of asset managers reporting a share of less than 25% of sustainability-related investments increased notably. Two categories of market participants come to light: the ones that set a lot of focus on sustainable investments as a core part of their offering (the majority) and the ones that add sustainable investment products as a smaller subset of their product palette, but whose core focus is elsewhere. This shift is also driven by more conservative classification practices, whereby some institutions have applied stricter criteria to define sustainability-related investments.

2.7 Sustainable investment as defined by AMAS self-regulation v1.1

Figure 16: **Breakdown and development of sustainability-related investment volumes based on AMAS self-regulation (v1.1) in 2023 and 2024** (in CHF billion)



AMAS published on 26 September 2022 the first version of its "Self-regulation on transparency and disclosure for sustainability-related collective assets", which came into force on 30 September 2023. An updated version 1.1 was published in November 2023[17]. The self-regulation establishes guidelines for transparency, disclosure, and integration of ESG factors in portfolio management, and sets a number of criteria for an investment to be classified as "sustainable". Although only binding for AMAS members, it has established itself as the leading practice, widely followed across the Swiss financial services industry, for the definition of what qualifies as sustainable investment or not.[18]

Building on this foundation, AMAS released an updated version of the self-regulation in 2024[19]. Due to a transition period in its applicability, the first version of the self-regulation continues to serve as a reference point for defining sustainable investments in the Swiss market. The self-regulation specifies that collective investment schemes and assets "that only employ exclusion or ESG integration approaches do not qualify as sustainability-related collective assets" (AMAS VI.1, Articles 17 and 26).

Figure 16 illustrates the development of sustainability-related investment volumes from 2023 to 2024 based on this perspective. The volume of investments qualifying as "sustainable" under the AMAS self-regulation increased from CHF 1,500 billion (90% of total volumes) in 2023 to CHF 1,744 billion (93% of total volumes) in 2024. At the same time, the volume applying only exclusions or ESG integration declined by 15%, decreasing from CHF 160 billion (10% of total sustainability-related assets) to CHF 136 billion (7% of total).

17 AMAS (2023): *Self-regulation on transparency and disclosure for sustainability-related collective assets.* Version 1.1. Available at https://www.am-switzerland.ch/en/regulation/self-regulation/sustainable-finance-self-regulation

18 The Swiss Banking Association also recommends its members to follow the AMAS definitions. SBA (2024): *Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks and the prevention of greenwashing in investment advice and portfolio management.* Available at https://www.swissbanking.ch/de

19 AMAS (2024): *Self-regulation on transparency and disclosure for sustainability-related collective assets.* Version 2.0. Available at https://www.am-switzerland.ch/en/regulation/self-regulation/sustainable-finance-self-regulation

2.8 Forward looking view: industry's alignment to new standards set in AMAS self-regulation v2.0

This year, we have incorporated early insights from the new AMAS self-regulation on sustainable investments, published in 2024 ("AMAS v2.0"). This self-regulation introduces several new criteria for classifying assets as sustainable, offering valuable qualitative insights that serve as a substitute for insights previously provided by the EUROSIF methodology.[20]

According to the updated definition, "a collective asset presented as sustainable or having sustainability characteristics [must], in addition to its financial goals, pursue at least one of the following investment objectives for at least 70% (excluding cash and derivatives) of its assets: i. alignment (including transition) with one or more specific sustainability goals, or ii. contribution to the achievement of one or more specific sustainability goals" (Article 3).

The pursued goal(s) must be defined based on a set reference framework, which may stem from public or non-governmental bodies, industry practices, or internal criteria developed by the asset manager. Specific indicators must be used to measure and monitor progress. These goals "may be pursued by one or more sustainability approaches with reference to one or more reference frameworks" (ibid.). In addition, reporting on the sustainability goals followed by the portfolio and the progress made towards achieving them forms a further criterion under the updated framework.

These new requirements are introduced mostly via changes in Articles 3, 17, 21, 26 and 29 of the self-regulation. We have reflected in four criteria some of the most relevant changes in the definition of sustainable investments between AMAS v1.1 and AMAS v2.0. In order to assess the early adaptation of the industry to these new requirements, we have included in this year's questionnaire four questions aligned to each of the four criteria above. Our results do not represent a full assessment of the market's compliance with AMAS v2.0, which would require a more detailed assessment.

When asked by participants in doubt, we indicated to answer the questions only when they were certain to already fulfil the related criterion. An absence of answer to one of the four questions is therefore also an answer: it indicates that the respondent is not yet sure to fully align with that specific new requirement. The results below can therefore be read as an indication of the market's self-assessed early adoption of the updated framework.

We have excluded in this section data reported by asset owners, since the AMAS self-regulation does not apply to them. This allows for a first impression of how the Swiss asset management industry is beginning to adapt to the evolving expectations defined in the revised self-regulation. Limiting our assessment to the total volume of CHF 1551 billion managed by asset managers only, total assets already aligned with AMAS v1.1 amount to CHF 1437 billion, which represents 93% of the total – this is our baseline for the rest of this section.

Figure 17 provides an insight of participants' self-assessment of their alignment to each of the newly defined criteria listed in Table 1:

- 47% (CHF 682 billion) already purse alignment or active contribution to sustainability goals in more than 70% of their assets;
- 43% (CHF 614 billion) have defined these sustainability goals in their asset management agreement (for mandates) or in the investment fund prospectus;
- 40% (CHF 584 billion) have already established metrics to measure progress towards achieving these sustainability goals
- 38% (CHF 546 billion) have a reporting in place to their investors on the progress against the established sustainability goals

Table 1: **Selected criteria for classification of assets as sustainable in the new AMAS self-regulation**

	Criterion
1	≥ 70% of assets pursue investment objective of alignment/contribution to sustainability goal(s)
2	Sustainability goal(s) is/are defined in portfolio management agreement or fund prospectus
3	Metrics are defined to measure progress against sustainability goals
4	Reporting is provided to investors on the progress towards sustainability goals

20 In this year's study, we have not pursued the assessment of sustainability-related assets against the EUROSIF methodology, that we had included in the two previous market studies. The EUROSIF methodology allowed to gather insights that go beyond the combination of SI approaches, focusing on a strategy's ambition to contribute to the transition towards a sustainable economy. It has however not been widely adopted across other European countries, which lead to no further comparability with other markets.

Figure 17: **Alignment of asset managers against four selected key criteria (separately) in AMAS self-regulation v2.0, as of December 31, 2024** (in CHF billion)

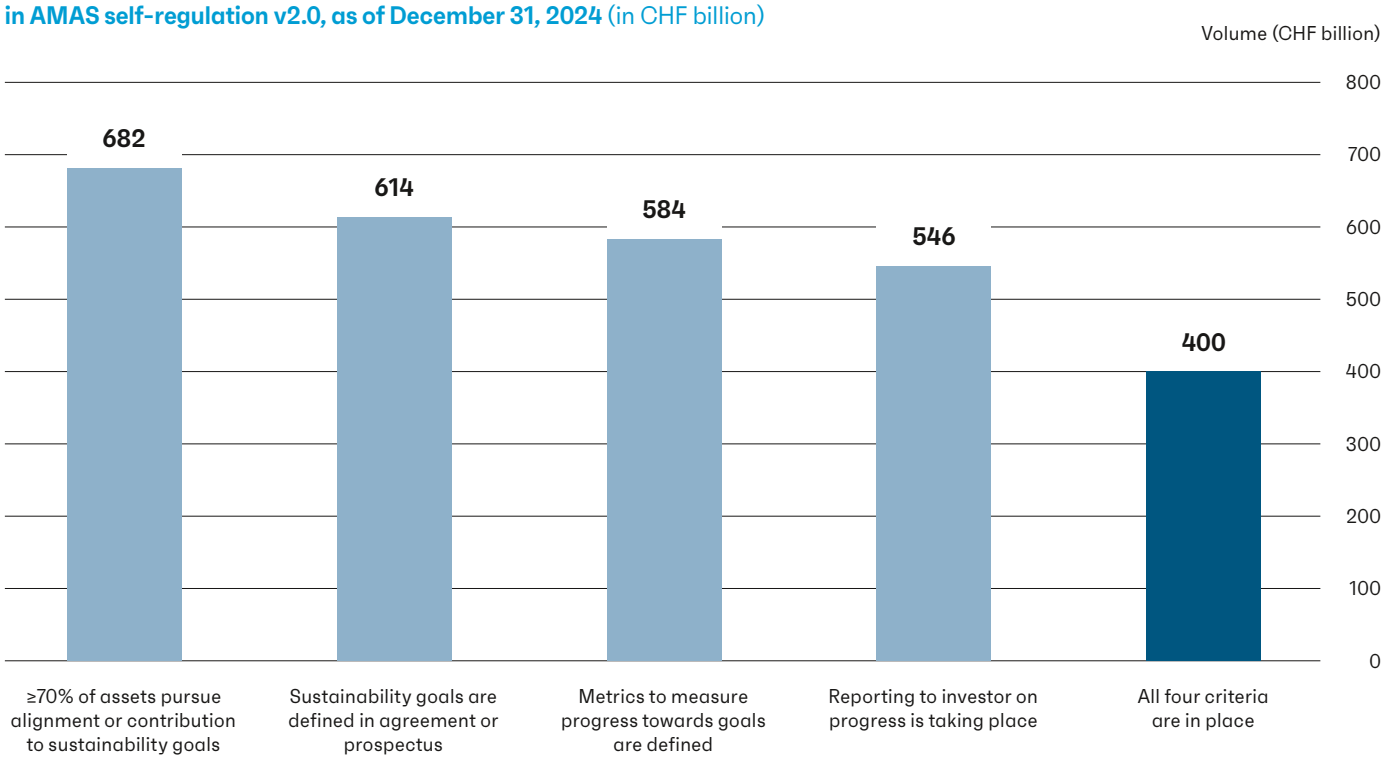


Figure 18: **Alignment of asset managers against four selected key criteria (combined) in AMAS self-regulation v2.0, as of December 31, 2024** (in CHF billion)

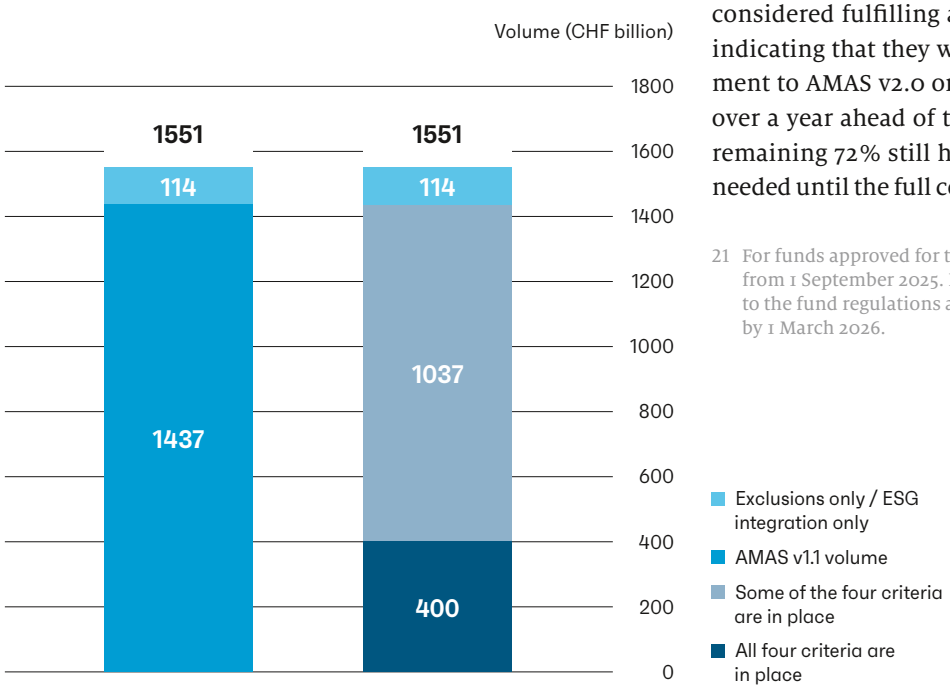


Figure 18 summarises the progress of the industry against the new requirements by end of 2024. Based on information gathered, 28% of respondents (in volume, i.e. CHF 400 billion) considered fulfilling already all the criteria listed in Table 1, indicating that they were already on good way in their alignment to AMAS v2.0 only a few months after its issuance and over a year ahead of the deadline for implementation[21]. The remaining 72% still have some areas where further action is needed until the full compliance with the new self-regulation.

21 For funds approved for the first time, the self-regulation applies from 1 September 2025. For pre-existing funds, amendments to the fund regulations and prospectus must be submitted to FINMA by 1 March 2026.

Sustainable Investing to support a transition to a low-carbon society

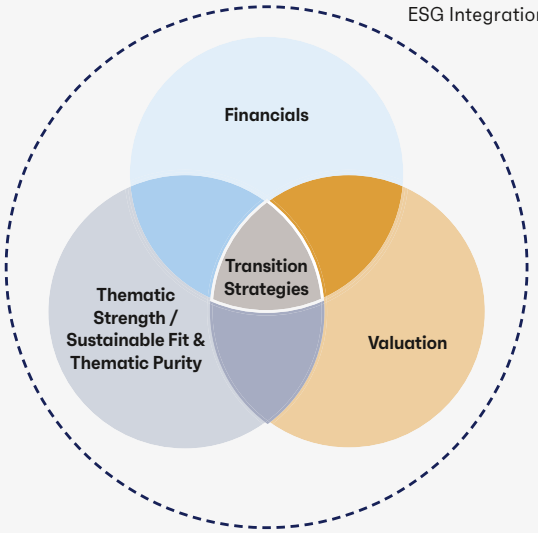
Christopher Greenwald,
Head Sustainable Investing

Estimations state USD 32tn[1] of investments to be required globally to derive to a low-carbon economy by 2030 with ca. 70% coming from the financial sector. Energy transition entails the shift away from using fossil fuels, but it involves not simply investments in renewables but it also requires a much wider range of investment opportunities. For example, copper is an essential resource for building clean energy infrastructure and electric vehicle fleets, while aluminum is a key component of solar energy systems and because of its light weight, it is also essential for electric vehicle construction. These resources, and others like them (particularly minerals used in batteries), are not only critical to the energy transition, they also need to be sustainably sourced and managed.

Transition Strategies

Instrument selection: Long-term oriented portfolio

Companies with a solid financial profile and exposure towards secular sustainability themes. This includes amongst others a strong management, healthy balance sheet, profitability and cash flow generation



Approach to determine thematic strength is two-fold:

- **Company Exposure:** e.g. % of revenues and or CAPEX exposed to the theme
- **Sustainability benefits:** what real world sustainability benefits can the respective products and services generate

attractively valued instruments with upside potential and theme duration

Fortunately, there are many new opportunities appearing across asset classes that allow investors to find opportunities to invest in companies with exposure to the energy transition. For investors focused on publicly traded equities, a number of new and innovative transition strategies have emerged providing exposure to companies that provide solutions required for the transition. These funds also have innovative approaches that feature companies that are improving over time rather than those which are best-in-class. They can include innovative innovative ways to influence corporate behavior through voting and engagement strategies.

In fixed income investments, the market for labelled bonds issued by companies and governments to finance sustainability-focused initiatives has grown rapidly, providing investors unique opportunity to invest in transition projects. The risks associated with labelled bonds are similar to those of traditional bonds, as the issuer is guaranteeing for the bond.

It is important to recognize that transition strategies can also integrate a wider range of issues beyond the environment. Topics such as education, health and well-being, as well as the just transition provide investors with a wider range of opportunities linked to the transition to a more sustainable economy. Including a wider scope of issues allowed equity and fixed income investors to benefit from the growth opportunities associated with the energy transition while diversifying risks across a wider range of sectors.

Scan to see more

1 PwC Presentation on "Transition: Expanding Investment Horizons", Oct 2024, page 6

03

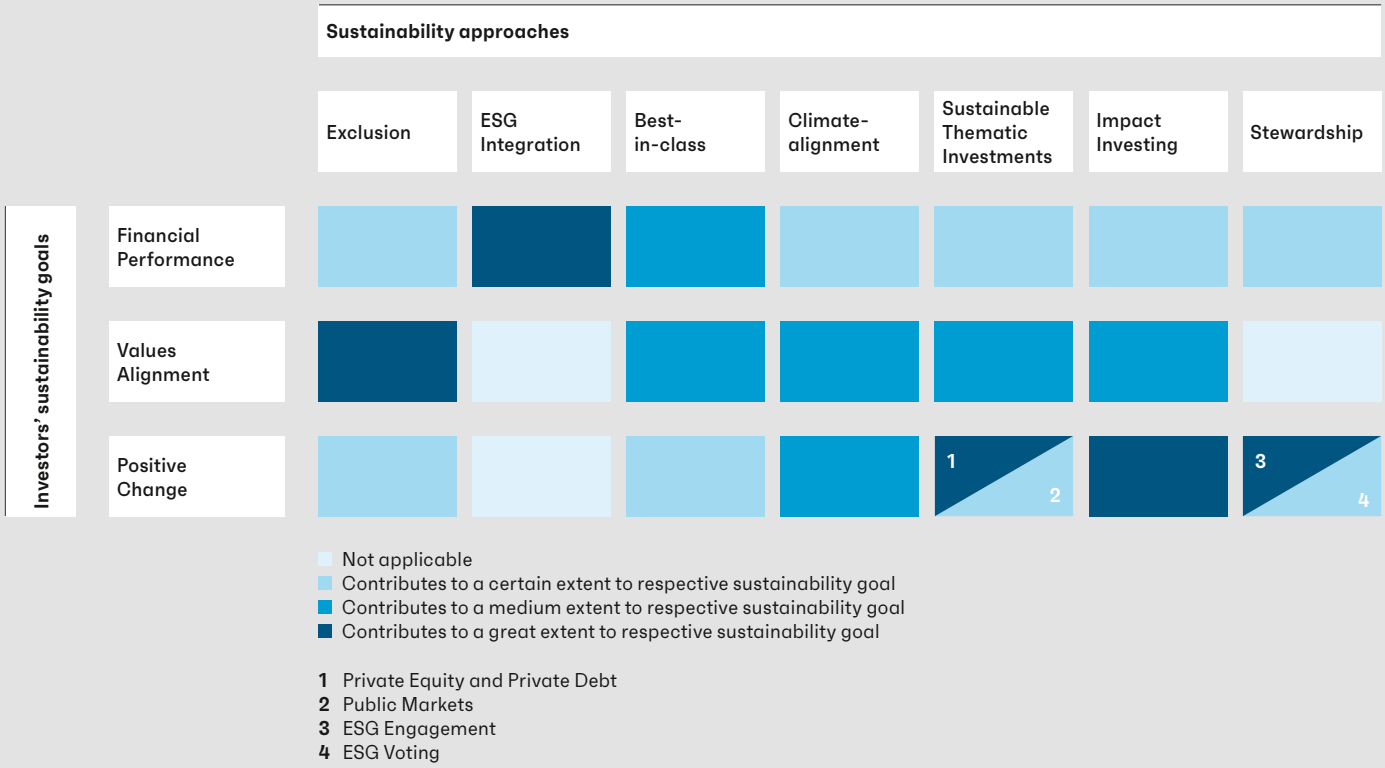
Details on Sustainable Investment Approaches

This chapter provides details on the adoption of different sustainable investment approaches by Swiss asset managers and asset owners.

3.1 Role of different combinations of sustainable investment approaches

Figure 19: **Suitability of various sustainable investment approaches for different investors' sustainability goals**

Source: SSF, adapted from AMAS/SSF (2021). "How to Avoid the Greenwashing Trap: Recommendations on Transparency and Minimum Requirements for Sustainable Investment Approaches and Products"



There are nine different sustainable investment (SI) approaches commonly accepted in Switzerland[22]), which are all examined in detail by SSF (see Table 2 in Appendix) for full definitions or the glossary on the SSF website[23]). Not all investors pursue sustainability-related investments for the same reasons and certain approaches are better suited to achieving one or more specific investor objectives. Sustainable investing is typically driven by one of the following motivations[24]:

- Financial performance goal – Improving the risk/return profile generated by the investments;
- Values alignment goal – Aligning the investments with the investors' personal values and norms;
- Positive change goal – Contributing to a positive change in the economy, in society and for the environment.

Figure 19 illustrates an important aspect of the use of the different SI approaches in relation to investor goals, by mapping the different approaches to the three main investor objectives of financial performance, values alignment and positive change. In Figure 19, for the sake of simplicity, norms-based exclusions have been captured under exclusions, and engagement and voting under stewardship, leading to seven approaches being represented instead of nine.

22 AMAS/SSF (2021): *How to avoid the greenwashing trap.* Available at https://www.sustainablefinance.ch/en/our-activities/ssf-publications-3037.html
23 SSF: "Glossary", available at: https://www.sustainablefinance.ch/en/resources/what-sustainable-finance/glossary.html, accessed: 17/04/2025
24 AMAS/SSF (2021): *How to avoid the greenwashing trap.* Available at https://www.sustainablefinance.ch/en/our-activities/ssf-publications-3037.html

Figure 20: **Breakdown and development of sustainability-related investment volumes based on number of applied approaches** (in CHF billion)

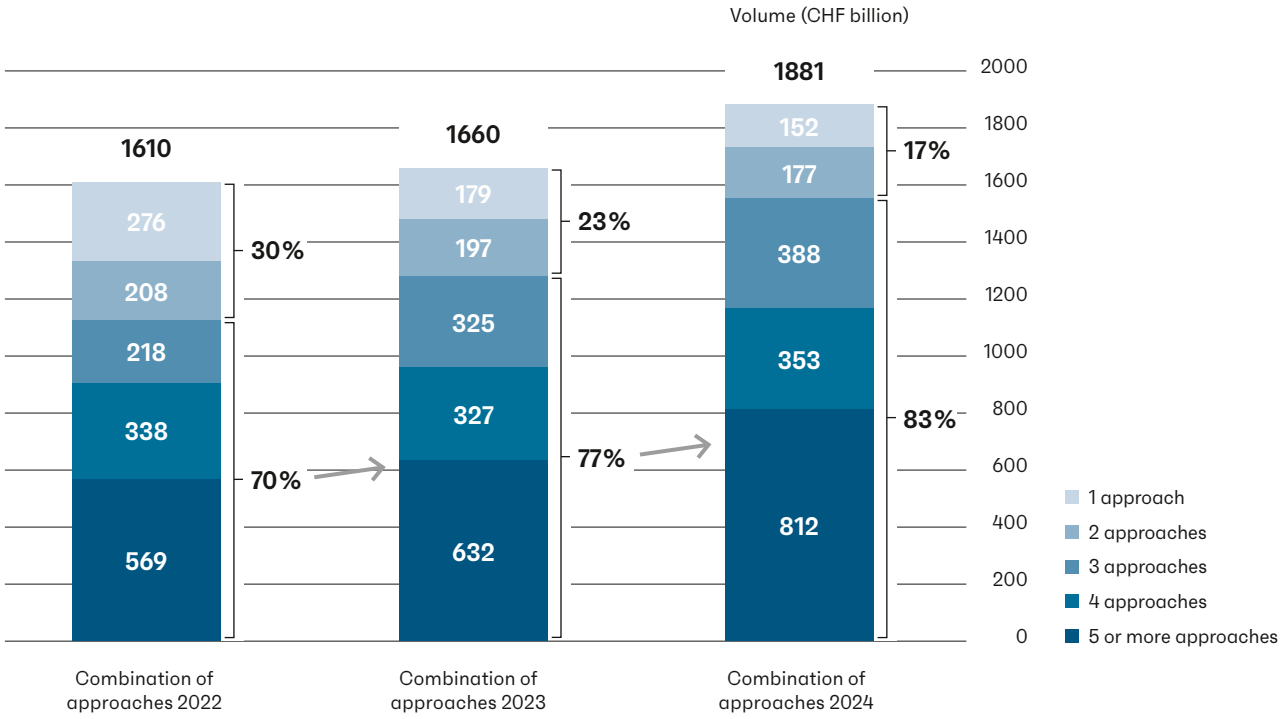
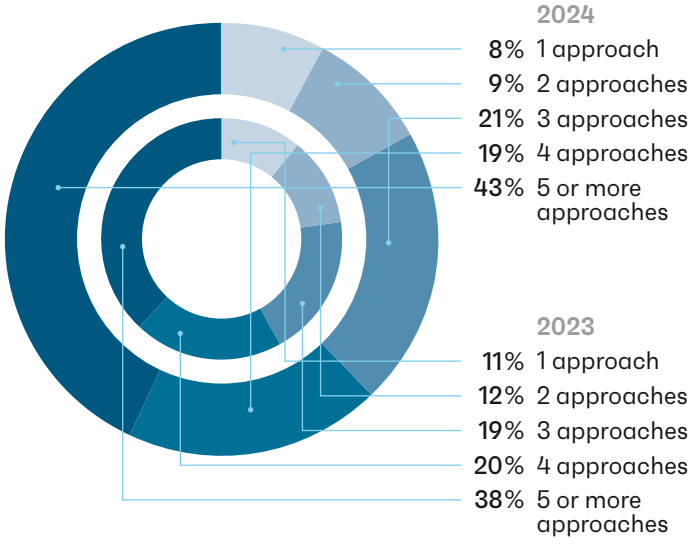


Figure 21: **Number of sustainable investment approaches applied** (in % AuM)



Looking at total volumes through the lens of the number of applied SI approaches continues to provide a meaningful interpretation of the sustainability-related investment landscape (see Figure 20). The share of volumes applying three or more SI approaches has steadily increased over the past three years – from 70% in 2022 to 77% in 2023, and further to 83% in 2024. At the same time, the share of investments applying only one or two approaches has declined accordingly.

The strongest growth can be observed in the category of five or more applied approaches, which increased significantly from CHF 632 billion in 2023 to CHF 812 billion in 2024 – an increase of over 28%. Compared to 2022, this volume has grown by more than CHF 240 billion. This shift suggests that investors are increasingly combining multiple SI approaches when managing sustainability-related assets.

Figure 21 supports these findings from a proportional perspective. It shows that the share of assets applying five or more SI approaches increased from 38% in 2023 (inner circle) to 43% in 2024 (outer circle), while the share of investments using only one or two approaches declined.

Although the number of applied approaches alone does not determine the quality or effectiveness of a strategy, the consistent increase in multi-approach combinations can be seen as an indication of growing sophistication in the management of sustainability-related investments.

Further details on the various combinations observed can be found in the Appendix, page 81.

3.2 Sustainable investment approaches

Figure 22: **Development of sustainable investment approaches** (in CHF billion) (n=78)

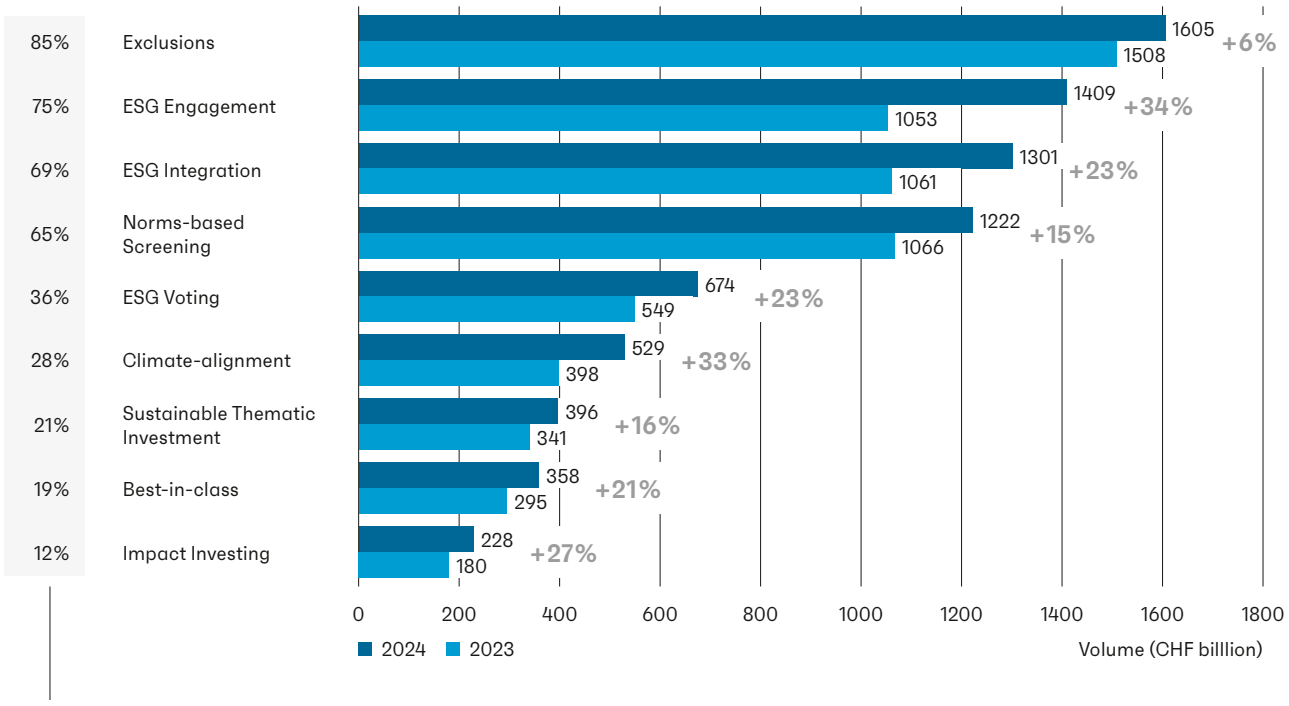
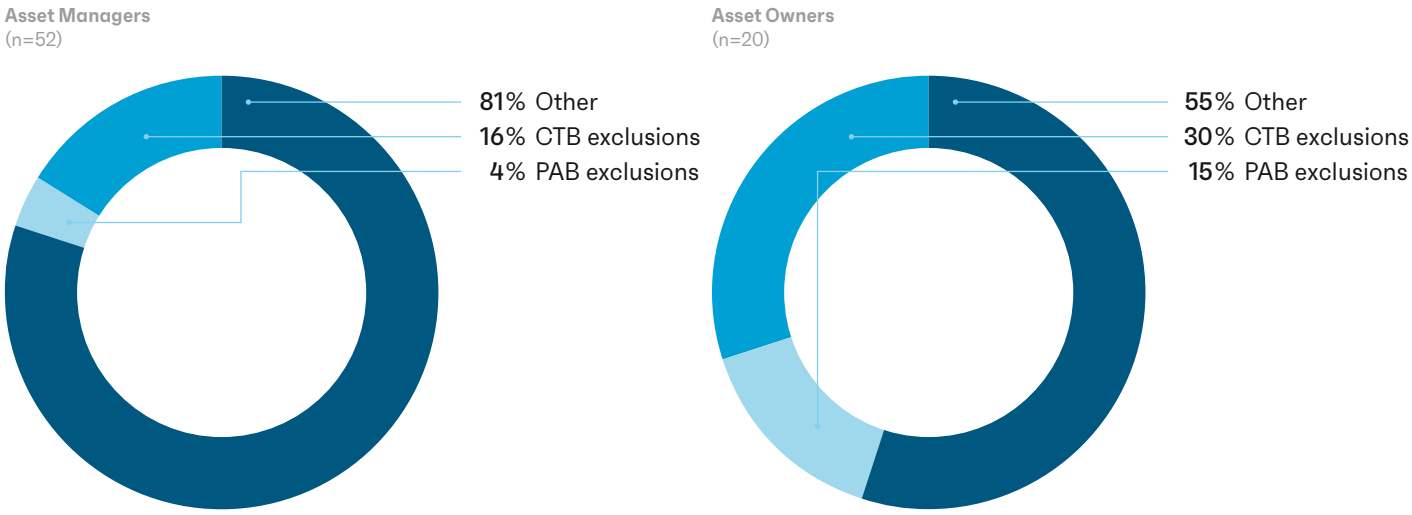


Figure 22 shows the total reported volumes for each SI approach applied alone or in combination in 2024, covering both asset managers and asset owners. In line with the significant uptick in overall sustainability-related volumes, all SI approaches showcase material growth this year, especially compared to the more modest growth rates we had seen in 2023.

As in previous years, exclusions remain the most widely used approach with a total volume of CHF 1,605 billion, however with the slowest relative growth among all SI approaches. This highlights the maturation of the market, moving towards more elaborate SI approaches. A notable change in this year's ranking is the rise of ESG engagement from fourth to second position, with reported volumes increasing from CHF 1,053 billion to CHF 1,409 billion – the strongest growth both in absolute and relative terms across all SI approaches. This reflects the continuously increasing focus of the financial services industry on stewardship as a key SI approach to initiate and accompany positive change.

ESG integration and norms-based screening follow with volumes of CHF 1,301 billion (+23%) and CHF 1,222 billion (+15%), respectively. While the order has shifted slightly compared to last year, these core approaches continue to be applied extensively. Sustainable Thematic Investment (CHF 396 billion, +16%), climate-alignment (CHF 529 billion, +33%) and impact investing (CHF 228 billion, +27%) also recorded strong gains this year – reversing the more moderate developments observed in the previous period. These results reflect a continued broadening in the application of SI approaches, with growing emphasis on outcome-oriented strategies such as stewardship and impact investing. The consistently high growth across almost all categories highlights the ongoing trend towards combining multiple approaches.

Figure 23: **Applied exclusion criteria for asset managers and asset owners** (in % of AuM) (n=72)



3.2.1 Exclusions

The exclusion approach is applied to 85% of all sustainability-related volumes in Switzerland (Figure 22). Compared to last year, the questions in the questionnaire were adjusted: instead of asking respondents to list individual exclusion criteria such as coal or tobacco, the 2025 survey grouped exclusion volumes into three predefined categories – Climate Transition Benchmark (CTB) exclusion criteria, Paris-Aligned Benchmark (PAB) exclusion criteria[25], and "Other".

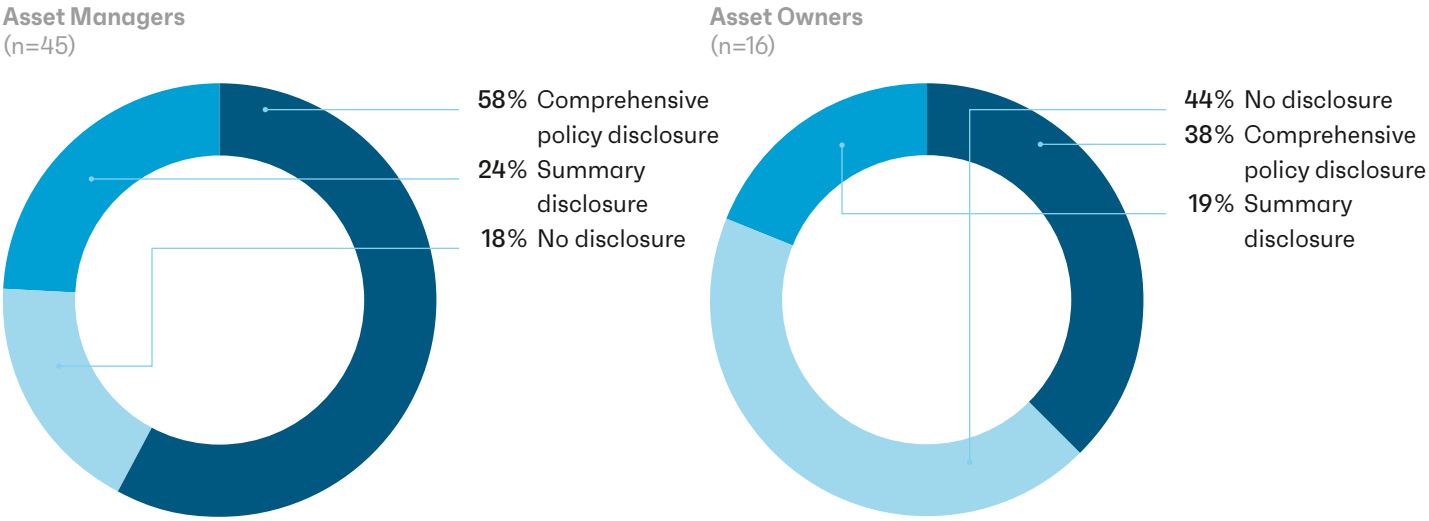
Among asset managers, 81% of exclusion volumes fall into the "Other" category, while 16% apply Climate Transition Benchmark (CTB) exclusion criteria and only 4% are aligned with Paris-Aligned Benchmark (PAB) exclusion criteria (Figure 23). This indicates that exclusions by asset managers are still predominantly based on institution-specific frameworks. A closer look at this last category shows that most institutions however apply widespread exclusion criteria – gambling, weapon, tobacco, etc.

A similar pattern emerges among asset owners where 55% of exclusion volumes managed by internal, institution-specific frameworks. However, 30% align with CTB and 15% with PAB exclusion criteria (Figure 23), indicating that a slightly higher proportion of asset owners make use of standardised exclusion frameworks compared to asset managers.

It will be interesting to observe how exclusion categories evolve in the next years, considering the renewed discussions to revisit some of the traditional categories (such as weapons or nuclear energy) in light of the evolving world order.

25 The Climate Transition Benchmark (CTB) exclusions refer to those contained in Article 12(1)(a)–(c) of Commission Delegated Regulation (EU) 2020/1818 while the Paris-aligned Benchmark (PAB) exclusions refer to those contained in Article 12(1)(a)–(g) of the same Regulation. They both include, among others, companies involved in activities related to controversial weapons or in the production of tobacco, or companies in violation of UNGC or OECD principles.

Figure 24: **Stewardship policy disclosure of asset managers and asset owners** (in % of respondents) (n=61)



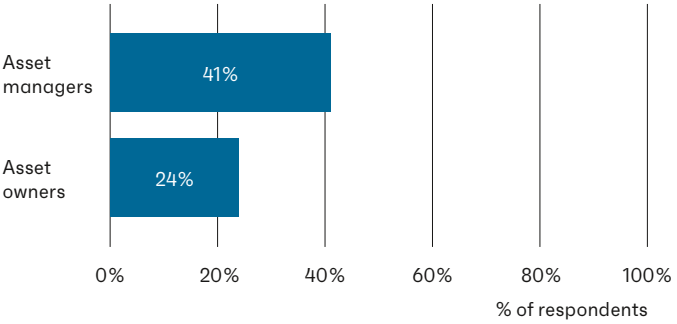
3.2.2 Stewardship[26]

3.2.2.1 Governance

Figure 24 illustrates the extent to which asset managers and asset owners disclose their stewardship policy. Among asset managers, 58% disclose a comprehensive policy, while 24% disclose only a summary. 18% of respondents in this group do not disclose any stewardship policy. In contrast, only 38 % of asset owners provide a comprehensive disclosure, 19% offer a summary, and a notable 44% disclose no stewardship policy at all. This difference may be partly due to the tendency of asset owners to delegate stewardship activities to external asset managers. As a result, they may place less emphasis on developing or publicly communicating a standalone stewardship policy.

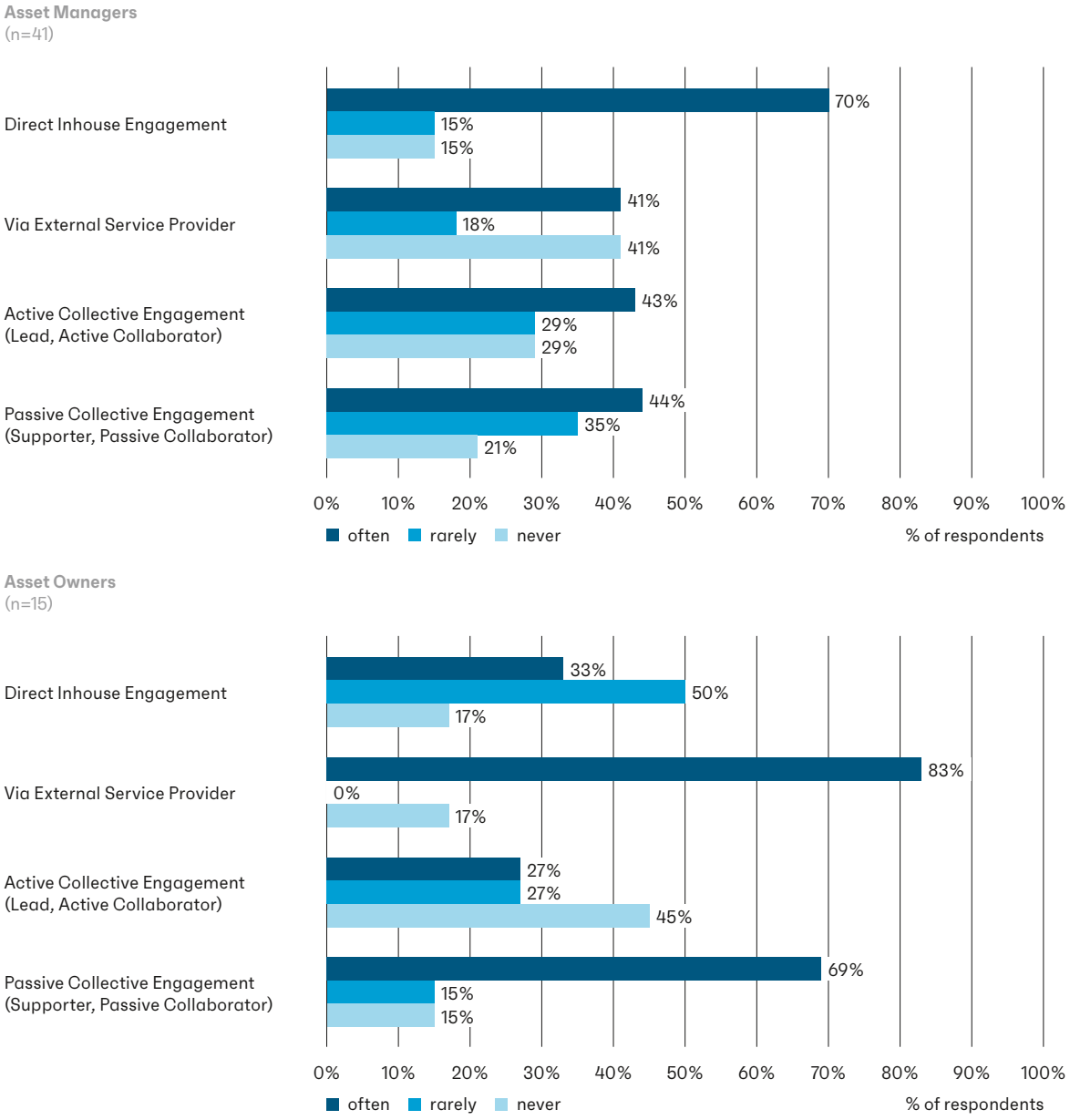
Figure 25 illustrates the current implementation status of the Swiss Stewardship Code. Among asset managers, 41% indicate that they have implemented the Code, compared to 24% of asset owners. This difference may reflect varying roles and responsibilities in stewardship practices. Asset managers, who are more directly involved in exercising voting rights and engaging with investee companies, may be more likely to formalise their approach in line with the Code. Despite the gap in implementation rates, the overall perceived level of challenge associated with applying the Code is relatively low for both groups. On a scale from 1 (not challenging) to 4 (strongly challenging), asset managers report an average score of 1.9, while asset owners report 1.8. These findings suggest that, although the implementation is still evolving – particularly among asset owners – the practical implementation of the Code is not perceived as a significant hurdle. It is important to highlight that this is self-reported data and does not constitute an assessment of the depth and breadth of implementation.

Figure 25: **Share of asset managers and asset owners declaring that they have implemented the Swiss Stewardship Code, partially or fully** (in % of respondents) (n=58)



26 Additional charts on stewardship, are available at https://www.sustainablefinance.ch/en/our-activities/ssf-publications/stewardship-2025-swiss-sustainable-investment-market.html

Figure 26: **Distribution of engagement types by frequency of use for asset managers and asset owners** (in % of respondents) (n=56)



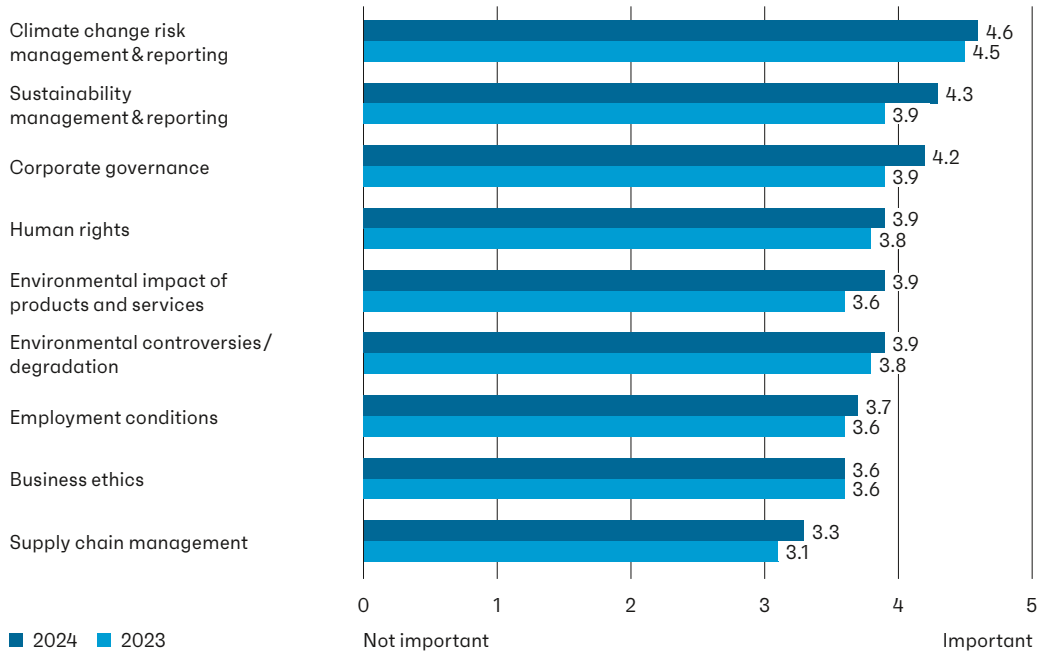
3.2.2.2 ESG Engagement

ESG engagement is applied to 75% of all sustainability-related investment volumes in Switzerland (Figure 22). Among asset managers, 79% of their respective sustainability-related investment volumes are subject to this approach, compared to 54% in the case of asset owners.

Figure 26 provides insights into how different forms of ESG engagement are applied in practice, showing notable differences in engagement strategies between asset managers and asset owners. Among asset managers, direct inhouse engagement is the most commonly used method, with 70% indicating they use this approach often, and only 15% each stating they use it rarely or never. This suggests that many asset managers have built up in-house resources and expertise to carry out direct engagement activities. In contrast, asset owners tend to rely more on outsourcing engagement. 83% report using external service providers often.

Differences also emerge in the use of collective engagement. Asset managers report a more balanced distribution across different collaboration modes. 43% indicate they often engage in active collective engagement (e.g. as lead or active collaborator), while 44% do so in a passive role (e.g. as supporter). Among asset owners, passive collective engagement is the most prominent format: 69% apply this approach often, while only 27% report participating often in active collective efforts.

Figure 27: **Main ESG engagement themes for asset managers and asset owners in 2023 and 2024** (in average level of importance) (n=49)



These findings reflect broader patterns in stewardship capacity and strategy. Asset managers tend to adopt a more hands-on engagement approach, supported by in-house teams and complemented by collective initiatives. Asset owners, in turn, appear to focus on external collaboration and support – particularly through service providers and passive roles in engagement networks – likely driven by resource constraints (time and expertise).

Figures 27 shows that, interestingly, almost all topics have grown in importance between 2023 and 2024. Climate change risk management and reporting remain the most important topic for engagement. Sustainability management and reporting also gained in relevance, rising from 3.9 to 4.3. Notably, topics such as environmental controversies and degradation, human rights, and the environmental impact of products and services remain consistently important, with only marginal changes.

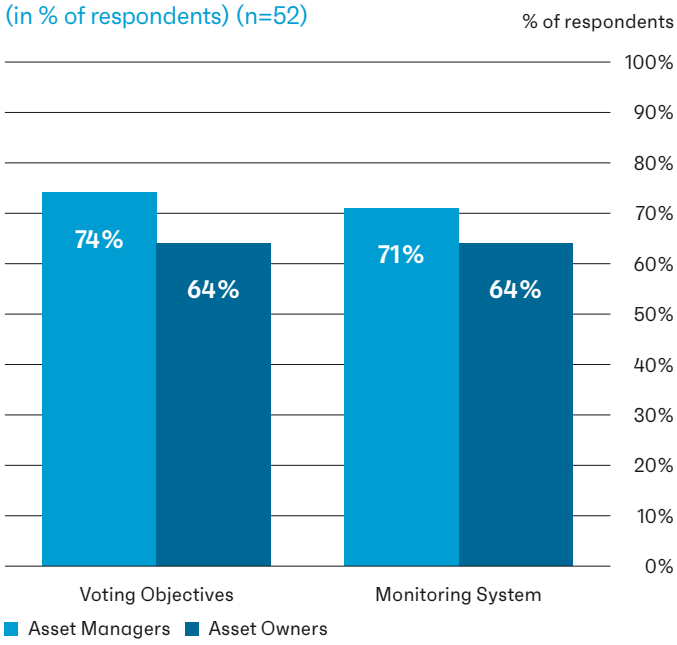
3.2.2.3 Voting

ESG voting is applied to 36% of all sustainability-related investment volumes in Switzerland (Figure 22): 38% for asset managers and 26% for asset owners.

Figure 28 illustrates the extent to which asset managers and asset owners have defined voting objectives and established processes to monitor the execution of voting activities. Among asset managers, 74% report having defined voting objectives, and 71% indicate the existence of a monitoring system for their voting activities. This suggests that most asset managers have formalised structures in place to guide and track their voting behaviour. Among asset owners, both indicators are reported at 64%, reflecting a potentially slightly lower degree of formalisation compared to asset managers.

Overall, the results indicate that voting frameworks are relatively well established in both groups. The difference between asset managers and asset owners may be linked to the asset managers' more active role in the direct implementation of voting strategies, while asset owners often delegate such tasks and therefore may rely on external systems and policies.

Figure 28: **Existence of voting objectives and monitoring systems of asset managers and asset owners**
(in % of respondents) (n=52)



3.2.2.4 Reporting

Figure 29 shows the topics most frequently included in stewardship reports. Engagement activities are covered in 79% of stewardship reports by asset managers and 86% of asset owners' reports. Voting records appear more frequently in reports by asset owners (93%) than in those by asset managers (69%), suggesting a strong emphasis on formal reporting obligations. Case studies are included more often in asset manager reports (64%) than in those of asset owners (43%), pointing to a greater focus on illustrating stewardship outcomes. This could align with earlier findings showing that asset managers are more likely to perform direct inhouse engagement, which could also help explain why case studies – potentially related to engagement activities – are more frequently included in their reporting, as they can draw more directly on their own engagement experience.

Figure 29: **Topics covered in stewardship reports of asset managers and asset owners**
(in % of respondents) (n=56)

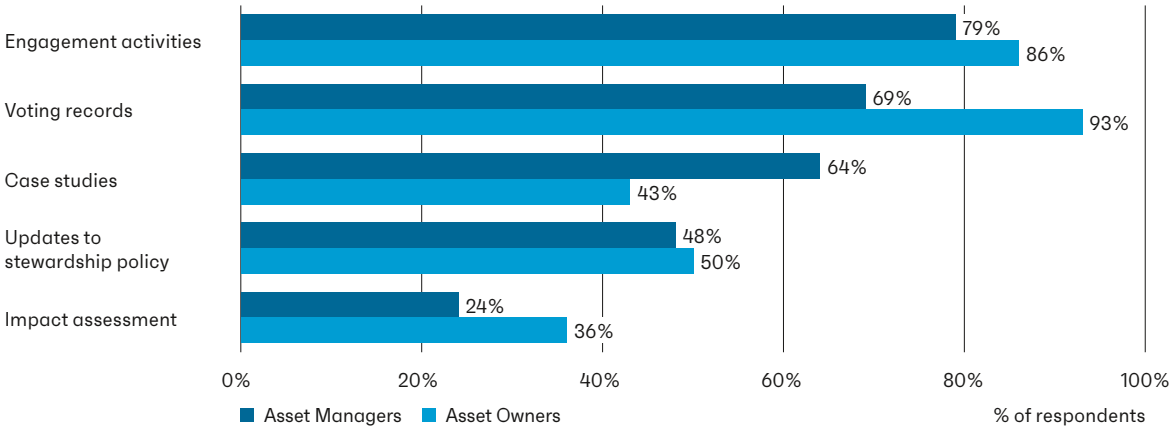


Figure 30: **Implementation of net zero or transition plans for asset managers and asset owners** (in % of AuM) (n=35)

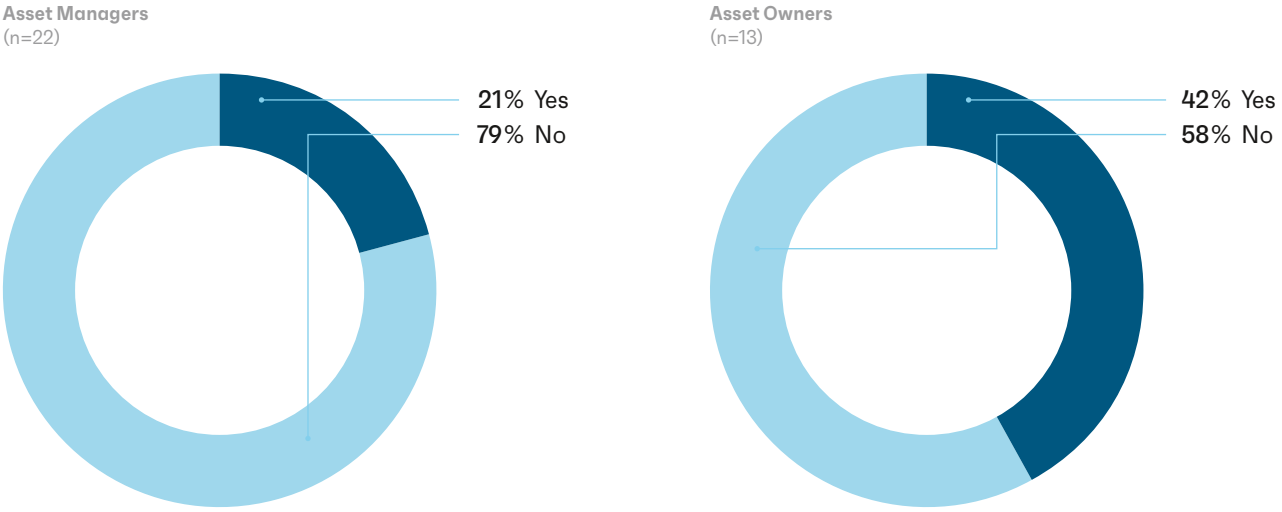
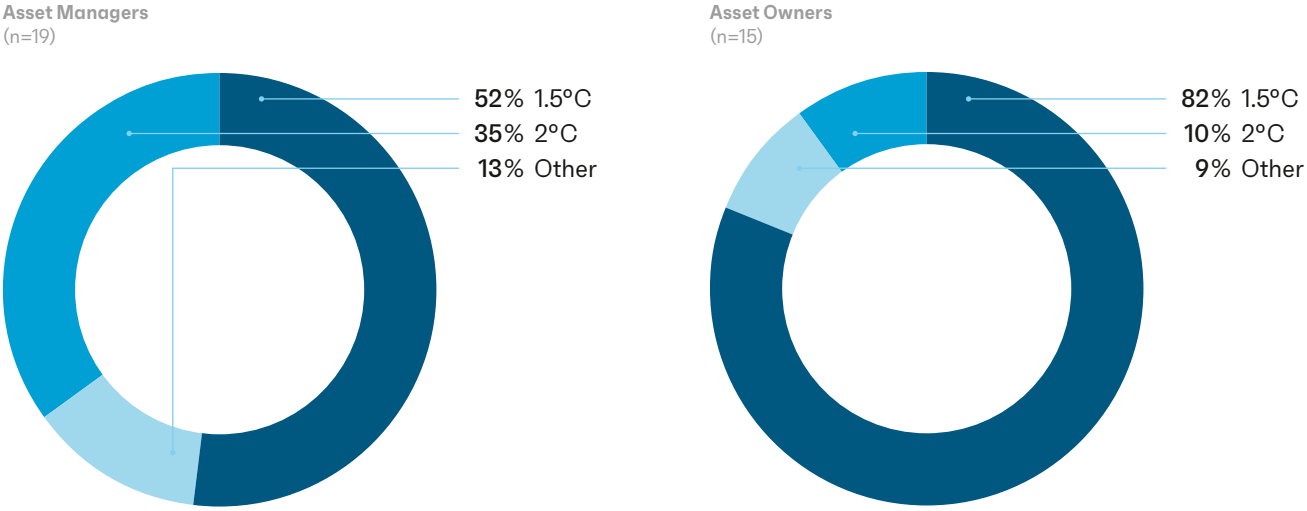


Figure 31: **Climate-alignment target scenarios for asset managers and asset owners** (in % AuM) (n=34)



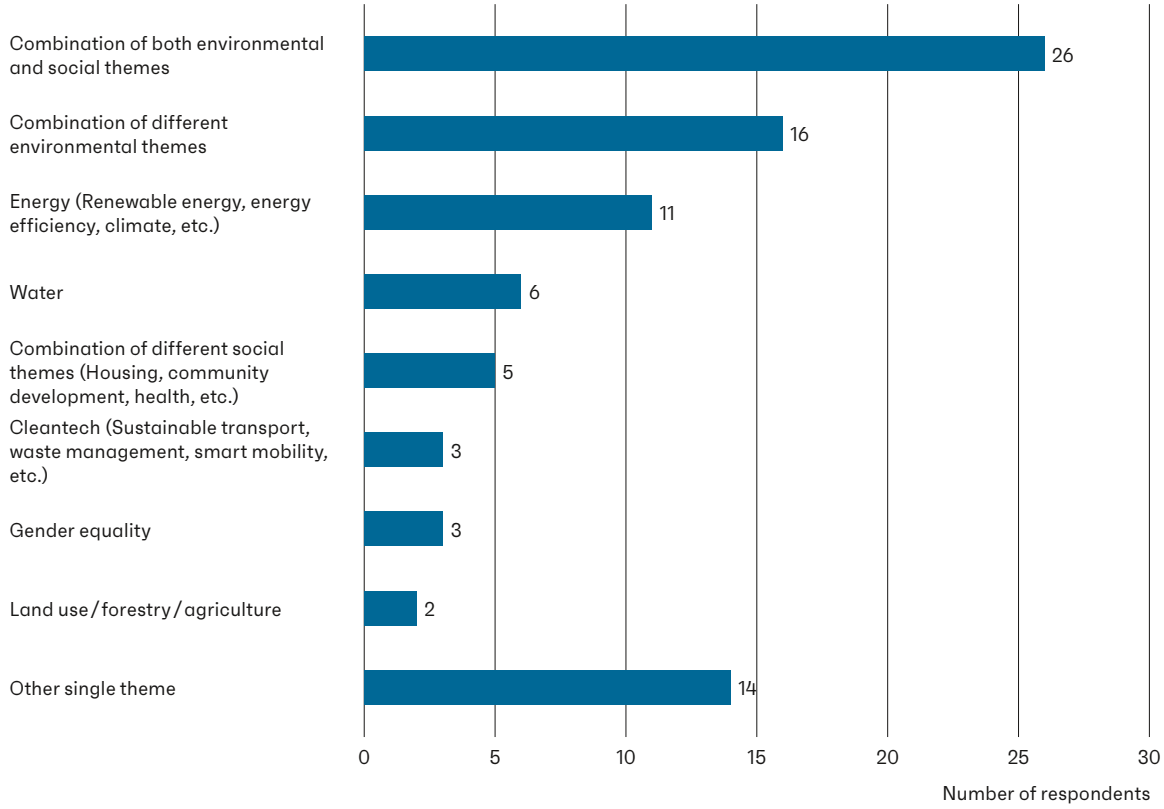
3.2.3 Climate-alignment

The climate-alignment approach, which was introduced only in 2022, is already applied by 28% of all sustainability-related volumes in Switzerland (Figure 22). Over time, Swiss asset managers and asset owners – particularly those with net zero ambitions – have continued to launch strategies aimed at reducing the carbon footprint and carbon intensity of specific portfolios, and a growing number of market participants have established defined climate targets.

Figure 30 provides further insight into the implementation of net zero or transition plans among market participants for their portfolios. Among asset managers, 21% of the reported sustainability-related assets are managed in line with such a plan, while the remaining 79% currently do not apply a formal transition strategy for the portfolio. Asset owners report a higher share of 42% of sustainability-related assets having established net zero or transition plan.

Looking at asset managers, the share of assets under management (AuM) aligned with a 1.5°C scenario stands at 52% in 2024, and, the share aligned with a 2°C scenario at 35%. While it is encouraging to see a majority of assets still aligned to the more ambitious target, it will be interesting to monitor whether progressive quality improvements in the underlying data may shed a different light on these results in the next years. The market is also getting more cautious: the share of climate-alignment approaches in the "Other" category – covering strategies not tied to specific temperature pathways – stands now at 13% in 2024 (compared to 4% in last year's study), suggesting that more asset managers are adopting alternative climate strategies outside the established scenarios (Figure 31). This increase may reflect growing use of flexible climate strategies, particularly in areas like private markets or engagement-based approaches, which may not fit neatly into defined temperature pathways.

Figure 32: **Main sustainable thematic investment themes for asset managers and asset owners** (in number of respondents) (n=40)



Among asset owners, the commitment to the 1.5°C scenario for organisations following a net zero goal remains particularly strong: 82% are in 2024. The share of assets targeting a 2°C pathway now stands at 10% (compared to 2% in 2023) (Figure 31).

Although the overall dominance of the 1.5°C target remains, these evolutions suggest that some asset market participants start exploring more flexible approaches to climate-alignment, in light of the increasing challenges of companies and countries to achieve defined net zero goals.

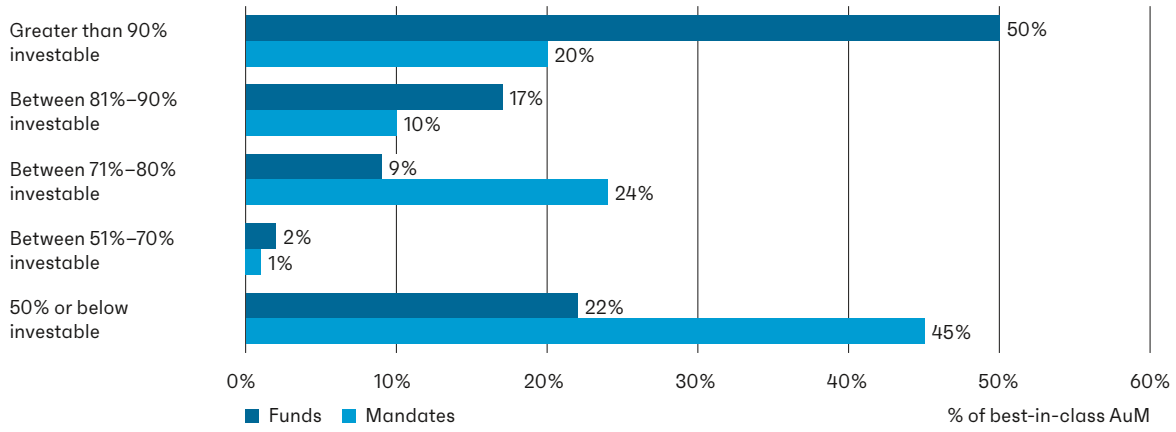
Additional insights on the climate commitments on asset managers and asset owners can be found in the Chapter "Special Topics", page 50.

3.2.4 Sustainable Thematic Investments

Unchanged to last year, the sustainable thematic investments approach is applied by 21% of sustainability-related investment (Figure 22) and a combination of both environmental and social themes ranks highest, with 26 respondents selecting this category (Figure 32). The second most frequently used thematic focus is a combination of different environmental themes, followed by the energy theme (including renewable energy, energy efficiency and climate-related aspects) and then water. In other words, environmental themes continue to dominate the landscape of thematic investing.

While both asset managers and asset owners favour combined thematic approaches, their focus differs on specific aspects. Asset managers show a stronger inclination towards integrated environmental and social themes, while asset owners predominantly focus on combinations of environmental themes alone.

Figure 33: **Investment universe reduction based on best-in-class approach for asset managers** (in % of best-in-class AuM) (n=33)



3.2.5 Best-in-Class

The best-in-class approach represents 19% of all sustainability-related investment volumes in Switzerland (Figure 22), showing a slight increase compared to the previous year (18% in 2023). Asset manager and asset owner participants were asked about the proportion of the investment universe that remains investable after applying best-in-class criteria. As in the previous year, sufficiently representative market data was only available for asset managers, which is why the present analysis is based on asset manager responses only (Figure 33).

For investment funds, best-in-class strategies that result in more than 90% of the universe remaining investable continue to dominate – now accounting for 50% of fund volumes. These low-selectivity approaches remain widespread, though it is debatable whether such thresholds truly represent a best-in-class strategy. At the same time, the most selective best-in-class strategies – i.e. where 50% or less of the universe is investable – are gaining relevance in mandates, now standing at 45%.

This diverging trend can be explained by the maturation of product offering. While investment funds need to maintain a sufficiently broad diversification in their product universe, in order to align to the expectations of a diverse set of investors, sustainability mandates are often designed to be more targeted on strict ESG standards than funds. They are therefore more impacted by the values-alignment expectations of investors, resulting in stricter thresholds in the best-in-class approach.

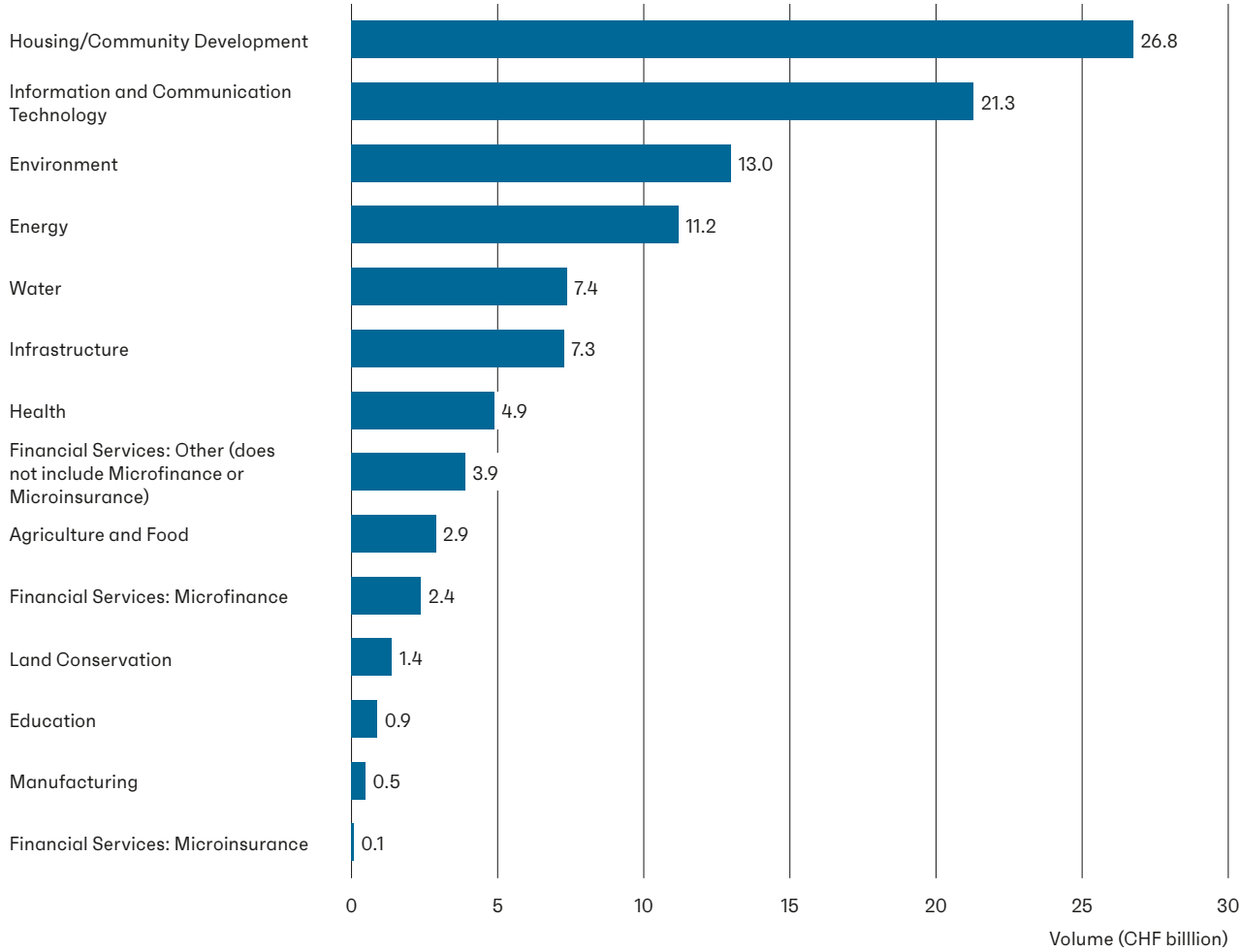
3.2.6 Impact Investing

Impact investing now represents 12% of all sustainability-related investment volumes in Switzerland, showing a significant increase compared to the previous year (Figure 22). While it still ranks among the less widespread SI approaches in absolute, its relative growth is among the highest – by around 27% – from CHF 180 to 228 billion, underlining the continued interest in contributing to impactful developments globally.

With regards to sectoral priorities, housing and community development ranks highest (CHF 26.8 billion), followed by information and communication technology (CHF 21.3 billion), environment, energy, and water (Figure 34). This year's picture reflects again the prominence of real estate as an asset class in impact investing strategies, as highlighted already in our publication on impact investing in 2024.[27] While the main themes are overall similar to last year, a significant difference is the move of information and communication technology to the top. It also shows the newly gained prominence of information technology (mobile banking, digital wallets) as an enabler to extend financial services access to previously underserved populations, especially in emerging markets.

27 SSF/tameo (2024): *A Stocktake of Swiss Impact Investing*. Accessible here: https://www.sustainablefinance.ch/en/our-activities/ssf-publications-3037.html

Figure 34: **Impact investing by sector for asset managers and asset owners** (in CHF billion) (n=25)



Some differences exist between asset managers and asset owners. The category housing/community development is largely driven by asset owners, whereas information and communication technology is clearly dominated by asset managers. Asset managers also tend to allocate more impact investments to environmental and health-related themes, while asset owners appear to follow a narrower focus on a subset of themes.

In terms of regional allocation, a clear shift can be observed compared to last year (Figure 35). The share of impact investments targeting only developed countries dropped significantly from 48% to 22%, while allocations to all world regions rose sharply from 48% to 70%. Investments focused on developing countries increased only slightly, from 5% to 8%. This suggests that market participants are increasingly pursuing globally diversified impact strategies, rather than concentrating on specific regional markets. Looking at asset managers and asset owners, asset managers invest predominantly across all regions (78%), while asset owners allocate a significantly larger share to developed countries (34%), and only 4% to developing countries.

Figure 35: **Impact investing in developed versus developing countries for asset managers and asset owners in 2023 and 2024** (in %) (n=30)

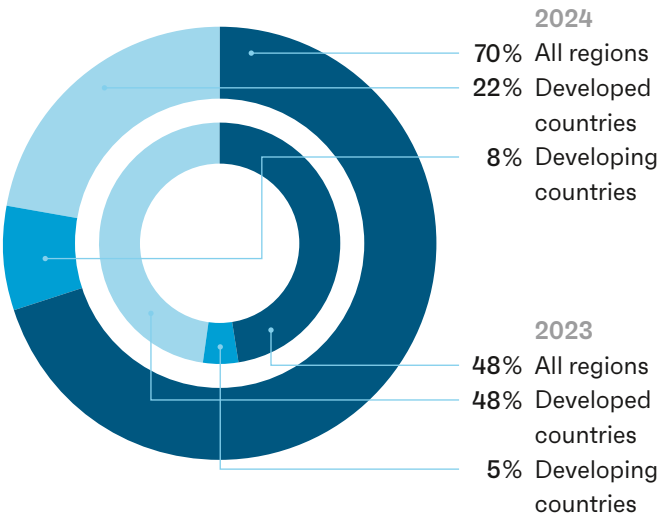


Figure 36: **Impact investing: use of internal and external monitoring frameworks** (in % respondents) (n=49)

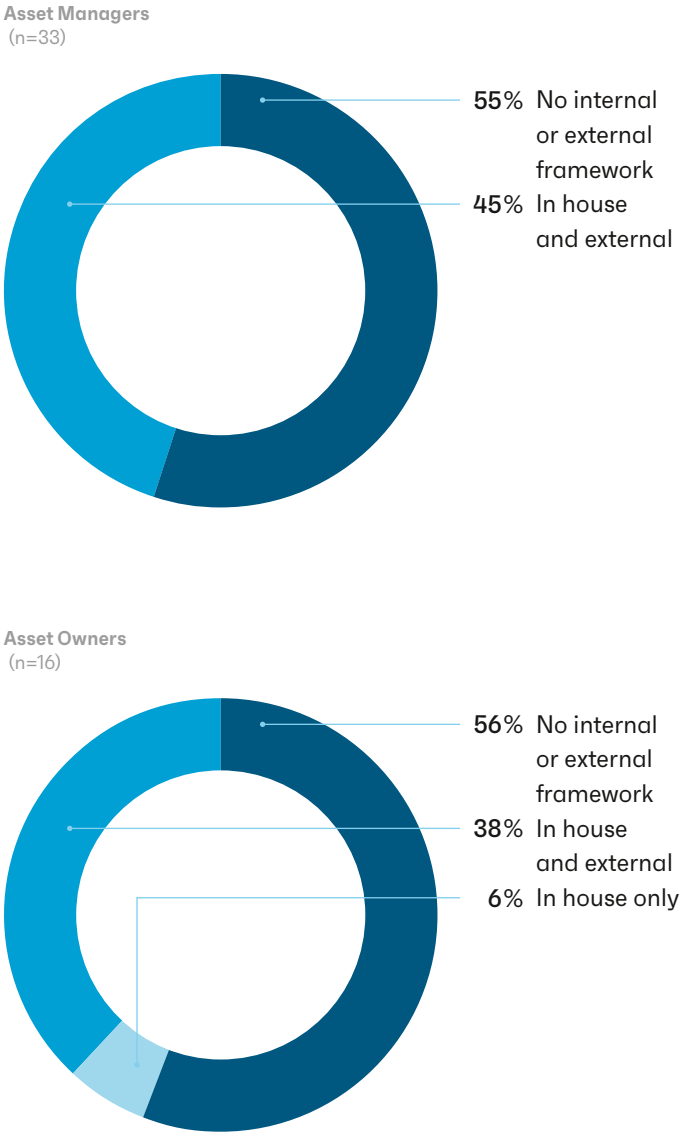
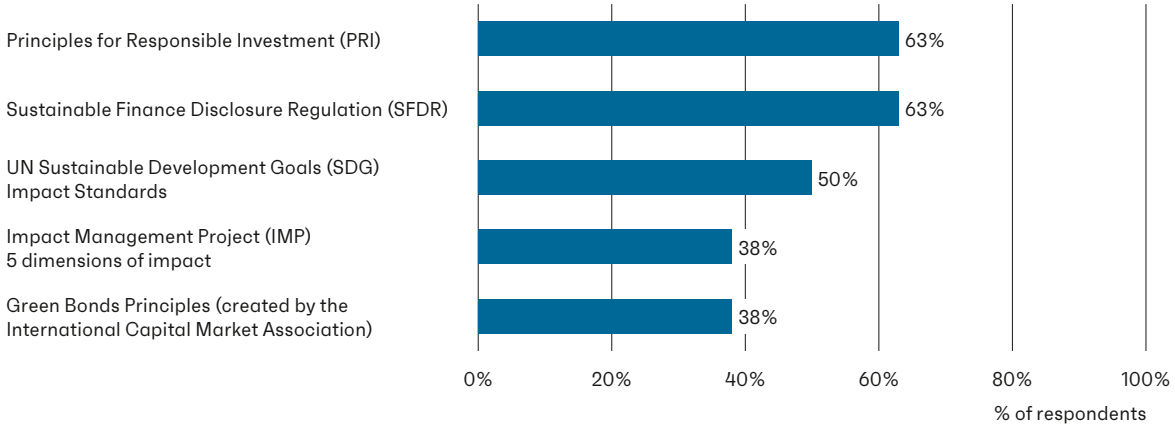


Figure 37: **Most used complementary tools in impact management and measurement for asset managers and asset owners** (in % of respondents) (n=24)



Just under half of asset managers (45%) and asset owners (44%) indicated using some kind of impact measurement framework, usually an in-house solution combined with an international framework. When asked which frameworks they are using alongside their own solutions, the following three frameworks are used by the majority of respondents: the Principles for Responsible Investment (PRI), the Sustainable Finance Disclosure regulation (SFDR)[28] and the UN SDGs (Figures 36 and 37).

- While the PRI framework is not traditionally linked to impact investments, its strong focus on investor intentionality and accountability for assessing ESG outcomes fits closely with the core aspects of impact investing (intentionality, measurability and management).
- SFDR makes the distinction only between promoting environmental and social characteristics (Article 8 products) and having sustainable investment as their objective (Article 9). Thus, most impact investments are considered article 9 given their strong focus on intentionality.
- Although the SDGs were designed for the public sector, it has become industry practice to align investment impacts with the SDGs. The IRIS+ created by Global Impact Investing Network (GIIN) allows investors to map their investments to specific SDGs and many in-house proprietary impact measurements are informed by the IRIS+ and the SDGs.

28 While SFDR is a regulation on mandatory disclosures for investment funds, and not a classification or rating scheme, many market participants use it as such.

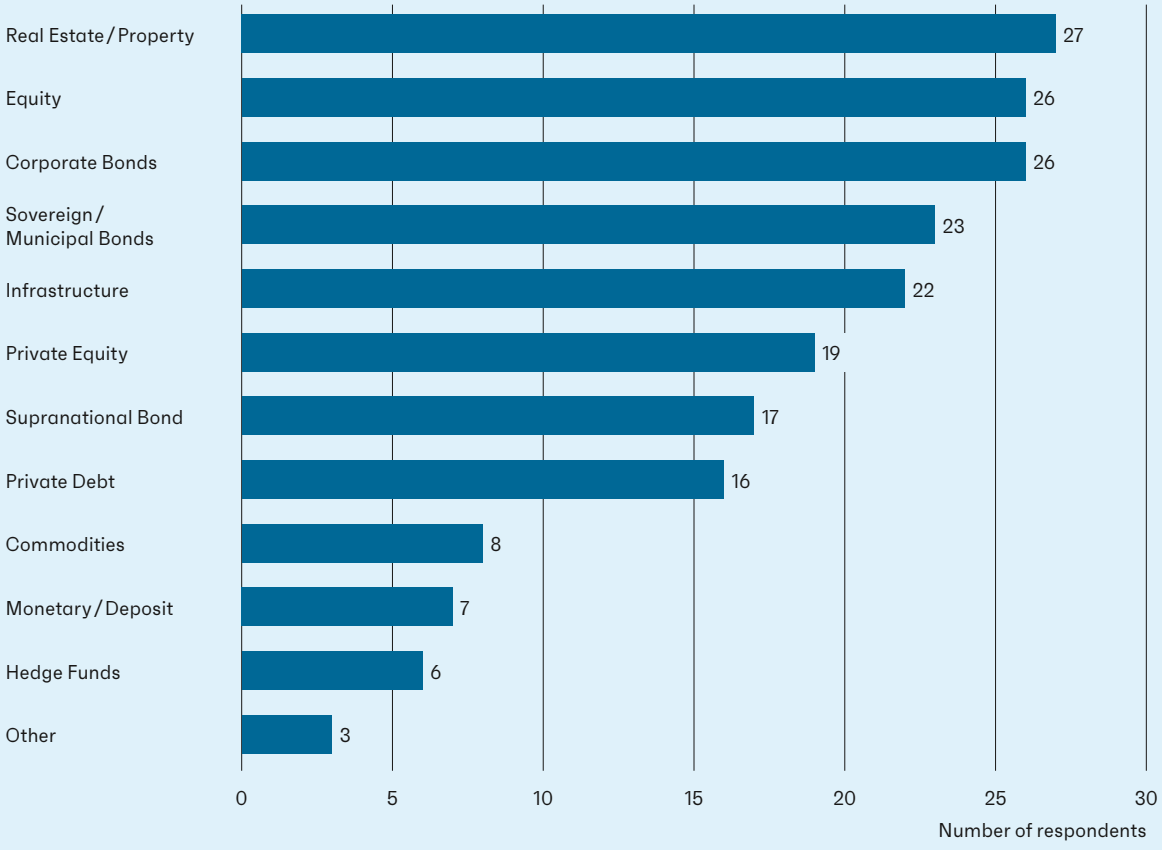
How Swiss asset owners integrate sustainability into their policies

For most of this study we focus on the nine SI approaches and on classifying types of sustainability-related investments. At the same time, most asset managers and owners have defined formal investment policies that are ultimately applied to their full asset ranges. While formal policies represent a company-wide understanding of how specific approaches are generally relevant, these policies do not reveal any product-specific information to customers.

Asset managers have company-wide policies for their SI approaches in almost all cases, while asset owners have increased the number of standardised policies over the years.

Figure 38 shows that asset owners continue to establish formal ESG policies primarily for their largest asset classes. Of the 28 respondents, 27 reported having a sustainability-related policy for real estate, followed closely by 26 each for equity and corporate bonds. Sovereign and municipal bonds also remain a focus, with 23 asset owners applying ESG guidelines. Other asset classes such as infrastructure (22) and private equity (19) follow, while policies for commodities, deposits and hedge funds are less common.

Figure 38: **Formal sustainability-related investment policies of asset owners** (in number of respondents) (n=28)



UBP
Union Bancaire Privée

Investing in social issues: tackling obesity

Nicolas Barben,
Head of Sustainability Solutions, WM, Union Bancaire Privée (UBP)

As climate-related investments face headwinds in the current geopolitical environment, social issues can offer a compelling alternative for sustainable investing. Public health, particularly solutions to address the obesity pandemic, is one example.

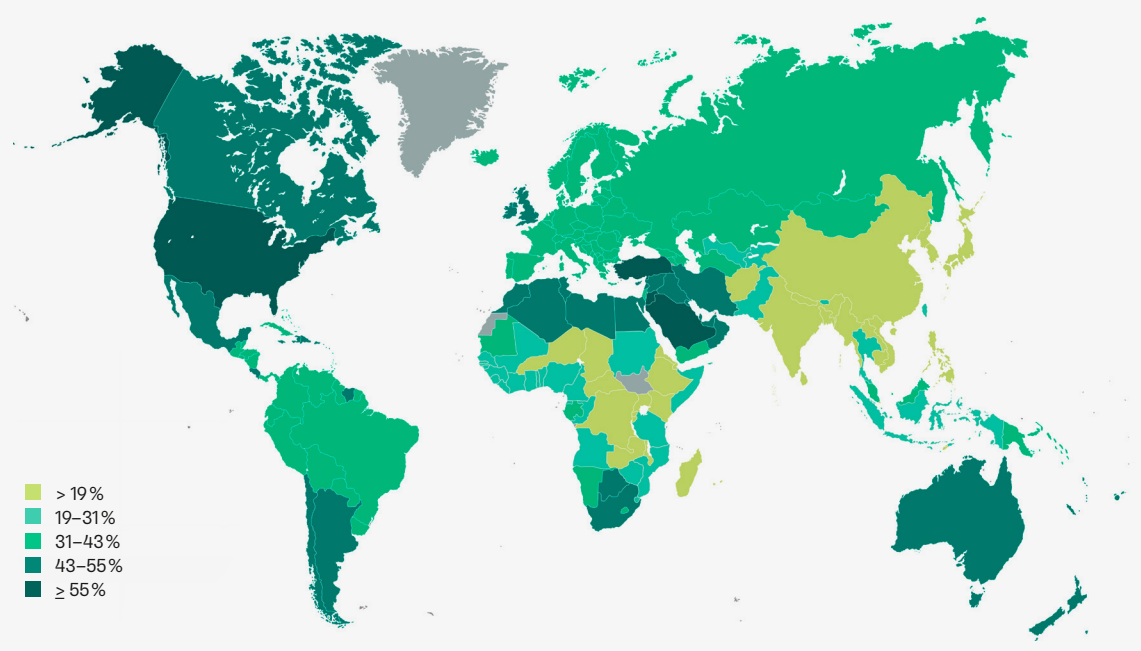
Obesity affects over one billion people including 160 million children, and that total is set to double in the next decade. Its links to chronic diseases such as diabetes, cardiovascular conditions and cancer make it one of today's most pressing health challenges. Related healthcare expenditures and lost productivity mean that obesity could cost the global economy USD 4 trillion by 2035, or 2.9% of global GDP.

As public health systems struggle with the growing costs, demand for innovative ways of tackling obesity is increasing and groundbreaking solutions are emerging. From next-generation pharmaceuticals like GLP-1 receptor agonists to wearable technology that promotes behavioural change, the market is seeing a wave of innovations. There are some compelling opportunities for investors, such as companies developing new biotech, digital health and sustainable food solutions, as well as new treatments, personalised nutrition platforms and AI-powered health diagnostics.

However, pricing remains a hurdle. Many treatments are very expensive, limiting access. This is where rigorous due diligence plays a key role, allowing investors to identify companies that are not only driving innovation but also adopting sustainable pricing models, ethical business practices and equitable access strategies. Additionally, concerns around side effects, long-term efficacy and lifestyle integration show the need for a holistic approach that includes prevention, education and improvements in healthcare systems.

In short, sustainable investing requires flexibility, adaptability in sector terms and an eye for shifting trends. The healthcare sector, and obesity solutions in particular, offer interesting opportunities in the current geopolitical context.

Projected global obesity rates in 2035



Scan to see more

Sources: World Obesity Federation. World Obesity Atlas 2023.

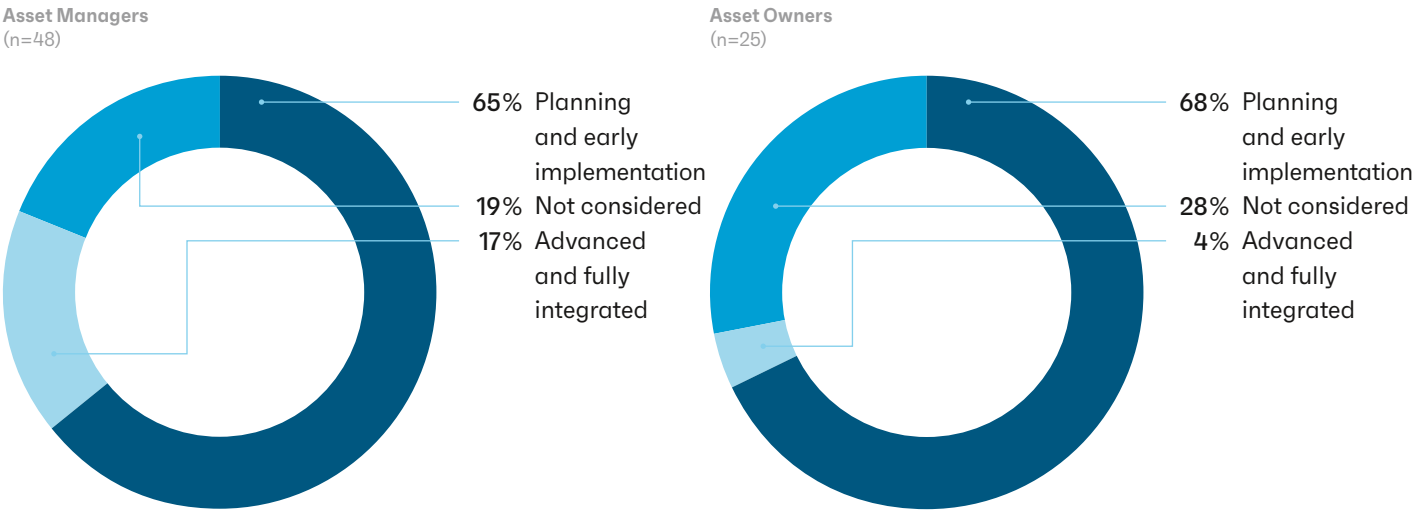
04

Special topics

In this chapter, we cover four topics selected as focus areas due to their growing relevance for sustainable finance: real estate, climate change, nature-related risks, and – for the first time – artificial intelligence.

4.1 Artificial Intelligence in Sustainable Finance

Figure 39: **Stage of artificial intelligence adoption in the organisation for asset managers and asset owners** (in % of respondents) (n=73)



Artificial intelligence (AI) is rapidly transforming financial markets, and its relevance for sustainable finance is increasingly coming into focus. From data processing and risk assessment to client interaction and product development, AI technologies offer many opportunities – while also posing strategic, operational and ethical challenges. As a new special topic in this year's report, respondents were asked about the stage of AI adoption within their organisation, as well as drivers, use cases, challenges and organisational needs specifically related to AI in the context of sustainable finance. The following figures provide a first glimpse into how market participants in Switzerland are approaching this emerging field.

Figure 39 illustrates the current stage of AI adoption across asset managers and asset owners. Among asset managers, 65% report being in the planning or early implementation phase, and 17% have already rolled out AI-supported tools in some of their operations. Only a fifth of asset managers are not considering the topic. Among asset owners, 68% are also in the early stages of adoption, but only 4% report advanced integration of AI in their processes. A notably higher share of 28% are not considering it at all. These results are consistent with the fact that a number of asset owners (mostly pension funds) have outsourced the management of their assets, and therefore manage less operational processes that would offer potential for AI-driven efficiency increases.

However, only a minority (18%) of respondents (asset managers and asset owners combined) currently use AI specifically in the context of sustainable finance, with very few difference between asset managers and asset owners. In other words, despite the organisational adoption of AI by market participants, its targeted application in sustainable finance specifically remains limited, suggesting that AI's potential in this area is still largely untapped across the industry.

Figure 40: **Artificial intelligence adoption: main organisational drivers for asset managers and asset owners** (in % of respondents) (n=52)

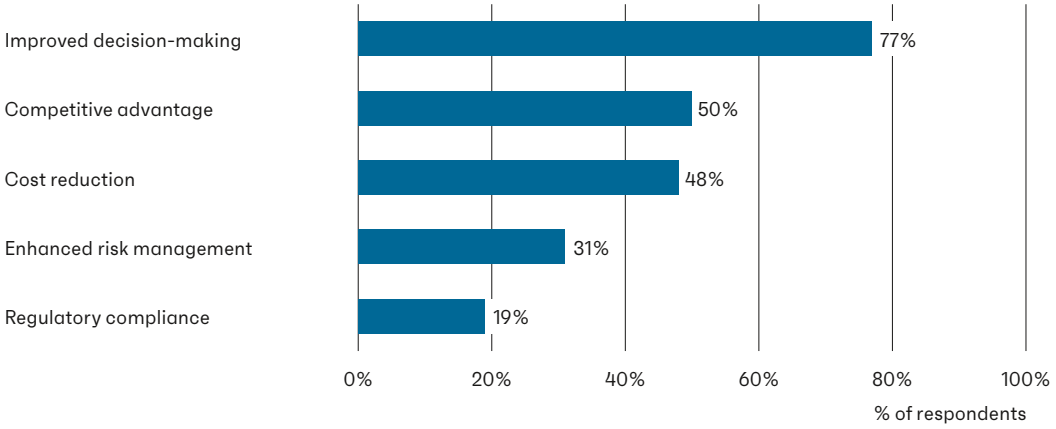


Figure 41: **Artificial intelligence use cases in sustainable finance for asset managers and asset owners** (in % of respondents) (n=19)

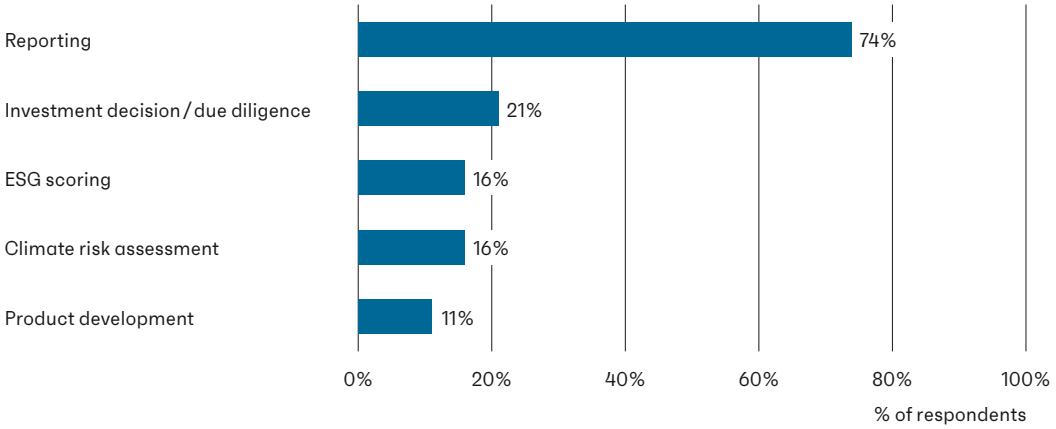


Figure 40 highlights the main organisational drivers for adopting AI across asset managers and asset owners. Improved decision-making clearly stands out as a primary driver, reflecting market expectations that AI's potential lies primarily in efficiency gains in data analysis and operational execution. While the two main drivers are similar between asset owners and asset managers, nuances emerge when looking at the data in detail. Asset owners place a comparatively stronger emphasis on strategic motivations like decision-making and competitive positioning, while other motivations are relatively marginal. Asset managers exhibit a broader range of motivations, with cost reduction and risk management also playing a notable role. Interestingly, regulatory compliance is listed as the least relevant driver both for asset managers and asset owners, which can be attributed to widespread reservations on the reliability of outputs (Figure 42).

Figure 41 illustrates that among respondents who apply AI in sustainable finance, the predominant use case is, by far, reporting. By contrast, business-oriented use cases such as product development or investment decision-making remain significantly less common. This trend holds true across both asset managers and asset owners. Read in conjunction with Figure 40, this data indicates that the industry sees immediate benefits in compliance-driven AI applications (focusing on disclosure and reporting requirements), but mid- to long-term benefits mostly in business-driven AI use cases.

Figure 42: **Key challenges in artificial intelligence implementation for sustainable finance for asset managers and asset owners** (in % of respondents) (n=47)

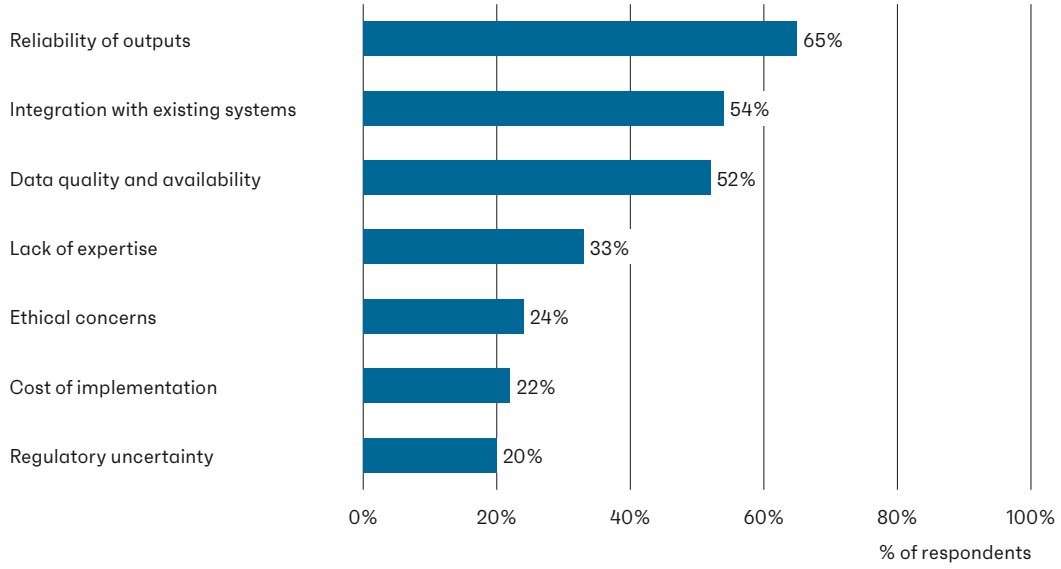


Figure 43: **Key organisational needs to scale artificial intelligence adoption for asset managers and asset owners** (in % of respondents) (n=47)

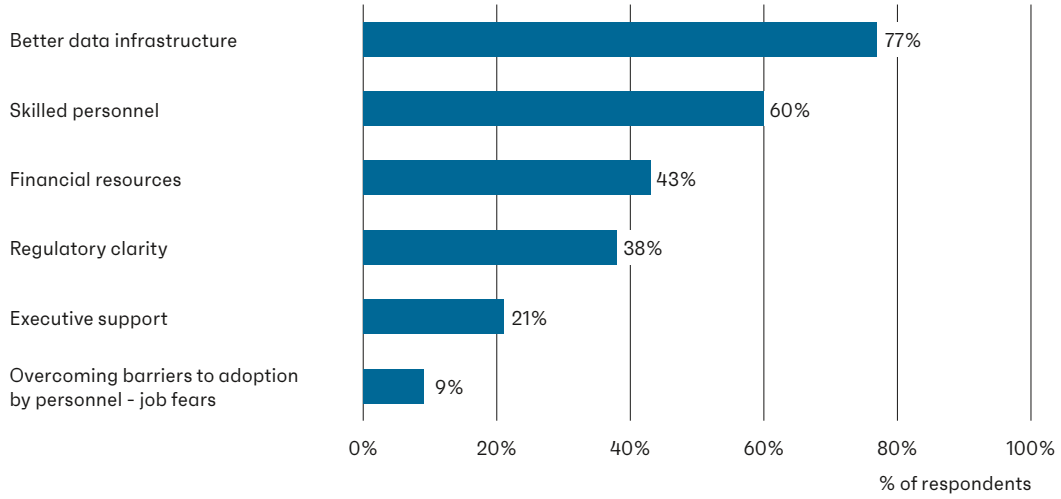


Figure 42 highlights the most pressing challenges organisations face when implementing AI in sustainable finance. The top three obstacles are reliability of outputs (65%), integration with existing systems (54%), and data quality and availability (52%). These technical and structural issues linked to data gathering and processing appear to outweigh concerns related to cost, expertise, ethics, or regulatory uncertainty.

How to overcome the challenges highlighted in Figure 42 to achieve the benefits sketched in Figure 40? To scale AI adoption in sustainable finance, the most frequently cited key organisational need (Figure 43) is better data infrastructure (77%), followed by access to skilled personnel (60%) and sufficient financial resources (43%). These findings reflect a strong demand for foundational capabilities to support more advanced AI integration. Interestingly, concerns related to employee resistance or job displacement appear to play only a minor role (9%). There are no significant differences between asset managers and asset owners.

4.2 Real Estate

Real Estate contributes around one-third of total CO_2-emissions in Switzerland. The sector and its investors are therefore growing in importance in the transition to a sustainable economy, particularly as investors can directly link environmental and social benefits to the way real estate portfolios are being managed. 40% of asset managers and 87% of asset owners report having a formal sustainability policy in place for their real estate investments (Figure 44). Compared to last year, this marks an increase for both asset managers (from 36% to 40%) and asset owners (from 80% to 87%). It is important to know that the lower prevalence among asset managers can primarily be explained by the fact that only around 40% of asset managers manage real estate assets. Hence almost all asset managers being active in this business have defined a corresponding policy. 63% of asset owners participating in our study manage their real estate portfolios in-house: the figure below therefore shows that sustainability policies are also applied by asset owners delegating the operational management of portfolios to external parties.

Overall, the growing adoption of real estate-specific sustainability policies indicates that this asset class is gaining in importance in sustainable investment and has the potential to support the needed transition.

Most respondents indicated that they included all three common areas related to real estate investment in their policy: property monitoring and management, property development and renovation, as well as property selection.

Respondents were also asked about the concrete implementation of sustainable investment practices such as the use of certifications, benchmarks and emissions analyses (Figure 45).

Figure 44: **Formal ESG real estate policy for asset managers and asset owners in 2023 and 2024** (in % of respondents)
(n=40 asset managers, n=23 asset owners)

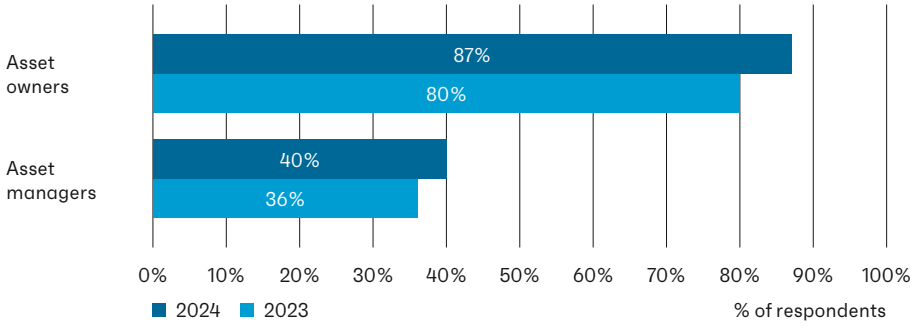


Figure 45: **Sustainability-related practices in real estate investments** (in % of respondents) (n=44)

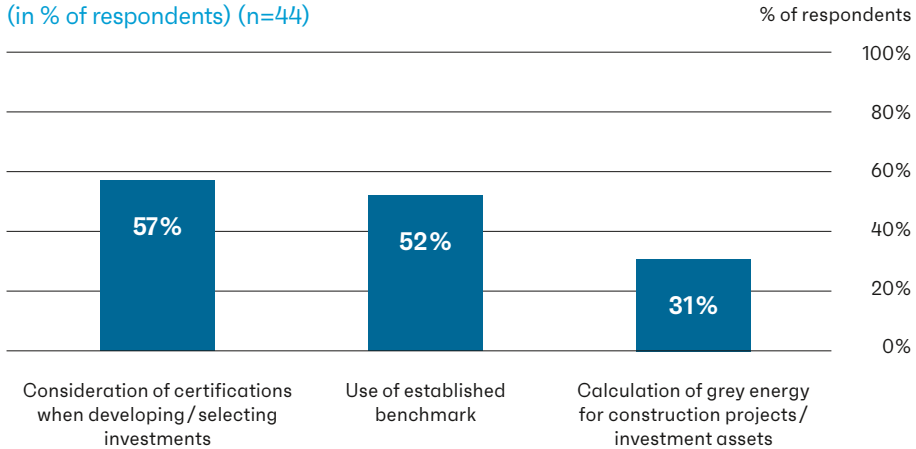
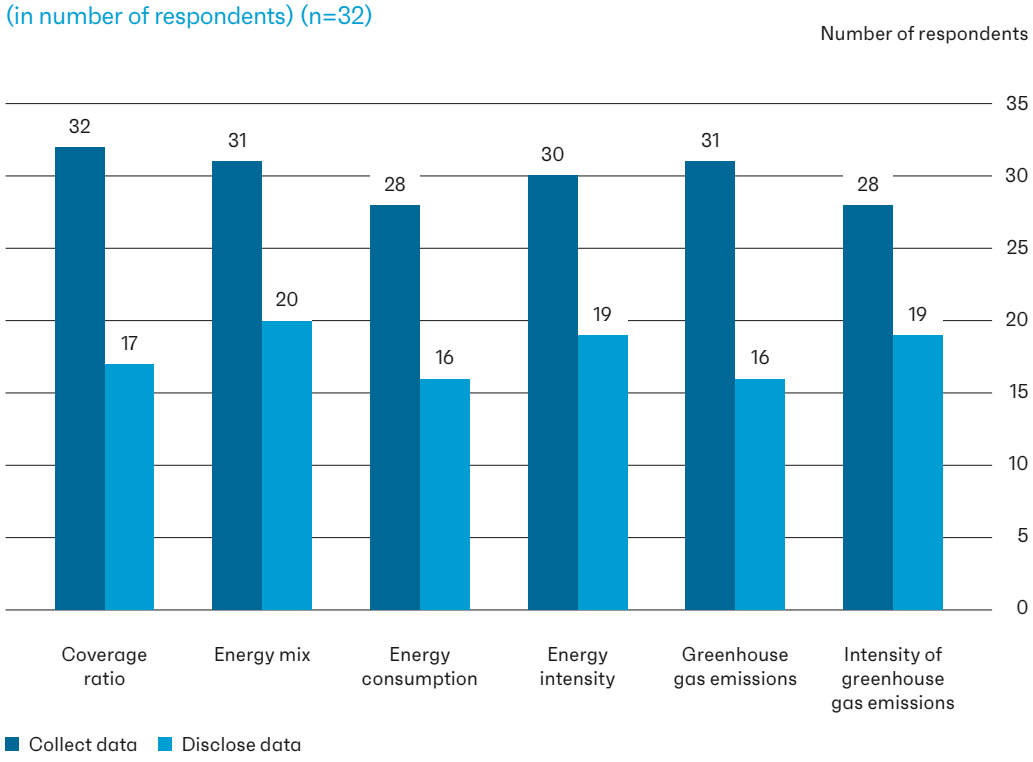


Figure 46: **Application of AMAS real estate indicators** (in number of respondents) (n=32)



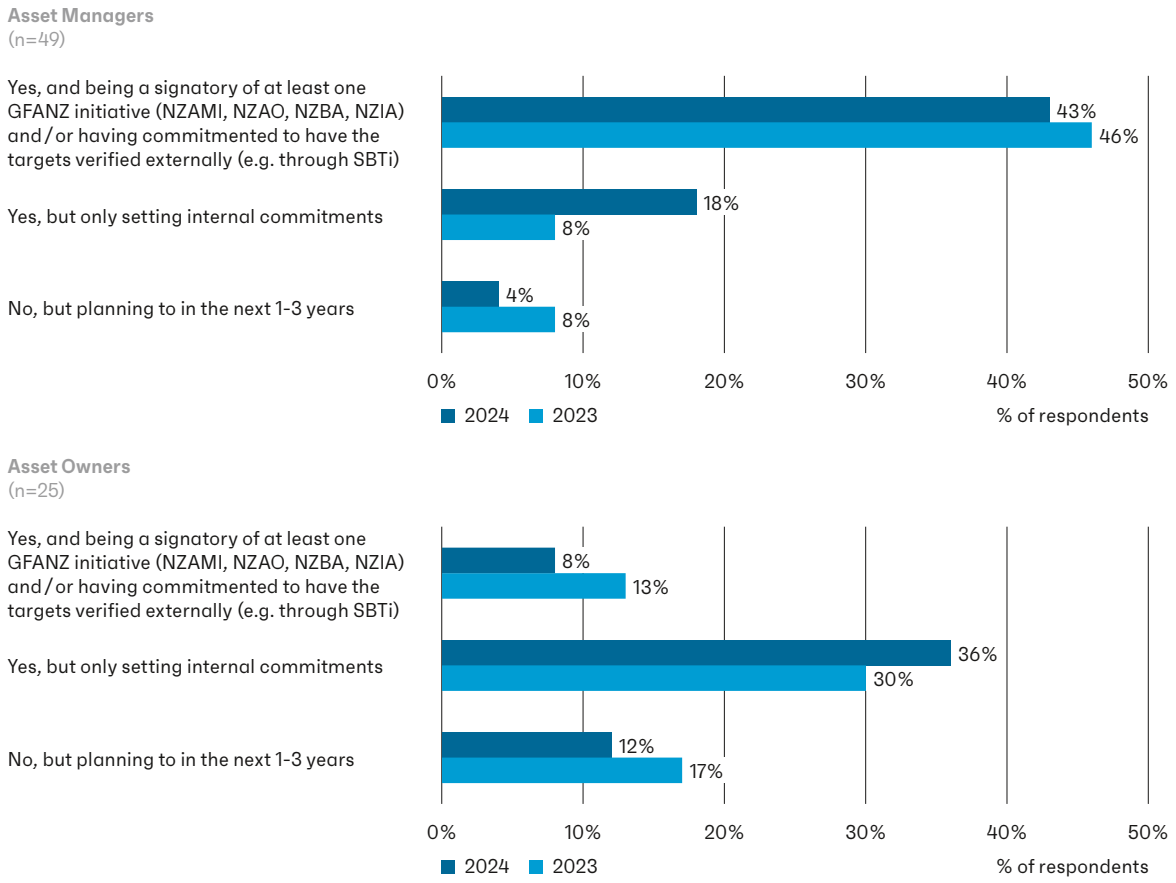
57% take into consideration sustainability certificates when developing or selecting real estate investments – commonly mentioned certificates include Minergie, SNBS, LEED, BREEAM, DGNB, SGNI, 2000 Watt, as well as proprietary quality labels. 52% of respondents benchmark their real estate portfolios using established frameworks such as GRESB, REIDA, ESI, or SSREI. Finally, 31% report calculating grey energy for construction projects or investment assets, an aspect that will grow in importance in the next years. The general question of whether to renovate an existing building or construct a new one must indeed consider grey emissions in addition to the return on investment, in order to obtain a comprehensive estimate of the emissions generated.

In Switzerland, AMAS published a set of environmental indicators for real estate funds in 2022.[29] These indicators are mandatory for AMAS members and represent an important step toward harmonised sustainability reporting for real estate investments. Figure 46 shows that the vast majority of the 32 respondents collect data on the six main indicators, while disclosure remains more limited across all categories. Energy mix and intensity of greenhouse gas emissions are the most commonly disclosed indicators. Asset owners tend to have significantly higher disclosure rates than asset managers, an indication that disclosure and reporting requirements may be stricter in their organisations.

29 AMAS (2022): *Environmental indicators for real estate funds, AMAS Circular 04/2022*. Available at https://www.am-switzerland.ch/en/regulierung/selbstregulierung-standard/immobilienfonds

4.3 Climate Change

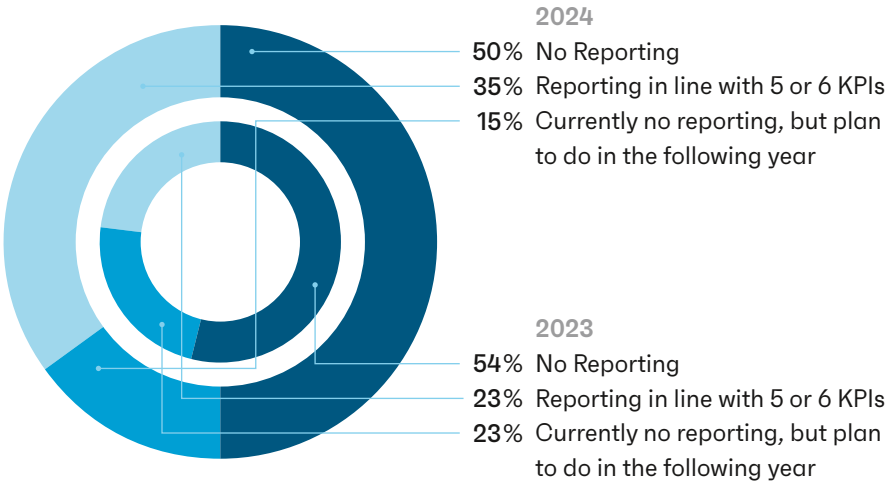
Figure 47: **Formal pledge to a net zero commitment of asset managers and asset owners in 2023 and 2024** (in % of respondents) (n=74)



The goal of the Paris Agreement – to limit global temperature rise to well below 2°C, ideally to 1.5°C – continues to shape climate strategies across the financial sector. One important element in this context is the formal pledge to commitments (Figure 47). Significant differences emerge between asset managers and asset owners. 43% of asset managers (down from 46% last year) are signatories to at least one GFANZ initiative (NZAMI[30], NZAOA[31], NZBA[32], NZIA[33]), against only 8% of asset owners (down from 13% last year). In contrast, 36% of asset owners rely on internal-only commitments, while this applies to just 18% of asset managers. These results suggest that asset managers are currently further along in formalising their net zero strategies, whereas asset owners tend to follow more internal, less formalised approaches. However, the overall trend across both groups is similar: the share of respondents not having set any commitment has declined, while, among the ones who do, a preference emerges for internal pledges against formalised, industry-wide, frameworks and initiatives. This reflects a broader uptake of climate ambitions, combined however with growing reservations to engage in formal initiatives, in light of political headwinds for climate initiatives particularly in the US. This points to a more cautious and less publicised implementation of net zero goals than in previous years.

30 Net Zero Asset Managers Initiative (NZAMI)
31 Net Zero Asset Owner Alliance (NZAOA)
32 Net Zero Banking Alliance (NZBA)
33 Net Zero Insurance Alliance (NZIA)

Figure 48: **Reporting of Swiss Climate Scores of asset managers in 2023 and 2024** (in % of respondents) (n=52)



To promote transparency on climate change, the Swiss Federal government in 2022 introduced the Swiss Climate Scores[34] with the aim to establish a baseline for best-practice transparency on the Paris-alignment of financial investments. An updated version was published in December 2023. The implementation of the Swiss Climate Score is still ongoing, but progress has been made regarding the reporting of the Swiss Climate Scores (Figure 48). 35% of respondents now report in line with five or six KPIs, a notable increase compared to 23% in 2023. At the same time, the share of those currently not reporting but planning to do so within the next year decreased from 23% to 15%. These figures indicate that a clear shift from intention to implementation took place. Yet, there is still a large share of respondents not reporting and without plans to do so of 50% in 2024, although this share slightly decreased from 54% in 2023. Swiss Climate Scores appear to be progressively gaining traction in the market, with a growing number of asset managers actively aligning with the framework, although the overall share of reporters is still limited.

34 State Secretariat for International Finance (2022) press release: *Federal Council launches Swiss Climate Scores for climate transparency in financial investments.* Available at: https://www.sif.admin.ch/sif/en/home/documentation/press-releases/medienmitteilungen.msg-id-89524.html

4.4 Nature-related risks

In short time, biodiversity has emerged as a key topic in sustainable finance – for good reason. It is an important indicator of ecosystem intactness and a basis for many ecosystem services which are relevant for a number of business activities and hence for large shares of the economy. This year, 30% of asset managers reported conducting a systematic analysis of biodiversity impacts on their investment portfolios, while only 5% of asset owners indicated the same (Figure 49). These results highlight that systematic biodiversity impact assessments are not yet a mainstream practice and are more advanced among asset managers than among asset owners. This is in part due to the complexity of measuring biodiversity risks and impacts.

This year has also shown a clear shift from pure investor interest in biodiversity toward concrete practice in examination of nature-related risks and opportunities more broadly. 2024 saw the Taskforce on Nature-related Financial Disclosure (TNFD) announce its first cohort of "early adopter" companies and financial institutions. This encouraged a growing number of financial institutions to begin to use these frameworks to identify, assess, and integrate nature-related dependencies and impacts into their decision-making.

Figure 49: **Systematic analysis of biodiversity impacts in investment portfolios for asset managers** (in % of respondents) (n=65)

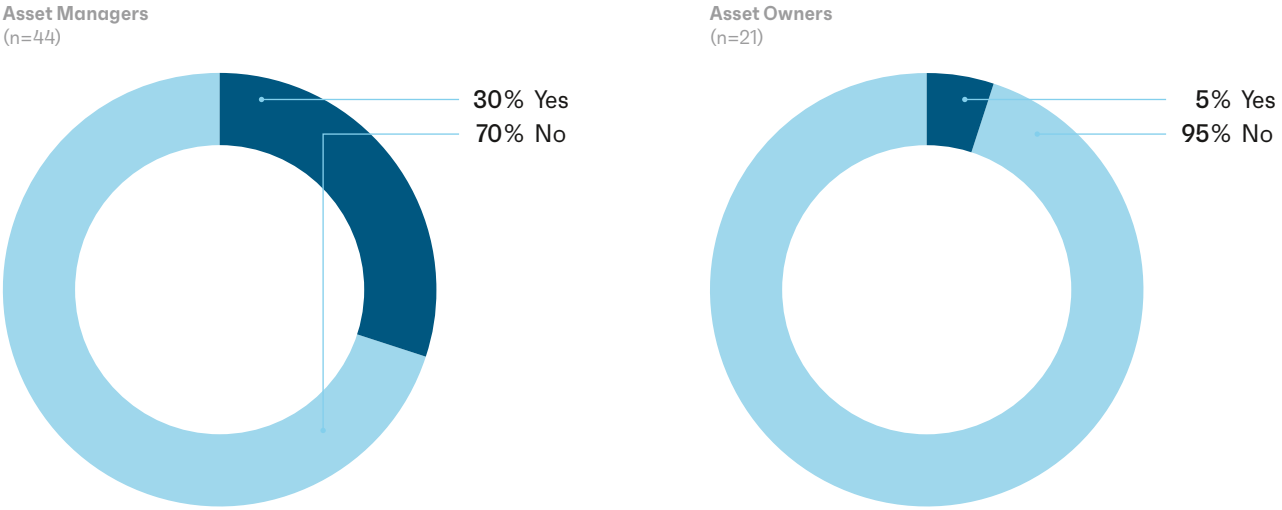


Figure 50: **Integration of nature-related risks into organisational governance for asset managers and asset owners** (in % of respondents) (n=67)

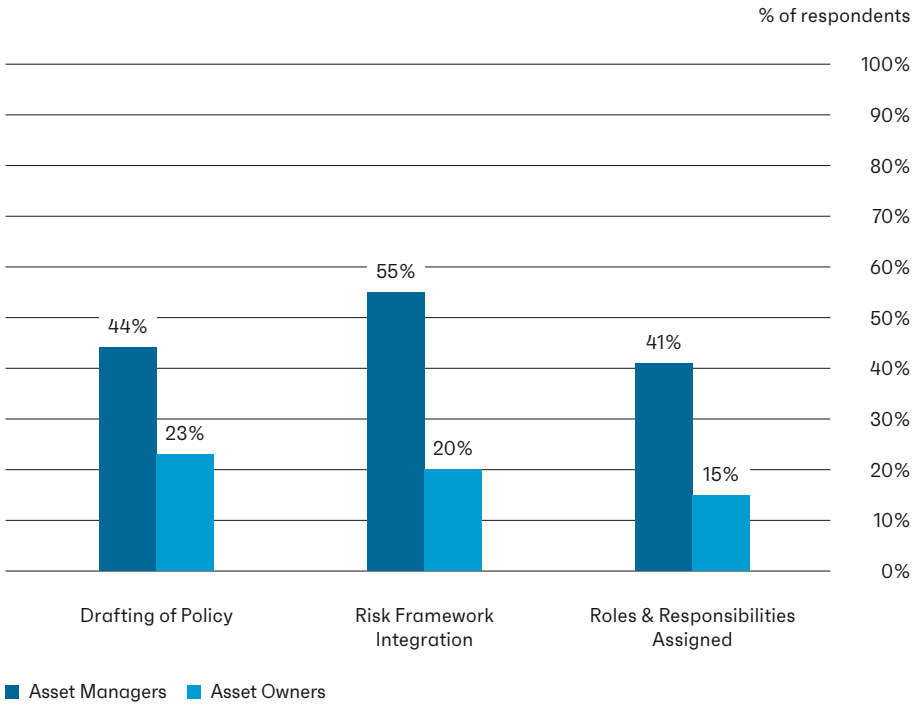


Figure 50 illustrates that both asset managers and asset owners are beginning to integrate nature consideration into their processes. Just under half of asset managers have developed a policy around nature (44%) and assigned roles and responsibilities focusing on nature (41%), while less asset owners have a developed a respective policy (23%) and assigned roles (15%). Asset managers are further advanced in integrating risk assessment, with just over half doing so (55%), while fewer asset owners have examined risks (20%). These figures reflect an early adoption of the topic by the industry, but do not constitute a judgment on the depth and breadth of its implementation.

By looking at two of the main categories of risk that the TNFD identifies (namely physical risk and transition risks[35]) the study also examines how the impact nature-related risks on their operations is assessed by market participants.

Asset managers and asset owners had to indicate how material[36] different physical risks aspects of nature were considered. Figure 51 illustrates the outcomes: water scarcity is considered the most material risk, followed by extreme weather events and deforestation. Biodiversity loss comes in at fourth place attesting its increasing importance for investors. Next in line are agricultural fields, coastal erosion, desertification, and invasive species. Overall, the risks with the most direct impact on supply chains (water, stable weather and forest extent and quality) are the ones deemed most material.

35 Systemic risks are the third risk category that the TNFD identifies, but as these are risks that affect the broader financial system and economy (such as lessened resilience of ecosystem services to shocks and total loss of ecosystem services causing widespread impact on food security, water availability and climate regulation and the cascading effects across an ecosystem) rather than just one organisation, they are harder to capture in the individual answers from a questionnaire.

36 On a scale from 1 (least material) to 9 (most material). Based on the rankings provided by respondents, an average placement was calculated for each risk factor to determine the overall trend of the materiality order. While this provides an indication of relative priorities, it does not necessarily reflect the absolute importance attributed to each physical risk.

Figure 51: **Average materiality of nature-related risk factors identified by asset managers and asset owners** (scale from 1, least material, to 9, most material) (n=27)

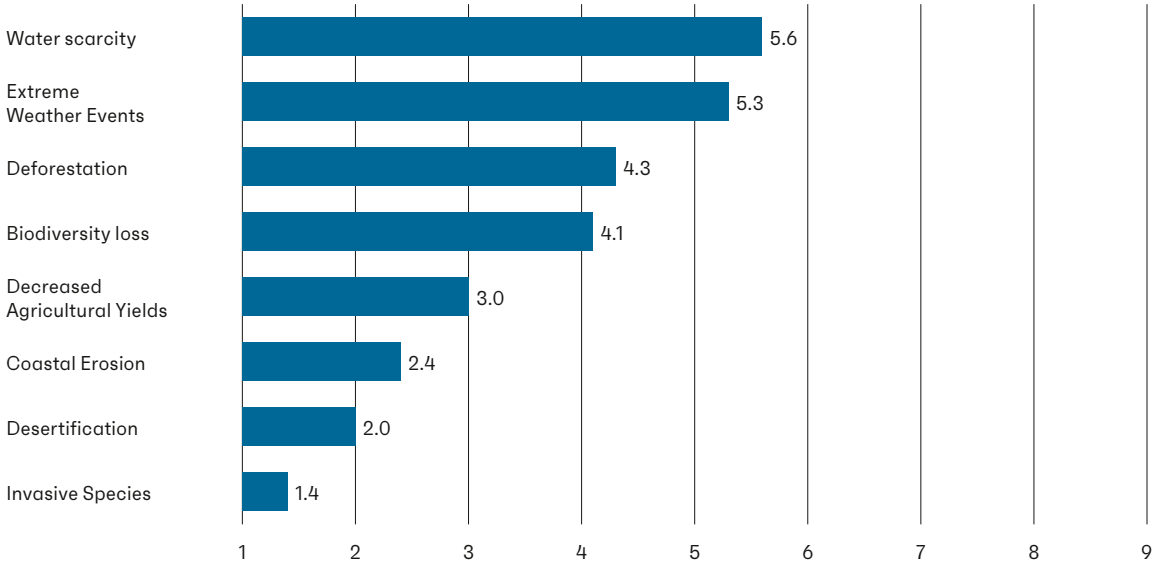
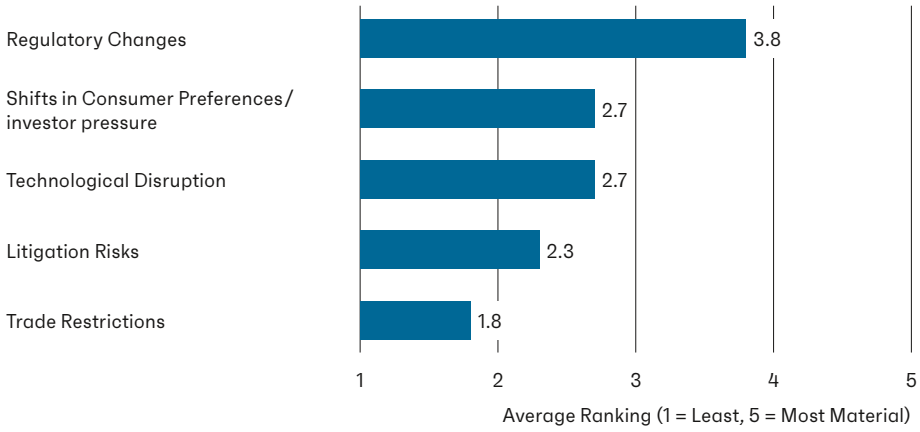


Figure 52: **Average materiality of nature-related transition risk factors identified by asset managers and asset owners**
(Ranking from 1 least material to 5 most material) (n=27)



Asset managers and asset owners also had to rank five nature-related transition risk factors by their perceived materiality (from 1, least material, to 5, most material) (Figure 52). Regulatory changes were identified as the most material transition risk, followed by shifts in consumer preferences and investor pressure.

On the way to net zero: The challenge of "sustainable real estate asset management"

Jan Rüegg,
Real Estate Sustainability Expert, Zurich Invest Ltd

Real estate asset management provides an effective lever for reducing CO_2 emissions. That's why we at Zurich Invest Ltd have been active in this space for 15 years and published an approximate CO_2 reduction path in 2010. Since then, we have been pursuing the ambitious goal of achieving net zero emissions in real estate management by 2050. We are continuously increasing our energy efficiency, replacing fossil fuels with renewable energies and optimizing our operations on many levels.

Stricter requirements – increased interest

A lot has happened since 2010: the regulatory framework has become more stringent, reporting requirements have increased sharply and investor interest in sustainability has grown significantly. These developments have brought about considerable challenges, but also valuable insights.

Over the past two years, we at Zurich Invest Ltd have once again worked hard on our data quality and developed a valid CO_2 reduction pathway specific to real estate portfolios. This serves as a valuable tool to help us assess the direct consequences of investment decisions in portfolio and asset management.

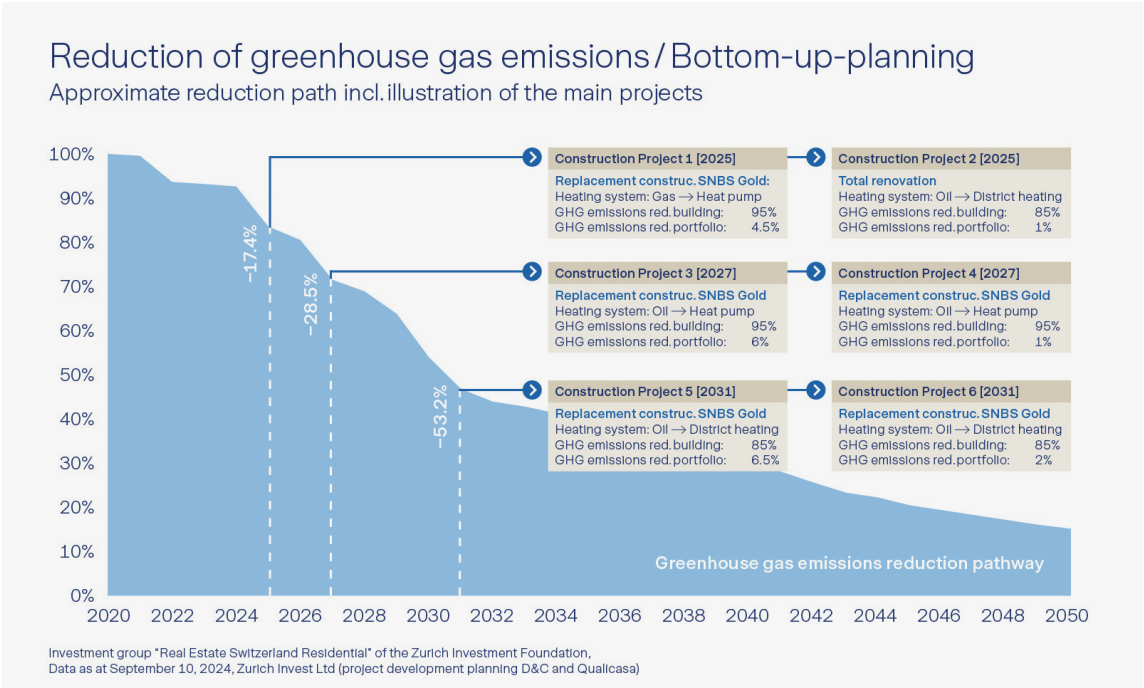
A common framework for greater transparency

Long-term forecasts are still challenging, despite our sophisticated framework. This is because technological development is dynamic, the market is evolving rapidly and demand is constantly changing. A key factor for us is the energy mix of energy suppliers, but there are only a few scenarios for this. Consequently, we also have to make numerous assumptions for our forecasts, which makes comparability difficult.

In our view, there is still great potential for standardizing a framework founded on best practices. This would significantly improve comparability between the various institutions and create greater transparency for investors.

As things stand, we assume that we will make enormous progress, but that we may not be able to fully achieve our ambition of complete CO_2 neutrality by 2050. We are not satisfied with that: we continue to seek innovative solutions and leverage technological advancements to ensure that we can achieve our ambitious goals.

Figure 1



Investment group "Real Estate Switzerland Residential" of the Zurich Investment Foundation,
Data as at September 10, 2024, Zurich Invest Ltd (project development planning D&C and Qualicasa)

Scan to see more

05

Regulatory Developments

This chapter provides an overview of the most important regulatory developments related to sustainable finance with a focus on Switzerland in 2024 and 2025. Selected EU and international regulation topics are also addressed.

5.1 Developments in Switzerland

Switzerland has been undergoing a continued major revision of its energy law in 2024 and 2025 aimed at supporting climate goals and reducing reliance on energy imports. The Swiss regulator incorporated the Paris Climate Agreement into national legislation, by setting a net zero emissions target by 2050. In addition, the regulator (Federal Council, FINMA) conducted several public consultations in 2024 on introducing amended or new regulatory requirements. These regulatory developments have a broad implication for the Swiss economy, including the financial sector.

Switzerland's net zero goal – implications for the overall economy

The Climate and Innovation Act (KlG) and the revised CO_2 Act constitute an important milestone for Switzerland's implementation of the goals of the Paris Climate Agreement and affect the overall economy.

Climate and Innovation Act (KlG) and Ordinance on Climate Protection (KlV)

The Federal Climate and Innovation Act (KlG)[37], which entered into force on 1 January 2025 establishes a framework for achieving Switzerland's 2050 climate targets, particularly regarding long-term greenhouse gas emissions reductions. Key provisions include:

- Sector-specific reduction targets: The Act sets clear benchmark values for emissions reductions in the building, transport, and industrial sectors, providing guidance for decarbonization efforts across the economy.[38]
- Corporate transition plans: Under Art. 5 KlG, companies seeking to benefit from financial support must submit credible transition plans demonstrating how they will contribute to climate objectives.
- Financial sector alignment: Art. 9 KlG requires the financial industry to align financial flows with a low-emission and climate-resilient development.
- Implementation obligations: Art. 10 KlG imposes a duty on both the Confederation and the cantons to take concrete implementation measures, ensuring coordinated action at all levels of government.

The KlG marks a significant step in operationalising Switzerland's climate commitments and fostering systemic change across sectors.

Its implementing ordinance, the Ordinance on Climate Protection (KlV)[39], brought into force on 1 January 2025, outlines more detailed requirements, with a focus on operationalising support mechanisms and ensuring transparency in climate-related activities. Key elements include:

- Minimum requirements for climate roadmaps (Art. 3–8 KlV): Companies and sectors seeking to access financial support must submit roadmaps (transition plans) that meet defined minimum standards. These roadmaps should outline concrete steps for reducing emissions and transitioning to low-carbon operations.
- Support for innovation: The ordinance provides for the promotion of innovative technologies and processes through targeted financial support, encouraging the development and deployment of climate-friendly solutions.
- Financial industry provisions (Art. 30 KlV):
- Introduction of voluntary climate scenario tests, allowing financial institutions to assess the resilience of their portfolios under different climate pathways.
- Roadmaps: It is planned to define the minimum requirements for transitions plans for financial institutions by amending ordinance on climate disclosures (see below).

The KlV plays a crucial role in bridging policy objectives with practical implementation tools, supporting both private and public actors in their transition toward a climate-resilient future.

37 Classified Compilation 814.310.
38 The intermediate reduction targets for greenhouse gas emission are a reduction of at least an average of 64% for the years 2030-2040, 75% by 2040, 89% for the years 2041-2050.
39 Classified Compilation 814.310.01.

Revised CO_2 Act and Ordinance

The revised CO_2 Act,[40] which entered into force on 1 January 2025, aims to reduce Switzerland's CO_2 emissions by 50% by 2030, primarily through domestic measures. This legislative revision is aligned with the overarching goals defined in the Climate and Innovation Act (KlG), as outlined in Article 1 of the CO_2 Act.

Regarding the financial sector, the Act mandates the following (Art. 40*d* CO_2 Act):

- The Swiss Financial Market Supervisory Authority (FINMA) is required to assess climate-related financial risks faced by the companies under its supervision.
- The Swiss National Bank (SNB) must evaluate climate-related risks that could impact the stability of the financial system as a whole.
- Both FINMA and the SNB are obliged to publish regular public reports detailing the results of their risk assessments, along with measures they have taken in response to identified risks.

Complementing the revised Act, the updated CO_2 Ordinance – which was enacted by the Federal Council in April 2025, with retroactive effect from 1 January 2025[41] – defines sector-specific emission reduction targets through 2030. It also sets out the implementation details for the measures adopted by Parliament in conjunction with the Act's revision.

Together, the revised CO_2 Act and its ordinance provide a strengthened legal foundation for Switzerland's next steps towards an economy with considerably reduced CO_2-emissions by 2030.

40 Classified Compilation 641.71.
41 Federal Council (2025), *Amendment of the CO_2 Ordinance.* Available at: https://www.fedlex.admin.ch/eli/oc/2024/705/de, accessed 30/04/2025.
42 Classified Compilation 220.
43 Federal Council (2022), Federal Council brings ordinance on mandatory climate disclosures for large companies into *force as of 1 January 2024*. Available at: https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-91859.html, accessed 30/04/2025.
44 From 2024, the TCFD recommendations transitioned from a standalone framework to a core part of the ISSB standards. The proposed amendment of the Ordinance of Climate disclosures of the Federal Council foresees to refer to international standards (e.g. ISSB standards, EU-regulation).

Non-financial reporting obligations

Code of Obligations

The Code of Obligations provides non-financial reporting obligations (Art. 964a-964*c* CO) as well as due diligence and transparency obligations in the areas of conflict minerals and child labour (Art. 964*j*-964*l* CO).[42] The requirements entered into force on 1 January 2022 and has been applicable as of business year 2023.

Art. 964a et seq. CO and Ordinance on Climate Disclosures

Public interest companies must publish a report on non-financial matters each year if, in two successive financial years and for all Swiss or foreign companies controlled by them, they have at least 500 full-time positions (annual average) and exceed at least one of the following two thresholds: a balance sheet of total CHF 20 million or sales revenues of CHF 40 million.

The report on non-financial matters must cover environmental matters, in particular CO_2 goals, social issues, employee-related issues, human rights issues and measures to combat corruption. It must also provide information needed to understand the business performance, business result, state of the undertaking and the effects of company activities on these non-financial matters (Art. 964*b* CO).

The Federal Council specified the requirements for climate disclosure in the Ordinance on Climate Disclosures.[43] Large companies that base their report on the "Recommendations of the Task Force on Climate-related Financial Disclosures" (TCFD recommendations)[44] and the annex "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures", and cover the topics of governance, strategy, risk management, key figures and targets, will be assumed to be compliant with the climate reporting obligations in accordance with Art. 964*b* para. 1 CO. If a company does not make disclosures on climate issues in accordance with TCFD recommendations it must a) demonstrate that it complies in other ways with the climate disclosure obligation in accordance with Article 964b para. 1 CO as regards climate issues, or b) clearly declare that it does not follow any climate concept and justify this decision. The Ordinance on Climate Disclosures entered into force on 1 January 2024. The first reports have been published in 2025 for the financial year 2024.

Figure 53: **Climate disclosure practices for asset managers and asset owners** (in % of respondents) (n=34)

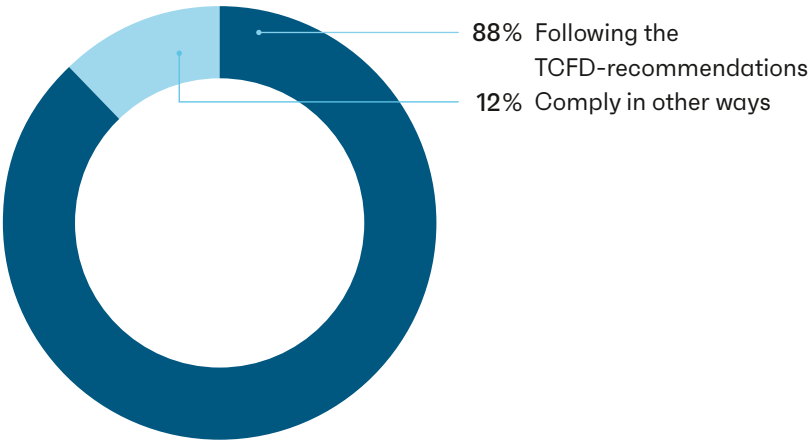


Figure 53 shows the climate disclosure options used by asset managers and asset owners, based on the SSF survey for the Swiss Sustainable Investment Market Study 2025. The vast majority of respondents (88%) report following the TCFD recommendations, while 12% comply with disclosure requirements in other ways. These results indicate a clear preference for the TCFD framework, reflecting its role as the leading standard for climate-related disclosure. The high level of usage suggests that market participants value the consistency and comparability it provides in reporting on climate risks and opportunities.

Figure 54 illustrates the current application of the different TCFD recommendations by asset managers and highlights the progress made compared to 2023.

Overall, the results show a high and slightly increasing level of implementation across the full set of the 11 TCFD recommendations. The number of asset managers reporting application has increased for each aspect compared to the previous year. For example, the recommendations on risks and opportunities, risk management, climate-related metrics, and scope 1, 2, and 3 GHG emissions are each reported by 29 out of 29 respondents. Notable increases are seen in areas such as board oversight (from 26 to 28), impact on organisation (from 25 to 28), and resilience of strategy (from 24 to 28). The implementation of climate-related targets also rose from 22 to 28 respondents – indicating growing attention to forward-looking alignment.

These results suggest a broad and maturing integration of the TCFD framework among asset managers. This trend reflects both increasing regulatory expectations and a growing focus within the industry on disclosing climate-related risks in a structured and transparent way.

While Figure 54 focuses on the progress made by asset managers in implementing the TCFD recommendations, current data for asset owners in 2024 is also available and indicates similarly broad application across the framework. Among the seven responding asset owners, five institutions report having implemented all eleven recommendations. Full application (7 of 7) is seen for Risks and Opportunities, Risk Management, Climate-Related Metrics, and Scope 1,2,3 GHG Emissions. Slightly lower implementation levels are observed

Figure 54: **Current application of TCFD recommendations by asset managers in 2023 and 2024** (in number of respondents) (n=29)

for Impact on Organisation and Resilience of Strategy (each with 5 of 7). Compared to the asset manager results, the overall pattern is similar, with high levels of application across most categories. Differences are likely influenced more by the small sample size than by fundamental divergence in climate reporting practices.

Proposed amendment of the non-financial reporting obligations (Art. 964 a et seq CO)

On 26 June 2024, the Federal Council launched the public consultation on the amendment of the non-financial reporting obligations (corporate reporting obligations, Art. 964*a* et seq. CO).[45] The proposal aims to further harmonise regulations for sustainable corporate governance at the international level. The consulted amendments foresee to expand requirements to report on the risks associated with operations in areas such as the environment, human rights, and corruption, along with the measures implemented to mitigate these risks to a greater number of companies, in line with foreseen changes to the Corporate Sustainable Responsibility Directive (CSRD) of the European Union in force since 2023 (before the publication of the omnibus simplification package, published in February 2025). On 21 March 2025, the Federal Council took note of the consultation results. It also took note of the impact on Swiss companies of Corporate sustainable due diligence Directive of the European Union (CSDDD) assessed by an external study. As a next step, it instructed the Federal Department of Justice and Police (FDJP) to develop possible options for a pragmatic amendment of the current legislation. The Federal Council will decide on the further course of action once the EU has made a decision on its announced simplifications (omnibus simplification package), but no later than spring 2026.[46]

Proposed amendment of the Ordinance on Climate Disclosures

The Federal Council conducted a consultation from December 2024 to March 2025 on revising the Ordinance on Climate Disclosures, aiming to align with international standards (e.g. ISSB standards, EU-regulation)and introduce minimum requirements for financial institutions' net zero roadmaps in line with the 2050 climate goal.[47]

45 Federal Council (2024), *Sustainable Corporate Governance: Federal Council Proposes Stricter Reporting Rules.* Available at: https://www.news.admin.ch/de/nsb?id=101585, accessed 29/04/2025.

46 Federal Council (2025), *Sustainable Corporate Governance: Federal Council to Soon Discuss Concrete Proposals.* Available at: https://www.news.admin.ch/de/nsb?id=104576, accessed 29/04/2025.

47 Federal Council (2024), *Federal Council opens consultation on amending the Ordinance on Climate Disclosures.* Available at: https://www.news.admin.ch/en/nsb?id=103451, accessed 29/04/2025.

Due Diligence and Transparency Obligations in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (Art. 964j et seq. CO)

Undertakings whose seat, head office or principal place of business is located in Switzerland must comply with obligations of due diligence in the supply chain and report thereon if 1) they place in free circulation or process in Switzerland minerals containing tin, tantalum, tungsten or gold, or metals from conflict-affected and high-risk areas; or 2) they offer products or services for which there is a reasonable suspicion that they have been manufactured or provided using child labour. Undertakings in scope must comply with an ongoing due diligence process. They must maintain a management system, and in particular define a supply chain policy and a supply chain traceability system (see Art. 964*k* CO). Each year a report on compliance with due diligence obligations must be published. The Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labour of 3 December 2021 (DDTrO)[48] regulates the due diligence and reporting obligations to be complied with by companies under Articles 964*j* – 964*l* CO. The DDTrO entered into force on 1 January 2022.

Greenwashing: Further measures of the Federal Council and industry self-regulation

In its position on the prevention of greenwashing in the financial sector of 16 December 2022, the Federal Council emphasised the need for a uniform understanding of the conditions required for products and financial services to be considered sustainable. It outlined that a uniform understanding is key to protecting investors and to ensuring the international competitiveness and reputation of the Swiss financial centre.[49] As a result of the development of self-regulation by Swiss financial associations (SBA, AMAS, SIA) addressing greenwashing, the Federal Council withdrew initial plans to implement principle-based state regulation and announced[50] to reassess the need for regulation by end-2027, based on possible changes to the EU law and noting potential unresolved issues of the industry self-regulation around enforceability and legal alignment with the EU law. SBA amended its Guidelines for financial service providers on the integration of ESG preferences and ESG risks into investment advice and portfolio management. AMAS published a self-regulation on transparency and disclosure for sustainability-related collective assets (version 2.0) and SIA developed a self-regulation on the prevention of greenwashing in sustainability-related unit-linked life insurance. The adapted industry self-regulation entered into force in autumn 2024 and has to be implemented latest by end of 2025.

FINMA Circular 2026/1 Management of climate- and other nature-related financial risks

Based on the results of a public consultation on the proposal of a new circular on nature-related financial risks in February 2024,[51] FINMA published Circular 2026/1 Management of climate- and other nature-related financial risks on 12 December 2024.[52] According to the circular, strengthening risk management for nature-related financial risks and resilience is crucial to understanding and addressing the impacts of nature and climate risks on financial institutions. A central element of this approach is the clear definition of organisational responsibilities, tasks, processes, and controls. This governance structure shall ensure that nature-related risks are systematically integrated into risk management and are adequately monitored and managed.

Another key aspect of the circular is the identification and assessment of risks associated with nature events and environmental influences that could have significant financial impacts on institutions (materiality assessment of nature risks including both physical and transition risks). The provisions of this circular primarily target banks as well as insurance companies. For institutions in categories 3 to 5, specific relief measures apply. Certain exemptions apply for small banks and insurance regimes, as well as FINIA- and CISA-institutions. However, FINMA recommends aligning with the provisions of this circular. The regulations will enter into force at different times. From 1 January 2026, all institutions in categories 1 and 2 must fully comply with the requirements. From 1 January 2027, the provisions will apply to institutions in categories 3 to 5, with a one-year transition period. By 1 January 2028, all institutions within the scope of the circular must also meet the requirements for nature-related financial risks beyond climate-related risks.

Conclusion

Recent regulatory developments in Switzerland on sustainability include provisions aimed at ensuring the country achieves net zero emissions by 2050. Additionally, Switzerland seeks to align its regulations with international sustainability standards (EU law, TCFD, ISSB, etc.). The entry into force of the industry self-regulation has sent a strong signal to the market about the need to address the topic of sustainability and set in motion continuous improvement regarding transparency. As the EU's sustainability regulation has extra-territorial effect, which means that the EU applies and enforces its law to matters and persons outside its borders (e.g. EU-CSRD, EU-ESRS, EU-CSDDD) and introduces a third-country regime (e.g. EU-Regulation on ESG rating activities), the specific impact of the upcoming changes to the EU's sustainable finance regulation as suggested in the Omnibus Package on Swiss companies is not yet clear.

48 Classified Compilation 221.433.
49 Federal Council (2022), *Federal Council wants to prevent greenwashing in financial market*. Available at: https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-92279.html, accessed 30/04/2025.
50 Federal Council (2024), *Federal Council notes financial sector's progress in preventing greenwashing*. Available at: https://www.news.admin.ch/en/nsb?id=101489, accessed 09/05/2025.
51 FINMA (2024): Nature-related financial risks: FINMA launches consultation on new circular. Available at: https://www.finma.ch/en/news/2024/02/20240201-mm-rs-naturbezogene-risken/, accessed 30/04/2025.
52 FINMA (2024), *Circular 2026/1 Nature-related financial risks of 12 December 2024*. Available at: https://www.finma.ch/en/~/media/finma/dokumente/dokumentencenter/myfinma/rundschreiben/finma-rs-2026-01.pdf?sc_lang=en&hash=8D72D84C2DF2489DA571190B3C760C90, accessed 30/04/2025.

5.2 Developments in the European Union

Over the past years the EU continued to pursue its sustainable finance ambitions through new regulations whose effects stretch far beyond EU borders. All EU actions and policies related to sustainable finance aimed to contribute to the objectives of the European Green Deal, which was presented by the EU Commission in December 2019. Following the Draghi Report on the future of EU competitiveness of September 2024,[53] the Commission released the Annual Single Market and Competitiveness Report alongside the Competitiveness Compass,[54] emphasising priorities such as innovation, decarbonization, and security in January 2025. According to the Commission, Europe's productivity growth has lagged behind other major economies over the past 20 years. The Compass outlines a strategy to close this gap by making Europe a global hub for innovation, clean technologies, and climate-neutral industry. Subsequently, in February 2025, the Commission presented its 2025 Work Program, outlining measures to strengthen competitiveness, security, and resilience. The key objectives include simplifying EU regulations to reduce administrative burdens and enhance efficiency across member states. Additionally, the introduction of omnibus legislative packages aims to ensure the faster and more effective implementation of EU laws. Against this background, the commission released Omnibus I and Omnibus II[55] in February 2025; a third omnibus is expected to be published during the second quarter of 2025.[56]

To take effect, the legislative measures proposed in these omnibus packages must undergo and be approved through the EU's formal lawmaking process.

Omnibus I

This first Omnibus Package[57] proposes revisions to reduce complexity and improve alignment with existing EU legislation. It seeks to adjust the scope, reporting requirements, and assurance obligations under the Corporate Sustainability Reporting Directive (CSRD), while also narrowing the due diligence obligations set out in the Corporate Sustainability Due Diligence Directive (CSDDD). According to the European Commission, the goal is to minimize regulatory uncertainty, lower unnecessary compliance costs, and offer companies a clear, realistic, and manageable pathway to meet their sustainability obligations during the transition.

Omnibus I affects entities falling under the scope of the Taxonomy Regulation and its delegated acts on disclosures, climate, and the environment, the CSRD and CSDDD as well as the Carbon Border Adjustment Mechanism (CBAM) Regulation.

The proposed key changes to the CSRD and related sustainability reporting are the following:

- "Stop-the-clock" directive: This directive delays the CSRD reporting deadlines by two years for companies originally scheduled to begin reporting in 2026 and 2027. The EU member states must transpose the "Stop-the-clock" directive by 31 December 2025.
- A new 1,000-employee threshold shall be introduced, reducing the number of in-scope companies by around 80%.
- Non-EU parent companies will only be subject to reporting if they have EU net turnover over EUR 450 million.
- EU Sustainability Reporting Standards (ESRS) shall be streamlined with a significant reduction in data points; no new sector-specific standards shall be added.
- Taxonomy reporting shall apply only to companies with over EUR 450 million in EU turnover and more than 1,000 employees, also reducing scope by approx. 80%.
- Simplification of the reporting templates

53 EU Commission (2024): The future of European competitiveness: Report by Mario Draghi. Available at: https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en, accessed 09/05/2025.

54 EU Commission (2025): *An EU Compass to regain competitiveness and secure sustainable prosperity.* Available at: https://ec.europa.eu/commission/presscorner/detail/en/ip_25_339, accessed 05/05/2025.

55 Introduction of a number of amendments to the Prospectus and Solvency II Directive. In addition, it aims to extend the powers of the EU supervisory authorities (ESMA and EIOPA) to develop technical standards, to substantiate their arbitration powers and to introduce transitional periods for the Solvency II Directive. The second simplification package is not in scope of this sustainability-related regulatory chapter.

56 The third omnibus is expected to introduce a new company category, "small mid-caps," which would be subject to a tailored and proportionate regulatory framework.

57 EU Commission (2025): *Ominbus I.* Available at: https://commission.europa.eu/publications/omnibus-i_en, accessed 05/05/2025.

The proposed key changes to the CSDDD are the following:

- Implementation postponed by one year, applying to the first group of companies from mid-2028; scope of companies remains unchanged. In April 2025, Directive EU 2025/794 entered into force, revising the CSDDD transposition and application dates. EU member states are required to incorporate the directive into their national legislation and notify the European Commission of the supervisory authorities designated to oversee compliance within their jurisdiction by 26 July 2027
- Due diligence obligations shall significantly be reduced, generally limited to a company's own operations and direct business partners, unless there is "plausible information" about risks from indirect partners.
- No EU-wide civil liability requirement; instead, national civil liability laws shall apply.
- The requirement for representative actions by trade unions or NGOs shall be removed.
- Climate Transition Plan obligations shall be limited to an "adoption" (instead of "put into effect")

Regarding the Taxonomy Regulation the Commission proposed revisions to the Climate Delegated Act (CDA), the Environmental Delegated Act (EDA) and the Disclosures Delegated Act (DDA). It plans to introduce a new threshold based on financial materiality, amendments to the Do Not Significant Harm principle (DNSH), reporting templates and key performance indicators (KPIs), among other aspects. The changes are expected to apply as of 1 January 2026 (if the proposed amendments are formally agreed upon and published in the Official Journal of the EU).

Figure 55: **Organisation under legal obligation to implement the EU sustainable finance regulation for banks and asset managers** (in number of respondents) (n=48)

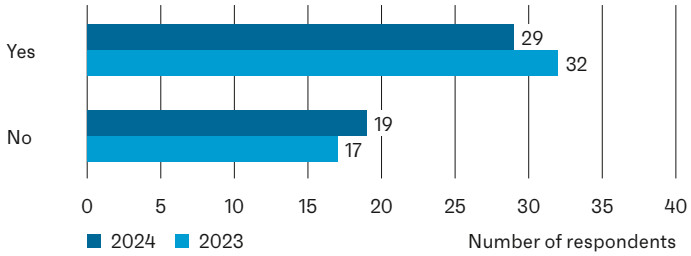
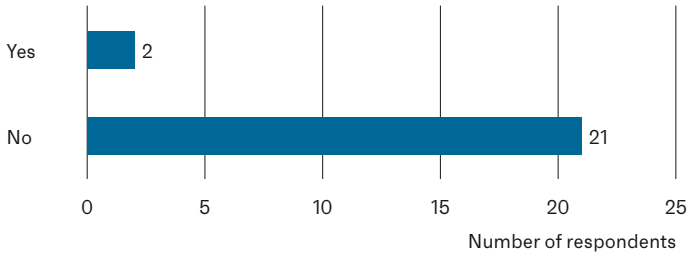


Figure 56: **Organisation under legal obligation to implement the EU sustainable finance regulation for asset owners** (in number of respondents) (n=23)



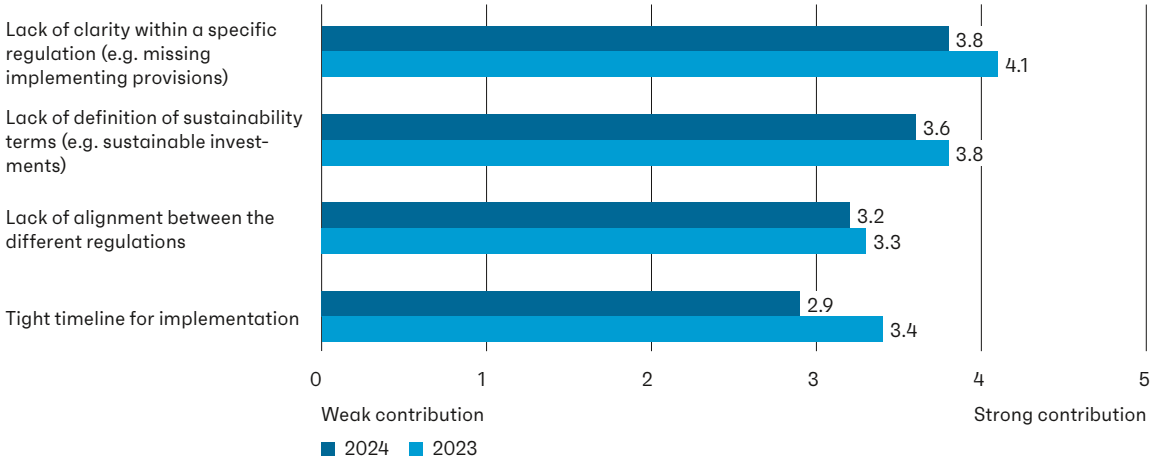
Impact on Swiss financial institutions of the EU regulation prior to the release of Omnibus I

In 2024 and prior to the release of Omnibus I in February 2025, the rapidly evolving regulatory landscape continued holding great significance for Swiss financial institutions that conduct activities in the EU or that have European clients. In its survey for the Swiss Sustainable Investment Market Study 2025, SSF also included questions on the effect of the EU sustainable finance regulation on Swiss financial institutions.

As Figure 55 shows that 29 out of 48 responding banks and asset managers report being legally obligated to implement the EU sustainable finance regulation. The value has decreased compared to 2023.

With regards to asset owners, Figure 56 shows that only 2 out of 23 responding asset owners report being under a legal obligation to implement the EU sustainable finance regulation. The remaining 21 respondents indicate that they are not currently subject to such requirements. This marked difference to asset managers may be the result of many asset owners delegating investment activities to asset managers in Switzerland.

Figure 57: **Development of factors hindering implementation of EU regulations from 2023 to 2024 for asset managers** (in level of contribution) (n=30)



Those organisations that are legally obliged to implement EU sustainable finance regulations face various barriers in doing so. Figure 57 focuses on the factors that asset managers perceive as hindering the implementation such regulations. Among these factors, lack of clarity within a specific regulation remains the most prominent issue, although its average score has decreased slightly from 4.1 in 2023 to 3.8 in 2024. A similar downward trend is observed for tight timelines for implementation, which dropped from 3.4 to 2.9, indicating that time pressure is perceived as less of a barrier than in the previous year. Lack of alignment between different regulations shows a more notable decrease – from 3.8 to 3.2- suggesting that respondents now see slightly fewer inconsistencies between regulatory frameworks. In contrast, lack of definitions of sustainability terms is the only factor that increased in perceived relevance, rising from 3.3 to 3.6, and now ranks as the second most significant issue. Overall, the results indicate a slight easing of perceived implementation barriers among asset managers, although definitional uncertainty remains a growing concern.

5.3 International developments

Intergovernmental and industry-led initiatives

The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) is a global initiative to develop recommendations and guidance for businesses and financial institutions to understand and report on impacts, dependencies, risks, and opportunities related to people. It was launched in September 2024. The aim of the Taskforce is to incentivise business and financial practices that create fairer, stronger societies and economies.[58] It is in particular developing a global disclosure framework to guide businesses and financial institutions in reporting on their inequality and social-related impacts, dependencies, risks, and opportunities. Aligned with the four-pillar structure used by TCFD, TNFD, and the IFRS Sustainability Disclosure Standards, the framework will be specifically tailored to address people-related issues within the IDRO (Impacts, Dependencies, Risks, and Opportunities) context.[59] The TISFD is expected to publish the first version of its disclosure framework by the end of 2026.

The **Taskforce on Nature-related Financial Disclosures (TNFD),** officially launched in June 2021, continued to advance reporting on nature-related risks in 2024 and 2025. In July 2024, the TNFD and the GRI published an interoperability mapping table between the GRI standards and TNFD Disclosure recommendations and metrics.[60] In October 2024, the TNFD released a draft roadmap to upgrade market access to decision-useful nature-related data[61] and a draft guidance on nature transition planning for corporates and financial institutions developing and disclosing a transition plan in line with the TNFD recommendations.[62] In January and February 2025, the taskforce published additional sector guidance[63] as well as tools to help businesses and financial institutions understand nature-related concepts.[64] Finally, the IFRS Foundation and the TNFD formalised their commitment to build upon the TNFD-recommendations in the ongoing work of the International Sustainability Standards (ISSB), to enable nature-related financial disclosures for use by capital markets.[65]

The **International Sustainability Standards Board (ISSB),** tasked with developing global sustainability disclosure standards for investors, released its first two standards in June 2023: IFRS 1 on general sustainability disclosure requirements and IFRS 2 on climate-related disclosures. The ISSB builds on existing frameworks, such as the TCFD recommendations and the standards set by the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). Furthermore, the IFRS Foundation assumed responsibility of the Transition Plan Taskforce (TPT) framework and materials.[66] In April 2025, the ISSB announced amendments to IFRS 2 regarding the Greenhouse Gas Emissions Disclosures.[67]

58 TISFD (2024), *Taskforce on inequality and social-related financial disclosures.* Available at: https://www.tisfd.org/, accessed 05/05/2025.
59 TISFD (2024), *People in Scope*, p. 12. Available at: https://cdn.prod.website-files.com/672d08b2d88b396e31d7fd7a/672d08b2d-88b396e31d7fd95_TISFD%20People%20in%20. Scope%20-%20Oct%202024.pdf, accessed 05/05/2025.
60 TNFD (2024), *GRI and TNFD make reporting on biodiversity easier.* Available at: https://tnfd.global/gri-and-tnfd-make-reporting-on-biodiversity-easier/, accessed 05/05/2025.
61 TNFD (2024), *TNFD releases draft roadmap for enhancing market access to high quality nature-related data at COP16.* Available at: https://tnfd.global/upgrading-market-access-to-decision-useful-nature-related-data/, accessed 05/05/2025.
62 TNFD (2024), *TNFD publishes draft guidance on nature transition planning at COP16.* Available at: https://tnfd.global/tnfd-transition-plans-paper-published/, accessed 05/05/2025.
63 TNFD (2025), TNFD issues new sector guidance. Available at: https://tnfd.global/new-set-of-sector-guidance-published/, accessed 05/2025
64 TNFD (2025), *TNFD launches new capacity-building platform to scale market confidence and capabilities on nature-related issues.* Available at: https://tnfd.global/tnfd-launches-new-capacity-building-platform-to-scale-market-confidence-and-capabilities-on-nature-related-issues/, accessed 05/02/2025.
65 TNFD (2025), *IFRS Foundation and TNFD formalise collaboration to provide capital markets with high-quality nature-related information.* Available at: https://tnfd.global/ifrs-foundation-and-tnfd-collaboration-to-provide-capital-markets-with-high-quality-nature-related-information/, accessed 05/05/2025.
66 IFRS (2024), ISSB delivers further harmonisation of the sustainability disclosure landscape as it embarks on new work plan. Available at: https://www.ifrs.org/news-and-events/news/2024/06/issb-delivers-further-harmonisation-of-the-sustainability-disclosure-landscape-new-work-plan/?utm_medium=email&utm_source=website-follows-alert&utm_campaign=immediate, accessed 05/05/2025.
67 ISSB (2025), Exposure Draft, Amendments to Greenhouse Gas Emissions Disclosures, Proposed amendments to IFRS S2. Available at: https://www.ifrs.org/news-and-events/news/2025/04/issb-publishes-exposure-draft-targeted-amendments-s2/, accessed 05/05/2025.

5.4 Conclusion

National initiatives in the UK and U.S.

In November 2023, the Financial Conduct Authority (FCA) issued Policy Statement PS23/16,[68] amending the ESG Sourcebook[69] to introduce the UK's Sustainability Disclosure Requirements (SDR). These requirements outline the content and format of disclosures at the consumer-facing, product-level (pre-contractual and ongoing), and entity-level stages, as well as specify where and how often this information must be published. The SDR also place obligations on distributors to provide certain disclosures to retail investors and includes requirements on labelling, naming, marketing and climate-related reporting. The regulation entered into force in May 2024. The UK government intends to expand the application of the Sustainability Disclosure Requirements (SDR), including the associated labelling regime and rules governing fund naming and marketing, to encompass funds authorised under the Overseas Funds Regime in 2025.[70]

The U.S. federal regulatory landscape on sustainability and sustainable finance remains uncertain, influenced by, changing political priorities, rising anti-ESG sentiment and ongoing legal challenges—all of which are reshaping corporate strategies. In January 2025, the new administration annulled a number of executive orders and actions that addressed climate change, climate finance, and climate-related financial risk and were enacted by the preceding administration. A notable recent development was the SEC's decision to pause its defence of the proposed enhanced climate disclosure rule.[71] Given the current administration's significant shift in federal climate and energy policy, the rule is now unlikely to be implemented. For companies with business activities in the US, these developments could lead to both a reduction in federal compliance obligations and a further erosion of regulatory clarity.

The regulatory landscape for sustainable finance has undergone considerable change over the course of 2024 and the beginning of 2025. In Switzerland, several regulations – that were subject to consultation in 2024 – entered into force in 2025. They aim to achieve net zero emissions of the overall economy by 2050, improving transparency, align with international sustainability standards, strengthen the resilience of supervised institutions to nature-related financial risks and thus also aim to protect their clients and the resilience of the Swiss financial centre. The entry into force of the adapted industry self-regulation has reinforced the importance of sustainability and promoted greater transparency. Even though companies conducting business activities in the EU continued to face considerable challenges in meeting the disclosure and reporting obligations under EU law in 2024, the market has increasingly managed to adapt to the new requirements. EU's environmental policies and regulations have sent a strong signal to the market about the need to address the topic of sustainability and have set in motion continuous improvement regarding transparency. The beginning of 2025 has been marked by a growing global divergence regarding sustainability topics. Climate change, geopolitics, trade wars, and the growing politicisation of sustainable investing have been taking centre stage. As a result, companies operating in the US are experiencing a strong erosion of regulatory clarity and stability. Companies conducting business activities in the EU are facing uncertainty as well: The European Commission is currently working to refine the scope, timeline, and specific requirements of its sustainability law, as reflected in the proposed "Omnibus" package released in February 2025. As the EU's sustainability regulation shows a strong trend towards extraterritorial effects, recent changes will also impact U.S. and Swiss multinationals and their subsidiaries. Although the evolving regulatory landscape is increasingly complex and in parts diverging, it is prompting companies to proactively align sustainability strategies, strengthen governance, and improve data management.

68 FCA (2023), *PS23/16: Sustainability Disclosure Requirements (SDR) and investment labels.* Available at: PS23/16: Sustainability Disclosure Requirements (SDR) and investment labels | FCA, accessed 05/05/2024.

69 FCA (2024), *FCA Handbook.* Available at: https://www.handbook.fca.org.uk/Publication/handbook/ESG/, accessed 05/05/2025.

70 HM Government (2024), *Sustainability Disclosure Requirements: Implementation Update 2024.* Available at: https://assets.publishing.service.gov.uk/media/66505ba9adfc6a4843fe04e5/Sustainability_Disclosure_Requirements__SDR__Implementation_Update_2024.pdf, accessed 05/05/2025.

71 SEC (2023), SEC Adopt Rules to Enhance and Standardize Climate-related Disclosures for Investors. Available at: https://www.sec.gov/news/press-release/2024-31, accessed 05/05/2025.

Zürcher Kantonalbank

Benefits of two worlds, uniquely combined

Hans-Jörg Morath,
Head of ETF Sales, Zürcher Kantonalbank

Sustainable ETFs combine a passive product with future-oriented investing. With its new Swisscanto ESGen SDG ETFs, Zürcher Kantonalbank is applying a novel and innovative sustainability methodology.

The benefits of exchange-traded funds (ETFs) are clear. With a simple, relatively inexpensive and highly diversified product, investors can participate passively in the development of the financial markets. At the same time, exchange trading ensures high liquidity and transparency. It's no wonder ETFs are so popular among investors. Sustainable investments are also enjoying increasing demand. These are aimed at people who care about sustainability and want to invest their money with the future in mind.

Buyers of sustainable ETFs combine the positive aspects of the two products. The volume of these investments has also been growing strongly for years, although the sustainability approaches can differ significantly. This makes it all the more important to count on a wealth of experience and expertise when choosing a product.

It will soon be 20 years since Zürcher Kantonalbank launched its first passive products on the market. In the meantime, the Swisscanto product brand has established itself as number two in the Swiss index business with over CHF 160 billion in assets under management. Its sustainable investments have an equally long tradition. With the launch of four sustainable equity ETFs under the Swisscanto brand, Zürcher Kantonalbank has further expanded its established range and offers investors access to the four key markets of Switzerland, the eurozone, the USA and the world.

By using a novel and innovative sustainability methodology to calculate the benchmark indices, the new Swisscanto ESGeneration SDG ETFs clearly stand out from comparable solutions. The comprehensive approach focuses on companies that can make a positive contribution to the environment, society and good corporate governance (ESG) as well as the UN Sustainable Development Goals (SDGs) in the composition of the index. Sustainable industries and companies that support the SDGs generally have high prospects for growth and can benefit from billions of dollars in investment in the future.

The new ETFs meet the highest standards for sustainable investments in accordance with Article 9 of the EU Disclosure Regulation (SFDR), thus combining the benefits of ETFs and sustainable investments in a unique way.

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06

Looking Ahead

Since the mid-20th century, our societies have witnessed demographic and socio-economic changes of a magnitude and at a pace that are unprecedent in human history. These changes are often referred to as the "Great Acceleration"[72]. In a single human lifetime, we have seen steep surges across many indicators: from global GDP and energy use to CO_2 concentration, ocean acidification, and biodiversity loss. The strong economic growth coupled with a fast-growing resource consumption led to significant environmental degradation and an imbalance between resource consumption and resource renewal that cannot be sustained indefinitely.

Businesses as well as consumers have to adopt sustainable development practices to give our societies a change to perpetuate. Sustainable finance has the potential to play a driving role in achieving this transition. By allocating capital to sustainable solutions and advocating for change, financial institutions can influence corporate behaviour, reduce systemic risks, and support the transition to a sustainable economy.

This year's market study showed that, despite the growing number of headlines highlighting the "ESG backlash" since one or two years, sustainable investment practices have continued to gain traction in Switzerland in 2024, driven among others by sustained client demand. Early trends in 2025, based on the first figures available at least on global level, show a mixed picture, with outflows recorded in many regions of the world.[73] Looking ahead, cautious optimism is therefore appropriate.

The impact of sustainable investment practices on portfolio performance has been a recurring topic of debate since many years. More than ever, it will be critical in the short- and mid-term to reiterate, and to evidence with respective data, the business case behind sustainable finance and the benefits it can bring (among others) in mitigating investment risk and improving risk/return profiles.

Credibility of sustainable investment practices will be essential to maintain client demand. It will be critical to avoid practices that could lead to greenwashing allegations, since a tainted reputation would compromise the growth potential of sustainable investments. It is essential that financial services companies pursue an active role as change agents. In the rapid development of certain sustainable investment approaches, like engagement or impact investing, the quality, transparency and measurability of activities performed and related progress towards an effective transition of the economy will be essential as a basis for the credibility of sustainable finance as a whole – and for a further growth of the sustainable investment market.

Finally, simplification of the administrative complexity driven by certain sustainable finance regulations will be welcome to help allocate available resources primarily to investment success instead of compliance exercises, while also contributing to improved clarity and understanding of sustainable products offering among investors. This should however not happen at the expense of the availability of critical data that financial companies need to decide where to direct their financial flows. A global convergence of reporting standards should be our ambition, even if we acknowledge the practical challenges in achieving this. International players such as the PRI, CFA, or GSIA can play a role in creating a common language to reduce misunderstandings and conflicting views.

SSF will continue to support the financial services industry on this journey, by taking position on key regulatory developments and pursuing our political dialogue, providing guidance on best practices in our publications, organising industry events where peers can exchange on solutions to their common challenges, and equipping the industry with fact-based arguments supporting the unchanged economic relevance of sustainable investing.

72 International Geosphere-Biosphere Programme (2015): *The trajectory of the Anthropocene: The Great Acceleration.* Available at https://journals.sagepub.com/doi/abs/10.1177/2053019614564785. Whether we agree or not with the disputed concept of "anthropocene", the facts described in this study warrant our attention.

73 Morningstar (2025): *Global Sustainable Fund Flows: Q1 2025 in Review.* Available at: https://marketing.morningstar.com/content/cs-assets/v3/assets/blt9415ea4cc4157833/bltfe8ef6bf6de598ea/68099b79f9cea7e1b-d3d359e/Global_ESG_Q1_2025_Flows_Report.pdf

07

Supporting Sponsors' Contributions

Main Sponsors' contributions are spread across the document. See page 86 for reference.

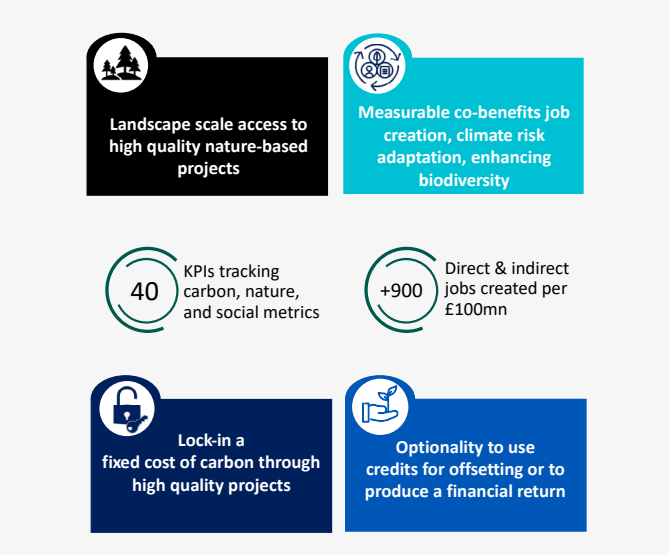
aberdeen Investments

Natural Capital – A necessity to support net-zero and beyond

Fraser Green,
Head of Natural Capital in Direct Real Estate, Aberdeen Investments

Achieving net-zero will require a greenhouse gas removal market 5 times larger the current market. There are high-quality project opportunities today that can deliver positive nature and climate impacts at lower carbon costs than the carbon price of compliance markets such as the EU Emissions Trading Scheme. Aberdeen Investments has developed a strategy with the Nature Investment Partnership[1], identifying high priority land clusters to deliver nature restoration that can deliver carbon credits and a range of positive impacts. Investors can benefit from the optionality of producing a return through the onward sale of the credits, or to use the credits to offset their own emissions. Aberdeen Investments has worked alongside NatureScot[2] to ensure these restoration projects are of the highest quality and align with the strategic ambitions of the Scottish Government's Natural Capital Framework.

Carbon markets must grow 5× to support net-zero



1 The Nature Investment Partnership is a collaboration between Aberdeen Investments, Hampden Bank, Palladium and NatureScot, for more information: Nature Investment Partnership | NatureScot
2 NatureScot is an executive non-departmental public body of the Scottish Government responsible for the country's natural heritage, especially its natural, genetic and scenic diversity

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Green bonds

Daniel Gussmann,
Chief Investment Officer, AXA Switzerland

Green bonds are fixed-income instruments specifically designed to fund projects that have a positive impact on the climate and the environment. With the very first green bonds issued in 2007 by the European Investment Bank, this is a relatively new type of bond. As of mid-2024, green bond issues in Switzerland amounted to CHF 32 billion.

At AXA, we follow a sustainable investment policy. This is why the AXA Group has set a target of investing EUR 5 billion of its own balance sheet funds in sustainable investment instruments each year until 2030 – with green bonds accounting for a majority of these investments. Consequently, by end-2024 AXA Switzerland had invested around half a billion Swiss francs of its own balance sheet funds in green bonds. We firmly believe that, by investing in green bonds, we are contributing to the transformation to a more sustainable future.

J. Safra Sarasin

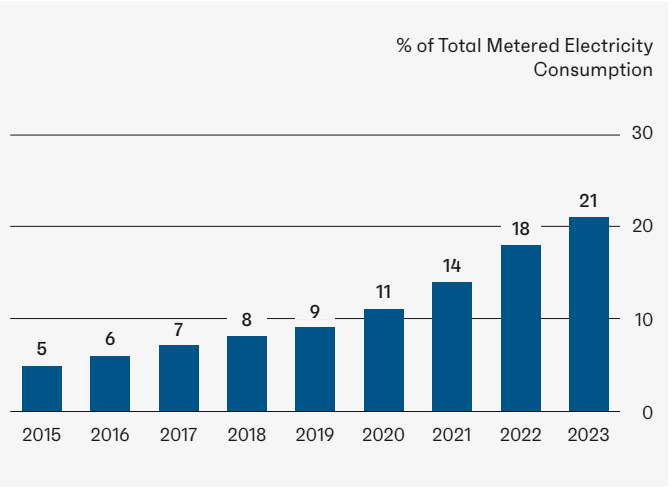
AI's Energy Demand: A New Catalyst for Renewable Energy Growth?

Joran Mambir,
CFA, Investment Specialist Equities

The rise of generative AI is fueling concerns over soaring electricity consumption. According to the International Energy Agency, the energy use of data centers – AI's core infrastructure – may more than double from 2022 to 2026. With data centers often concentrated in specific areas, their strain on local grids is significant – in Ireland, a striking example, they accounted for 21% of total electricity demand in 2023.

This surging demand is driving US tech giants to invest heavily in renewable energy projects. AI infrastructure is also a strategic priority in the EU, with initiatives like InvestAI set to mobilize € 200 bn, including € 20 bn for AI gigafactories. Given Europe's decarbonization push, reinforced by the € 100 bn Clean Industrial Deal announced in February 2025, the European focus on AI will likely accelerate green energy investment.

Data Centres Metered Electricity Consumption in Ireland 2015–2023



Source: Central Office of Statistics Ireland, 23.07.2024, https://www.cso.ie/en/releasesandpublications/ep/p-dcmec/datacentresmeteredelectricityconsumption2023/keyfindings/#:~:text=July%202024%20%2C%2011am-,Key%20Findings,Table%201%20and%20Figure%201

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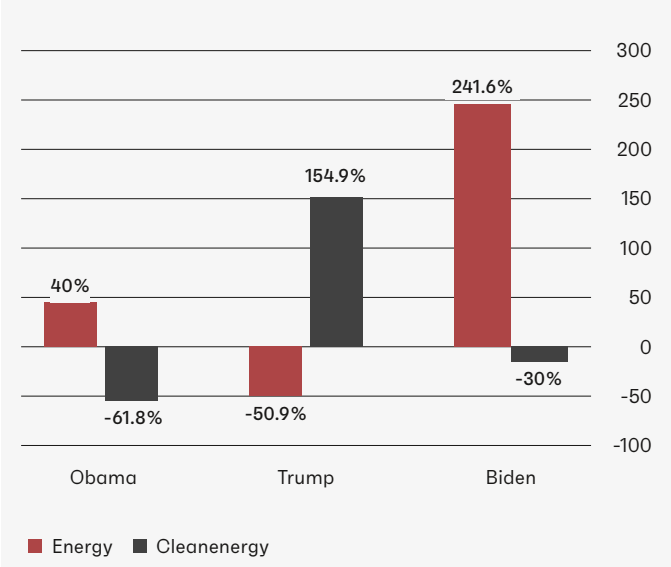
Total returns of Blackrock Clean Energy and Energy ETFs over the last three US administrations



Source: Bloomberg for Blackrock Energy ETF (IYE) and Blackrock Clean Energy ETF (ICLN) total returns, Administration start dates start from respective US presidential election days: 4/11/2008; 8/11/2016; 3/11/2020

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PICTET 1805

The enduring investment case for renewables

Jennifer Boscardin-Ching,
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Clean energy investment returns do not always align with political agendas. During Trump's first administration clean energy ETFs outperformed traditional energy ETFs, while under Biden, the reverse was true. This suggests that the real drivers of renewable energy performance are macroeconomic. Looking forward, we highlight a crucial inflection point: rising electricity demand in developed markets, fuelled by electrification, reindustrialisation and data centre growth, creates a power supply and demand gap. Wind and solar power remain the most cost-effective and rapidly deployable solutions to fill this gap, especially given the longer timelines required to build new nuclear or gas power plants. Solar farms take as few as six months if the pipeline is developed, and wind farms take 12–18 months. With current renewables company valuations at historical lows, we see a substantial investment opportunity.

08

Appendix

Methodology of the study

The Swiss Sustainable Investment Market Study 2025 was prepared based on company data from organisations domiciled or with operations in Switzerland and which manage sustainability-related investments. All available data was collected, reviewed and evaluated by Swiss Sustainable Finance (SSF), its academic cooperation partner, the University of Hamburg, and the Advanced Impact Research GmbH (AIR). The gathered data is from 31 December 2024 and was provided voluntarily by the study participants. From January to April 2025, data collection was conducted using questionnaires sent out to over 250 asset owners and managers in Switzerland.

To avoid double counting, SSF provided clear guidance on the data to be reported, and participants were encouraged to respect the defined scope of the questionnaire. Asset managers were asked to list all assets managed by their organisation within Switzerland for national and foreign clients. Asset owners were asked to provide details of their self-managed assets.

Since not all participants answered each question, the total quantity (n) of respondents per question is indicated for all figures. A list of the participants who agreed to be named can be found at the end of the report.

Volumes in foreign currency (euros and US dollars) were adjusted using exchange rates into Swiss francs (CHF). The year-end exchange rates applied for 2024 were EUR 1.0644 for one CHF and USD 1.1017 for one CHF. For Figure 7 the volumes for institutional and private investors were extrapolated to total reported sustainability-related volumes, since a small percentage of sustainability-related volumes managed by asset managers were not explicitly attributed to institutional or private clients.

All study participants received guidelines, including the underlying definitions and detailed information on how to answer the questionnaire. To provide an accurate picture of how sustainability factors are integrated in the Swiss investment market, all data and information were checked for consistency. In case of any anomalies in the data, the respective participants were contacted, and potential issues were resolved.

In this year's study, we have not pursued the assessment of sustainability-related assets against the EUROSIF methodology. This is driven by various factors, in particular the input received from the working group of industry representatives that helps us shape the questionnaire every year, and wider industry feedback. The EUROSIF methodology allowed to gather insights that go beyond the combination of SI approaches, focusing on a strategy's ambition to contribute to the transition towards a sustainable economy. It has however not been widely adopted across European countries, which is why the intended comparability could not be provided.

This year, we have chosen to focus on Swiss standards, while maintaining a strong emphasis on the qualitative assessment of sustainable investment strategies, in addition to quantitative analysis. To support this, we have incorporated early insights from the new AMAS self-regulation on sustainable investments, published in 2024[74]. This self-regulation introduces several new criteria for classifying assets as sustainable, offering valuable qualitative insights that serve as a substitute for those previously provided by the EUROSIF methodology.

74 AMAS (2024): *Self-regulation on transparency and disclosure for sustainability-related collective assets.* Version 2.0. Available at https://www.am-switzerland.ch/en/regulation/self-regulation/sustainable-finance-self-regulation

Combination of sustainable investment approaches

Table 2: **Established sustainable investment approaches in order to incorporate sustainability considerations within investment decision**[75]

Best-in-class/ Positive Screening	Approach in which a company's or issuer's environmental, social and governance (ESG) performance is compared with the ESG performance of its peers (i.e. of the same sector or category) based on a sustainability rating. All companies or issuers with a rating above a defined threshold are considered as investable. The threshold can be set at different levels (e.g. 30% best performing companies or all companies that reach a minimum ESG score).
Climate-alignment	The climate-alignment of a portfolio refers to the reduction of the greenhouse gas emissions of a portfolio (i.e. of the issuers it contains) in line with global climate goals.
ESG engagement	Engagement is an activity performed by shareholders with the goal of convincing management to take account of environmental, social and governance criteria. This dialogue includes communicating with senior management and/or boards of companies and filing or co-filing shareholder proposals. Successful engagement can lead to changes in a company's strategy and processes so as to improve ESG performance and reduce risks.
ESG integration	The explicit inclusion by investors of ESG risks and opportunities into traditional financial analysis and investment decisions based on a systematic process and appropriate research sources.
Exclusions	An approach excluding companies, countries or other issuers based on activities considered not investable. Exclusion criteria (based on norms and values) can refer to product categories (e.g. weapons, tobacco), activities (e.g. animal testing), or business practices (e.g. severe violation of human rights, corruption).
Impact investing	Investments intended to generate a measurable, beneficial social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below-market to above-market rates, depending upon the circumstances. SSF considers impact investments as those having three main characteristics: intentionality, management and measurability.
Norms-based screening	Screening of investments against minimum standards of business practice based on national or international standards and norms such as the ILO conventions, the OECD Guidelines for Multinational Enterprises, the UN Global Compact or the UN Guiding Principles on Business and Human Rights.
Sustainable thematic investment/ thematic investing	Investment in businesses contributing to sustainable solutions, both in environmental or social topics. In the environmental segment this includes investments in renewable energy, energy efficiency, clean technology, low-carbon transportation infrastructure, water treatment and resource efficiency. In the social segment this includes investments in education, health systems, poverty reduction, and solutions for an ageing society.
ESG voting	This refers to investors addressing concerns of environmental, social and governance (ESG) issues by actively exercising their voting rights based on ESG principles or an ESG policy.

Figure 58 shows the top 10 combinations of SI approaches used by asset managers. The most frequently applied combination in 2024 consists of exclusions, norms-based screening, thematic investments, ESG engagement, ESG integration, and climate-alignment, representing CHF 137 billion. The continued prominence of such complex combinations highlights the increasing sophistication in the application of sustainability strategies. The occurrence of climate-alignment in these top combinations underlines its growing importance in the Swiss market. Similarly, the presence of engagement in all combinations shows its established relevance as a critical approach for sustainable investment across the asset management industry.

For asset owners (Figure 59), exclusions remain a key element in sustainability strategies and are included in 8 of the top 10 combinations. The most common combination – exclusions, ESG voting, ESG engagement, and ESG integration (EX/VO/EN/IN) – covers CHF 57 billion.

Climate-alignment appears in four of the top 10 combinations and, unlike last year, also as a stand-alone strategy (CHF 9 billion). In another top 10 combination, it is combined solely with ESG integration. This indicates that some asset owners view climate-alignment as a strategic priority in itself – either applied independently or in streamlined combinations with basic ESG practices.

75 In 2023, the "climate-alignment" approach was added to the list of common approaches. Innovations as well as demands in the industry have created a space for such strategies in recent years.

Figure 58: **Top 10 combinations of sustainable investment approaches applied by asset managers** (in CHF billion) (n=54)

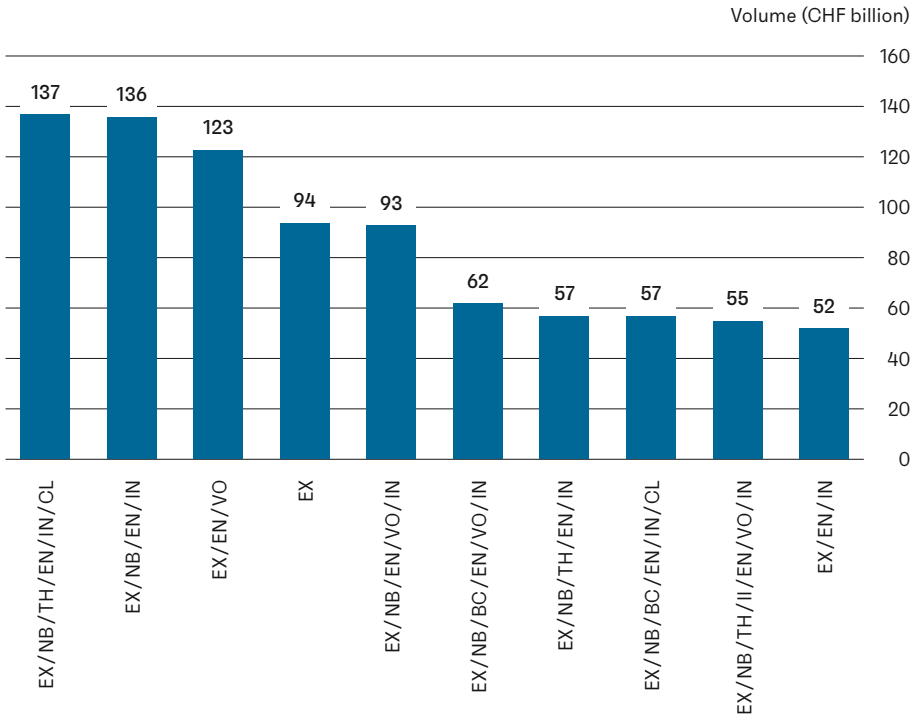
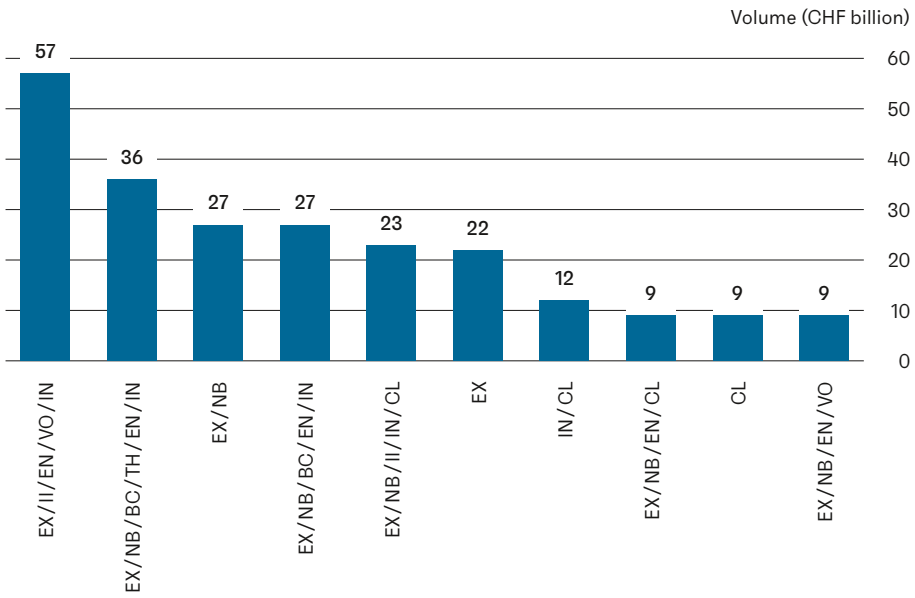


Figure 59: **Top 10 combinations of sustainable investment approaches applied by asset owners** (in CHF billion) (n=24)



Legend to Figure 58 & 59
Abbreviations used for combinations

BC	Best-in-class/Positive Screening
CL	Climate-alignment
EN	ESG Engagement
EX	Exclusions
II	Impact Investing
IN	ESG Integration
NB	Norms-based Screening
TH	Sustainable Thematic Investments/ Thematic Investing
VO	ESG Voting

List of abbreviations

AFM	Authority for Financial Markets
AIFMD	Alternative Investment Fund Managers Directive
AMAS	Asset Management Association Switzerland
AuM	Assets under Management
BREEAM	Building Research Establishment Environmental Assessment Methodology
CCDA	Complementary Climate Delegated Act
CDA	Climate Delegated Act
CFA	Chartered Financial Analyst
CHF	Swiss franc
CO	Code of Obligations
CO_2 Act	Federal Act on the Reduction of CO_2 Emissions
CSDDD	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
DDTrO	Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labour
DGNB	Deutsche Gesellschaft für Nachhaltiges Bauen
DNSH	Do No Significant Harm
EC	European Commission
EFRAG	European Financial Reporting Advisory Group
EFRAG SR TEG	EFRAG Sustainability Reporting Technical Expert Group
ESAs	European Supervisory Authorities
ESG	Environmental, Social and Governance
ESI	Economic Sustainability Indicator
ESMA	European Securities and Markets Authority
ESRS	European Sustainability Reporting Standards
ETF	Exchange-Traded Fund
EU	European Union
EUR	Euro
Eurosif	European Sustainable Investment Forum
FCA	Financial Conduct Authority
FDF	Federal Department of Finance
FINMA	Swiss Financial Market Supervisory Authority
G7	Group of Seven
GCNSL	UN Global Compact Network Switzerland & Liechtenstein
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Greenhouse Gas
GRESB	Global Real Estate Sustainability Benchmark
GRI	Global Reporting Initiative
GSIA	Global Sustainable Investment Alliance
GSS+	Green, Social, Sustainability and Sustainability-linked Bonds
IDD	Insurance Distribution Directive
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
ISSB	International Sustainability Standards Board
ITF	Impact Taskforce
KIG	Climate and Innovation Act
KIV	Ordinance on Climate Disclosure
KPIs	Key Performance Indicators
LEED	Leadership in Energy and Environmental Design
MiFID	Markets in Financial Instruments Directive
NGO	Non-Governmental Organisation
NSBA	Net Zero Banking Alliance
NZAMI	Net Zero Asset Managers Initiative
NZAOA	Net Zero Asset Owner Alliance
NZIA	Net Zero Insurance Alliance
OECD	Organisation for Economic Co-operation and Development
OJEU	Official Journal of the European Union
PAI	Principal Adverse Impact
PRI	Principles for Responsible Investment
REIDA	Real Estate Investment Data Association
RTS	Regulatory Technical Standards
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets initiative
SCS	Swiss Climate Scores
SDG	Sustainable Development Goals
SDR	Sustainability Disclosure Requirements
SDS	Sustainability Disclosure Standards
SEC	Securities and Exchange Commission
SFDR	European Sustainable Finance Disclosure Regulation
SGNI	Schweizer Gesellschaft für Nachhaltige Immobilienwirtschaft
SI	Sustainable Investment
SMEs	Small and medium-sized enterprises
SNB	Swiss National Bank
SNBS	Standard Nachhaltiges Bauen Schweiz
SRI	Sustainable & Responsible Investment
SSF	Swiss Sustainable Finance
SSG	Eurosif's SRI Study Group
SSREI	Swiss Sustainable Real Estate Index
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
TR	EU Taxonomy Regulation
TSC	Technical Screening Criteria
UCITS	Undertakings for Collective Investment in Transferable Securities
UK	United Kingdom
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
USD	US dollar

List of figures and tables

Study participants

A list of the participants who agreed to be named can be found on this page.

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See page 32

See page 49

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See page 73

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See page 77

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See page 78

PICTET 1805

See page 78

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