Media release

"Swiss Sustainable Investment Market Study 2024" by Swiss Sustainable Finance: Growth lags behind market development

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The volume of sustainability-related investments in Switzerland rose by 3% between 2022 and 2023, from CHF 1,610 billion to CHF 1,660 billion. After the significant decline in sustainability-related investments last year, they have returned to a growth path, although the increase was significantly lower than the market performance of around 15% in 2023. The authors of the study attribute this difference firstly to the fact that some market participants have refined their methods to measure sustainability-related investments, which may have led to lower reported volumes, particularly for stewardship approaches. Secondly, some market participants stated that they no longer report investments that only use exclusions or ESG integration as a sustainable investment approach. Thanks to greater transparency regarding the processes applied, the study finds that the proportion of sustainability-related investments with a positive impact is significantly higher than in the previous year.

The "Swiss Sustainable Investment Market Study 2024" documents the prevalence of investments that apply one or more sustainable investment approaches. Based on various perspectives on the total sustainability-related investment volume, the study provides clarity on the different qualities of such investments – taking account of the fact that the discussions on the term "sustainable investments" are still ongoing both in Switzerland and in the EU. Three perspectives are presented: firstly, how the overall volume of sustainability-related investments combines different investment approaches; secondly, which volumes fulfil the definition of the AMAS self-regulation; and thirdly, how the overall volume is classified on the basis of the Eurosif methodology. The latter distinguishes between four investment types, each with a different level of ambition in terms of contribution to sustainable transition: Basic ESG investments, Advanced ESG investments, Impact-Aligned investments and Impact-Generating investments, with the latter having the highest level of ambition to contribute to a sustainable transition.

Tighter definition of "Sustainability"

"This year's results show that market participants have responded to the ongoing – sometimes controversial – discussions about the definition of sustainable investments and have overall increased the number of sustainable investment approaches applied", explains Sabine Döbeli, CEO of SSF. This also resulted in a higher proportion of sustainable investments in accordance with the AMAS self-regulation (90% this year compared to 86% in the previous year). The results based on the Eurosif methodology show a surprisingly high proportion of Impact-Generating investments (24% of all sustainability-related volumes). "This can mainly be explained by the fact that more and more market participants have offered more transparency about the specific impact of their engagement strategies", explains Professor Timo Busch, University of Hamburg, co-author of the study. Although analysed differently in all three perspectives, the results illustrate that the maturity of sustainable investment approaches has increased compared to last year. This is certainly also due to the ongoing discussions about when the term "sustainable investments" is actually justified.

Sustainable real estate investments and green bonds are gaining in importance

The contribution of the real estate sector to the transition to a more sustainable economy has become a focus for many investors, especially as investors can link direct environmental and social benefits to the expected returns from their real estate portfolios. Most respondents with real estate investments collect data on the environmental indicators for real estate funds published by AMAS in 2022. "This increases transparency on the climate compatibility of real estate investments and is an important basis for the development of credible net zero strategies for this asset class", explains Hendrik Kimmerle, co-author of the study. At a global level, sustainability-related debt investments – e.g. green, social, sustainable and sustainability-linked bonds – have increased significantly in recent years. The market study shows that 64% of all respondents have invested in such instruments, a slight increase on last year's figure of 61%. A separate contribution examines the Swiss market for sustainability-linked bonds and identified obstacles to further growth.

Still no binding regulatory provisions in Switzerland

The Swiss Parliament and the Federal Council have stepped up their activities to transpose the Paris Climate Agreement into national law. The new regulations apply to the entire economy and will contribute to achieving the goals of the Swiss energy transition. With regard to the financial sector, however, the Swiss regulatory landscape remains fragmented and does not offer binding sustainability-related regulatory provisions that apply to institutions and products in all areas of the financial sector. The constantly evolving EU regulation on sustainable finance is part of the EU's package of measures to develop a green economy and to set international standards. "It remains to be seen whether the EU elections in June 2024 will change the direction of EU climate and energy policy and how they will influence the sustainable finance strategy, including the ongoing reviews of existing sustainable finance regulations", comments Sabine Döbeli.

Further information:

> Swiss Sustainable Investment Market Study 2024 (pdf file)
(German summary, French summary)
> The most important facts in brief (microsite for the 2024 market study)

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The mission of **Swiss Sustainable Finance (SSF)** is to strengthen Switzerland's position as a leading voice and actor in sustainable finance, thereby contributing to a sustainable and prosperous economy. The association, founded in 2014, has representative offices in Zurich, Geneva and Lugano. Currently, SSF unites over 250 members and network partners from financial service providers, investors, universities and business schools, public-sector entities and other interested organisations. Through research, capacity-building and the development of practical tools and supportive frameworks, SSF fosters the integration of sustainability factors into all financial services. An overview of SSF's current members and partners can be found on its website: sustainablefinance.ch.