Sustainable Finance Regulation:
Swiss Subsidiary Tradition in Light of Foreign Approaches

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Swiss Subsidiary Tradition in Light of Foreign Approaches

White Paper 1 - E4S Series on Sustainable Finance Regulation

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Executive summary

International agreements on environmental and social goals have been ratified but signatory nations, including Switzerland, are lagging. Catalysing financial flows towards sustainability to achieve these goals is necessary and regulations can be a helpful tool. Which regulatory approach can most efficiently support Switzerland in catalysing financial flows towards sustainability, considering its regulatory culture and parallel international developments?

Why regulate? Sustainable finance regulations target specific objectives focusing on different actors along the value chain of financial products and services. A comparison of regulation focusing on corporate actors across jurisdictions yields that most regulations aim to provide transparency on firms' sustainability performance. At the financial-product level, regulation requires transparency on their sustainability characteristics and propositions of classification systems based on products' sustainability characteristics are emerging. At the financial-service level, regulations focus on ensuring that clients' sustainability preferences are met.

How are regulations applied? Approaches to sustainable finance regulation for achieving these objectives differ across jurisdictions, namely because of the national or regional regulatory tradition. While the European Union (EU) favours proactive market intervention in form of definitions for sustainable economic activities, to rapidly steer the economy, other jurisdictions, like the United States, set out regulations by selectively targeting specific actors along the value chain.

Where does Swiss sustainable finance regulation stand? Although the Swiss market is influenced by the EU's holistic regulatory approach, the Swiss regulator has so far acted in a very focused manner with a lot of freedom for the industry.

This white paper sets the stage for the E4S Series on Sustainable Finance Regulation, by clarifying how actors along the financial value chain are targeted by regulations worldwide. The understanding of the Swiss regulatory tradition as well as international commitments and global parallel developments, is essential for discussions on further steps for sustainable finance regulation in Switzerland.

Key points

1. Finance can function as a catalyst for investments in a sustainable economy and regulation can improve transparency, therefore.
2. Sustainable finance regulations and objectives across jurisdictions target different actors along the value chain, from firms to financial market actors to end-investors.
3. Sustainable finance can be regulated holistically, based on definitions for sustainable economic activities, or by targeting specific financial actors separately.
4. Switzerland pursues reactive – rather than interventionist – regulation but should ensure its access to the foreign market and national sustainability ambitions.

E4S Sustainable Finance Regulation series

This E4S Series on Sustainable Finance Regulation investigates regulatory developments in Europe and beyond and discusses the implications for Swiss corporate and financial market actors, regulators, and civil society. **Swiss Subsidiary Tradition in Light of Foreign Approaches** sets the stage in assessing regulatory objectives and comparing regulatory approaches for sustainable finance across jurisdictions. **Corporates: Comparative Analysis for Switzerland** compares sustainability-related reporting regulation targeting corporate actors across jurisdictions and provides recommendations for the Swiss context. In a third white paper, **Financial Market Participants: Comparative Analysis for Switzerland,** the series highlights the specificities and implications for financial market actors.

1 INTRODUCTION

Switzerland has committed to international targets for sustainable development, including climate change mitigation and adaptation, and biodiversity conservation, through the adoption of the United Nations 2030 Agenda for Sustainable Development,[1] the ratification of the Paris Agreement[2] and the Kunming-Montreal Agreement.[3] To reach these international goals, the whole economy needs to transition, and the financial sector has a role in reallocating capital accordingly [2, Art.2.1], [4].

Consequently, the Federal Council has set the objective for Switzerland to become a global leader in sustainable finance [5], in line with international ambitions, such as a G20 endorsed roadmap [6]. In order to achieve this objective and the transition of the economy, Switzerland based its strategy on several principles: the primacy of market-based solutions, subsidiarity of public action (the so-called principle-based approach), transparency, and pricing that considers risks and long-term perspectives [5], [7, pp. 3 f.].

But a lot remains to be done to achieve the transition of the economy: although Swiss sustainable investments have significantly grown in the last decade, from CHF 71.1 billion to CHF 1610.0 billion between 2014 and 2022 (Figure 1), Switzerland is currently off track to achieve its climate targets,[4] and a significant portion of Swiss financial flows is not aligned with a just transition to a low-carbon economy.[5] Barriers such as greenwashing risk and lack of transparency prevent scaling [11]. Regulatory incentives could reduce these barriers, and therefore help mainstream the alignment of financial flows with sustainability goals [3, Ch.15], [12].

This paper assesses the approaches of regulators across jurisdictions in targeting actors along the financial value chain, for "shifting the trillions"[6] in light of climate change and sustainability goals. Sustainable finance regulation refers to the set of rules, policies, standards and guidelines implemented by governments, regulatory bodies, industry associations and international organisations to promote sustainable investments and incentivise sustainable practices in finance. Sustainable finance regulation touches the whole financial value chain, including investee firms, financial market participants and end-investors. Regulators worldwide are increasingly impacting private financial actors via different types of regulations, in order to achieve transparency, control damage, and spread best-practices. Overall, sustainable finance regulation can fulfil

[1] In the context of the United Nations 2030 Agenda for Sustainable Development, Switzerland has committed itself to implement 17 environmental and social goals by 2030, so-called Sustainable Development Goals (SDGs) [1].

[2] By adopting the Paris Agreement on climate change in 2015, Switzerland also promised to combat climate change according to international and national targets, such as the self-set and continuously tightened Nationally Determined Contributions. These targets aim to strengthen the global response to the threat of climate change as well as to contain global warming well below 2°C [2].

[3] At the end of 2022, Switzerland also committed to achieving four long-term goals for 2050, related to biodiversity conservation through the Kunming-Montreal Agreement. This consists in the implementation of 23 global targets to be urgently addressed by 2030. Accordingly, 30% of global landmass has to be protected or restored until 2030 [3].

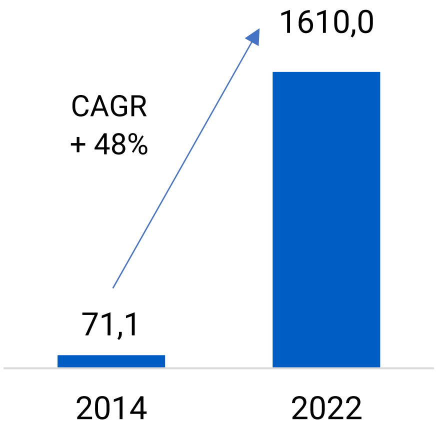
[4] *"Switzerland missed its 2020 emissions reduction target of 20% below 1990 levels"* [8].

[5] In 2021, sustainable investments in Switzerland spiked at CHF 1.98 trillion, compared to CHF 3.30 trillion total fund volume under management in Switzerland [9], making up 53% of the entire Swiss funds market [10]. Sustainable investments referred to here implement at least one of the following strategies: negative or best-in-class exclusion, ESG integration, shareholder engagement, impact investment or a sustainable thematic investment strategy.

[6] Article 2.1 c) of the Paris Agreement sets the goal to make "finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development", commonly referred to as "shift the trillions".

certain objectives to foster private financial flows towards sustainability (Section 2), but differences in sustainable finance regulation approaches exist across jurisdictions (Section 3). Switzerland is currently setting up a regulatory framework, which is inspired by international developments (Section 4). Its challenge lies in balancing the local subsidiary tradition – contrasting with the market intervention approach of the EU – with the strong economic ties and thus exposure to foreign regulations [5], [13], [14].

Figure 1: Volume of sustainable investments in Switzerland (in CHF bn)



Source: Swiss Sustainable Finance (2023) [15][9]

In an effort to contribute to the current debate, this paper focuses on regulation relating to sustainable finance activities[7] **in force or in consideration as of June 2023**, and applied in Switzerland, the EU and other regions relevant for the Swiss context. Given the already existing law and regulatory developments for harmonisation, the scope of the paper includes primarily climate matters and, to a lesser extent, social, governance and other environmental aspects, such as biodiversity.[8]

2 OBJECTIVES ALONG THE VALUE CHAIN

Sustainable finance regulation can target certain objectives with a focus on different actors along the value chain of financial products and services (Figure 2), namely:

- **Require transparency on corporate sustainability.** Sustainable finance regulations can require firms to disclose sustainability information about their economic activities and supply chains. Such information is particularly important to financial market participants, such as asset managers, so that they make informed investment decisions when constructing sustainable financial products and investing in companies. This topic is developed in further work within this series [17].
- **Require transparency on financial products' sustainability**. When selecting sustainable financial products to

[7] Regulations relating to sustainable finance activities here refer mostly to regulations on corporations for non-financial information disclosures relevant for financial market participants, on financial product disclosures related to non-financial characteristics, and on respecting clients' preferences as part of advisory services.

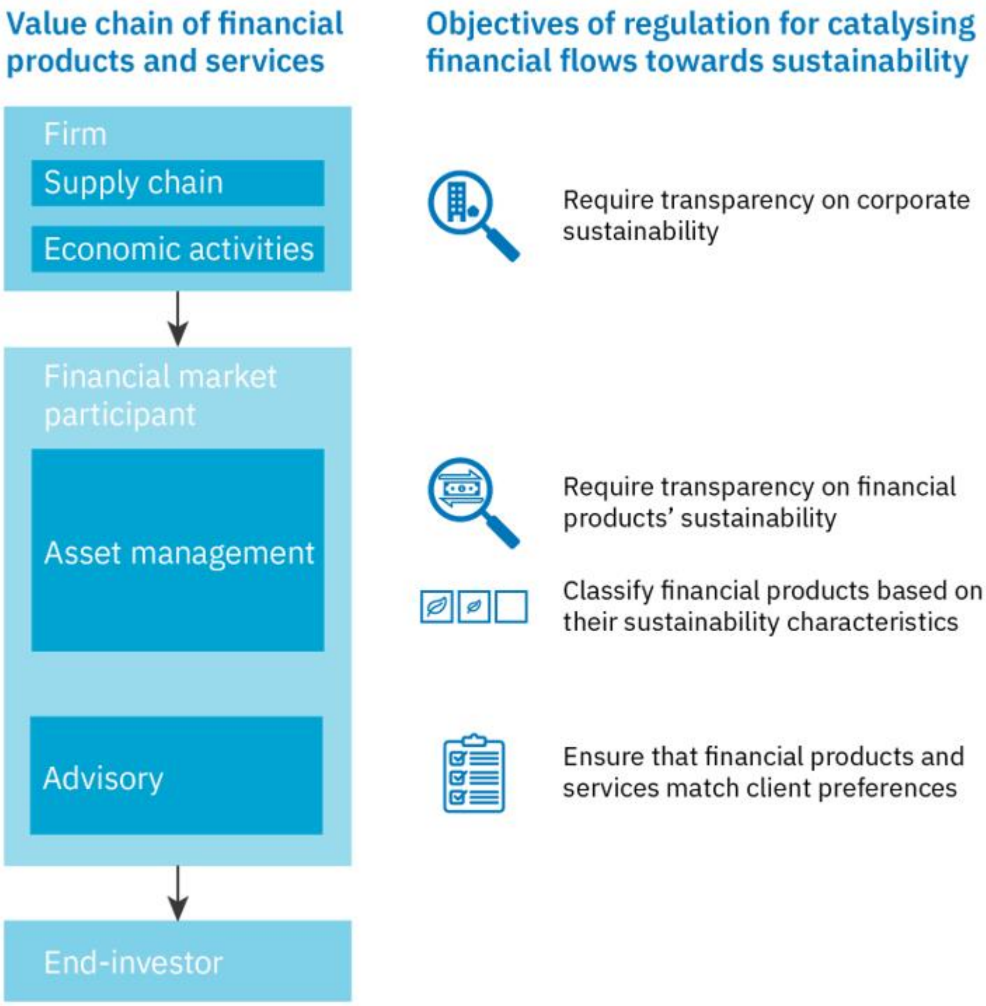
[8] This does not contradict the fact that additional regulation is urgently needed to steer financial flows not only towards climate, but sustainability more broadly.

[9] Note: CAGR refers to Cumulative Annual Growth Rate and represents the annual growth rate of a financial metric – here volume of sustainable investments in Switzerland – over a certain period – here between 2014 and 2022. Note that between 2021 and 2022, Swiss sustainable investments decreased from 1'982 bn to 1'610 bn. This reduction can mainly be explained by negative financial market performance. Part of the reduction can also be explained by a tightening of the definition of sustainable investments by respondents as well as a methodology change for calculating volumes [15].

invest in, end-investors need to be able to access comparable information across providers of such products. Similarly to firm-level sustainability disclosures, improved comparability and transparency in particular on financial market participants and their products reduce greenwashing risk and can thus foster financial flows. This objective and the following ones are developed in further work in this series [18].

- **Classify financial products based on their sustainability characteristics**. Classifications systems allow investors to distinguish financial products based on their sustainability-related objectives and characteristics. Together with the transparency requirements associated, they ensure that investors make the most appropriate investment decision based on their sustainability preferences and create trust in the market.
- **Ensure that financial products and services match clients' sustainability preferences**. When sustainable financial products match end-investors' preferences and risk capacities, private capital must be allocated accordingly.

Figure 2: The objectives and approaches of sustainable finance regulation along the value chain



Source: Authors

3 APPROACHES TO ACHIEVE THE OBJECTIVES ACROSS JURISDICTIONS

Jurisdictions have adopted different approaches to reach the outlined objectives of sustainable finance regulations. Such differences exist between signatories of the international agreements to (re)direct financial flows in order to combat climate change and biodiversity degradation.[10] They can be influenced by a country's legal tradition,[11] political or economic contexts and priorities. Predominantly, sustainable finance regulation appears in two ways: some regulators set a holistic approach, that is a complex classification for sustainable economic activities and base all sustainable finance regulation upon it (Section 3.1); others choose a piece-by-piece approach and hence target particular actors along the financial value chain (Section 3.2). These regulatory approaches are not mutually exclusive.

3.1 THE HOLISTIC APPROACH: TARGETING CORPORATE ACTORS VIA SUSTAINABLE FINANCE REGULATION

In a holistic approach, regulators develop a taxonomy; that is a detailed classification system for sustainable economic activities which serve as reference for supplement sustainable finance regulation (Figure 3). This implies significant market intervention, provides little flexibility to the industry, and requires periodical review of provisions as well as extensive administrative capacity. For example, the Association of Southeast Asian Nations' (ASEAN)[12] members have chosen a holistic sustainable finance approach, based on a taxonomy, which broadly covers economic activities (Appendix 2).[13]

The EU is one of the main proponents of this holistic approach. The EU favours proactive market intervention to rapidly steer the economy into a more sustainable direction. To that end, the EU adopted a framework, namely the Financing Sustainable Growth Action Plan in 2018 [21, pp.1 & 15], Following this holistic approach, the EU Action Plan is based on a detailed classification of environmentally sustainable economic activities [22, p.199], a so-called Taxonomy Regulation (TR) (Box 1). The EU TR [22], [23] links all new and updated sustainable finance regulations and directives,[14] adopted or proposed through the Action Plan. Amongst *new* regulation adopted or proposed under the Action Plan:

The Corporate Sustainability Reporting Directive (CSRD) establishes ESG disclosure requirements at the firm level and updates the Non-Financial Reporting Directive (NFRD) by expanding the scope of

10 The US, for example, has now joined back into the Paris Agreement, but has not signed the Kunming-Montreal agreement [16].

11 The success of voluntary and mandatory measures and regulations on environmental, social and governance (ESG) matters might also depend on the local legal tradition. New research on institutional investors confirms that on environmental and social aspects, financial market participants in civil law countries such as France, Germany and Scandinavia are performing much better than Anglo-Saxon common law countries. This might be due to cultural values which include society and environment more in business considerations than a mere shareholder-focus on investors. Contrarily, Anglo-Saxon countries are performing better on governance aspects [17]. Firms also seem to respond rather to shareholder pressure on ESG in civil law countries.[18]

12 ASEAN Members are Brunei, Cambodia, Indonesia, Lao, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam.

13 For a global stocktake of sustainable finance taxonomies from June 2022, see International Platform of Sustainable Finance, June 2022, [19, pp.36ff.].

14 The EU has two main types of legislation, namely regulations, which must be adopted by all states as they are, and directives, which are guidelines to be implemented by local parliaments. Please refer to the Glossary for an explanation of the difference between EU Regulations and Directives in terms of cross-jurisdictional implementation.

companies, linking it to the TR and introducing a new reporting standard.

The Proposal for a Directive on Corporate Sustainability Due Diligence (CSDDD) provides for firms' duty to prevent and minimise the potential negative impact of their activities and their supply chains on human rights and environment, and report on it.

The Sustainable Finance Disclosure Regulation (SFDR) establishes ESG disclosure requirements at the firm and financial-product levels and is complemented by the TR for environmental disclosures [24].

The European Green Bond Standard (EUGBS) is a voluntary standard available for green-bond issuers which requires a significant alignment with the TR [25].

Furthermore, the Action Plan has required the adaptation of *existing* regulations, that is:

The Markets in Financial Instruments Directive from 2014 (MiFID 2), the Insurance Distribution Directive (IDD) and others[15] to include client sustainability preferences.

The Benchmark Regulation, including two additional benchmarks related to sustainability.

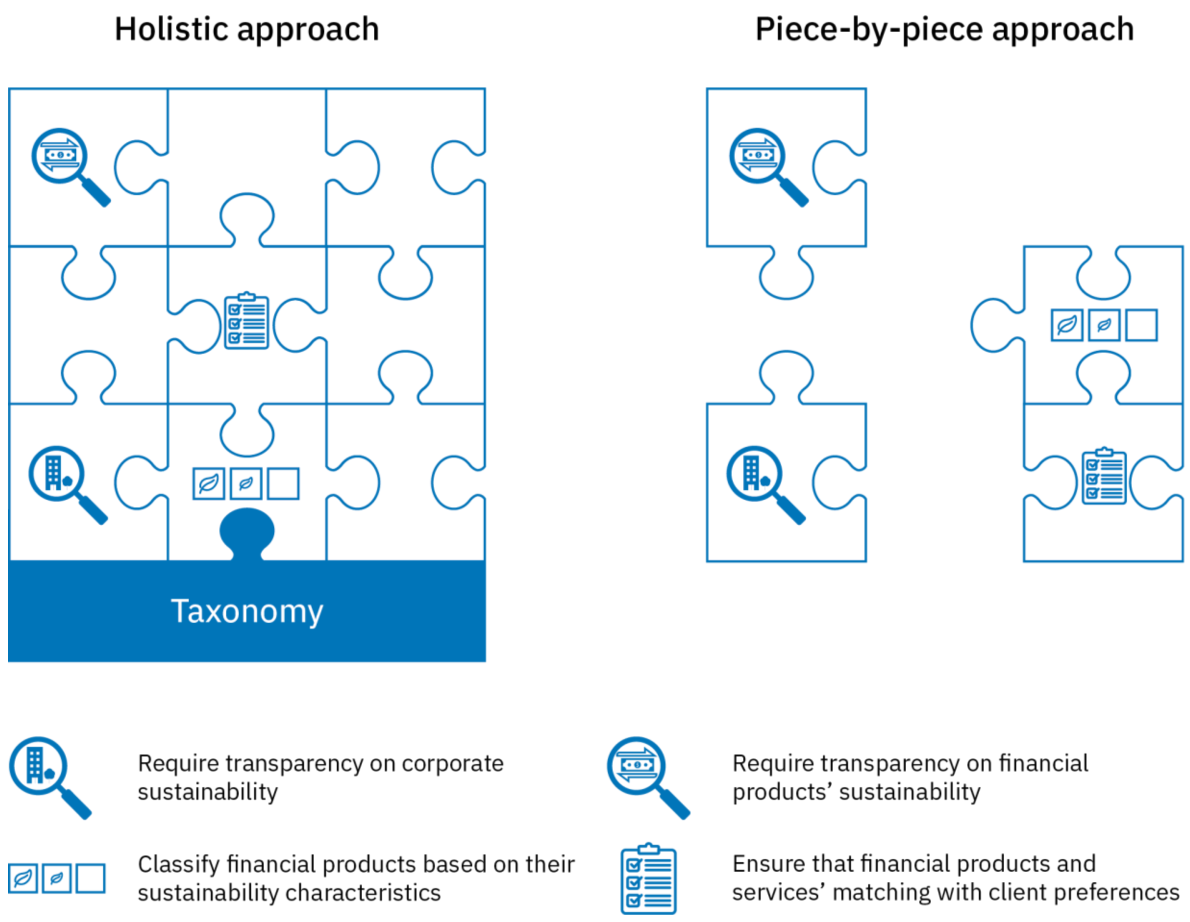
The EU aims to extend this holistic approach to other economic areas and sustainability themes. In 2023, the European Commission launched the Green Deal Industrial Plan, in order to boost net-zero strategies in the industry and further enhance the transition to climate neutrality [26]. The EU is thus again setting on the adoption of new concrete and binding regulations that are not only aimed at the development of sustainable finance. They also aim at creating a new economic model. Criticism about the complexity resulting from this prolific regulation, the feasibility of implementation and the bureaucratic costs, has however been loud. The EU is also discussing the development of a classification system for socially sustainable activities (Appendix 1).

3.2 The piece-by-piece approach: targeting specific actors along the value chain via sustainable finance regulation

Other than basing any regulation on a holistic taxonomy for all sustainable economic activities, sustainable finance regulations can be implemented selectively. In this case, regulation targets specific actors along the value chain, here referred to as the piece-by-piece approach (Figure 3). For example, the United States follows a clear investor focus in the form of regulations through the Securities and Exchange Commission (SEC) and defines ESG characteristics very narrowly by enforcing climate criteria for particular financial actors and products rather than broad definitions for sustainability. Other countries, such as China, and the United Kingdom have applied sustainable finance regulation on piece-by-piece basis, e.g. focusing first on green bonds or on sustainable investments and labels, which this series will cover in a forthcoming analysis.

[15] Namely the Undertakings for the Collective Investment in Transferable Securities (UCITS) Directive and Alternative Investment Fund Managers (AIFM) Directive.

Figure 3: Approaches towards sustainable finance regulation along the value chain



Source: Authors

Box 1: The EU taxonomy - Defining environmentally sustainable economic activities

The design of a taxonomy depends on how sustainability is defined: the EU considered it essential to build on a common understanding of what constitutes an environmentally sustainable activity within the European market [20]. Therefore, it adopted the Taxonomy Regulation (TR) in 2020.

In the EU, an environmentally sustainable activity must contribute to the achievement of one environmental objective, not cause any harm, adhere to minimum standards, and follow technical criteria. These environmental objectives include climate change mitigation and adaptation, water and marine resources, circular economy, pollution prevention and control, and biodiversity and ecosystems [23, Art.3a) & 9ff.]. In addition, a sustainable economic activity shall not cause significant harm to one or more of these objectives (Do Not Significant Harm Principle or DNSH*)* [23, Art.3b) & 17]. It must be carried out in compliance with the minimum guarantees in terms of labour standards and human rights [23, Art.3c) & 18], and comply with the Technical Screening Criteria (TSC) established by the European Commission [23, Art.3d)], [27], The TSC set the scientific-based conditions under which an economic activity qualifies as one of the environmental objectives (in particular maximum emission thresholds). Since January 2023, only two out of the six environmental objectives have been clarified for compliance – climate change mitigation and climate change adaptation –defined through specific TSC [27].[16]

Despite its international recognition, the TR is subject to critics for its definition of sustainable activities. By October 2022, the TR served as a benchmark for 23 other taxonomies, which indicates its appropriateness and relevance [31, p.18f.]. However, it has been criticised for including natural gas and nuclear energy in its definition of sustainable activities due to political reasons [31], while leaving out other non-green activities. Colour gradients for unsustainable activities and those which are improving, are under consideration for answering this issue [32, pp.7f.]. In that regard, other countries' developments may provide guidance (Appendix 2).

[16] Although the remaining TSC were planned for January 2023, the final TSC for the non-climate-related objectives (water and marine resources, circular economy, pollution prevention and control, and biodiversity and ecosystems) have been finally adopted in form of delegated acts on 27 June 2023 [28], and are based on the final report by the Platform on Sustainable Finance (PSF) from 2022 [29].

4 SWITZERLAND'S UNIQUE PIECE-BY-PIECE APPROACH INFLUENCED BY THE EUROPEAN DEVELOPMENTS

Despite the influence of the EU's holistic approach, Swiss regulators have acted in a very targeted manner only so far. Switzerland prioritises free market mechanisms and enacts policies targeted at particular actors along the value chain. It is geographically impacted by the EU market and Swiss firms need therefore to comply with EU rules for export. The Swiss Federal Council has officially excluded the adoption of a comprehensive taxonomy listing sustainable economic activities such as the EU's, at least until 2025 [4], [33]. Still, Swiss efforts to define sustainability more clearly and fight greenwashing are advancing.

Switzerland tends to carefully consider the European regulations on sustainable finance, although opposing proactive market intervention and favouring self-regulation in subsidiary tradition [5], [7], [13]. Since the EU's announcement of the Financing Sustainable Growth Action Plan and throughout its implementation, the effects of this regulation on the European market have been closely observed [5], [7], [34]. In contrast to the EU's market intervention, the Swiss Federal Council's policy is based on the principle of subsidiarity of public action: the state should only intervene if economic measures do not allow the market to function optimally. This means that regulation of the sector by the industry itself (*self-regulation*) is favoured, while state norms (*state regulation*) should only intervene reactively. This approach allows Switzerland to first observe the regulatory developments in other countries and seek inspiration for eventual action. The Swiss rules resulting from self-regulation and state regulation can be legally binding or non-binding.

5 OUTLOOK

Sustainable finance regulation can help catalyse financial flows towards sustainability thanks to increased transparency and trust building. This analysis focused on the objectives and approaches applied across jurisdictions, along the value chain, namely firms and financial market participants. While jurisdictions share similar objectives, i.e., reallocate capital flows towards a sustainable economy, jurisdictions' approaches differ. The subsequent analyses of the E4S Series on Sustainable Finance Regulation discuss the Swiss developments on sustainable finance and provide guidance from a comparative perspective. It will target specific regulatory aspects along the financial value chain:

At the firm level [40]:

- Disclosure requirements in particular Art. 964*a* ff. of the Swiss Code of Obligations and their related ordinances, as well as other self-regulations

Level of financial market participants [41]:

- Disclosure requirements for financial firms and products, in particular industry associations' disclosure guidelines, self-regulations and recommendations;
- Classification of financial products based on their sustainability characteristics, through the Federal Council's recent definition of sustainable products and services and green-bond issuance; and
- Requirements of financial products and services matching with client preferences, namely through the Swiss Financial Services Act and self-regulation.

6 Appendices

Appendix 1: The EU Social Taxonomy

The EU has also given the Platform on Sustainable Finance the task to develop recommendations for a social taxonomy, to complement its environmental taxonomy. The final draft of this working group was published in February 2022. However, the EU does not seem to intend to currently proceed with the social taxonomy in consequence to the energy crisis and the struggles with the environmental taxonomy [35]. Thus, the project might be delayed at least until the election of a new commissioner in 2024. Critical voices highlight that environmental investments need to go in line with social sustainability goals or will otherwise have detrimental effects on society [36].

Generally, the development of benchmarks for social factors is complex, but alternative ways to address social issues exist. Since one size does not fit all, the challenge in creating a social taxonomy lies in reflecting preferences and ambitions of target groups across geographies, while taking into account qualitative aspects since certain aspects might not be quantifiable [37, p.18f.]. Even without a taxonomy, social aspects may still be addressed, via other channels, such as the minimum social safeguards or supply chain due diligence. The former demands companies to follow the Organisation for Economic Co-Operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights [38][39]. The latter goes further in requiring separate human rights audits for each supplier and non-compliance might prevent market access [35].

Appendix 2: Other taxonomies - inspiration from the ASEAN approach

Some taxonomies around the world are more far-reaching than others, some are only used for a specific part of the value chain, hence rather reflect a piece-by-piece approach (Figure 2).[17]

Of particular interest is the comparison with the taxonomy developed by the Association of Southeast Asian Nations (ASEAN).[18] It differs from the EU taxonomy in that it adopts a multi-tiered approach, consisting of a Foundation Framework (FF) and a Plus Standard (PS). The FF is intended to apply to all Member States and is based on a principles-based approach. The more demanding PS is intended for Member States with particularly developed economies and ultimately for all, based on a science-based approach. The ASEAN Taxonomy is not legally binding. Under the FF, economic activities are divided into three categories. Activities are classified as green if they meet one or more environmental criteria[19] and do not cause harm to other objectives; orange if they meet one or more environmental criteria, cause significant harm but make efforts to remedy; and red if they cause significant harm and make no efforts to remedy. The PS is more similar to the current version of the EU taxonomy and covers the most important economic activities for the region (both economically and environmentally). An economic activity must comply with technical criteria and thresholds to be defined as sustainable. The FF or PS can be freely applied. The so-called "traffic light approach" permits to differentiate and classify all economic activities. Classifying and disclosing on transition activities could better assess and manage climate transition risks since activities where improvements are made would be recognized and differentiated from activities which do not make such improvements ("good versus bad performers").

[17] See also China's Green Bond Endorsed Project Catalogue [41].

[18] ASEAN Members are Brunei, Cambodia, Indonesia, Lao, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam

[19] Reducing climate change; Adapting to climate change; Protecting a healthy ecosystem and biodiversity; Promotion of resource resilience and transition to a circular economy.

7 ABBREVIATIONS

ASEAN - Association of Southeast Asian Nations

AuM - Assets under management

CO - Swiss Code of Obligations

Climate COP - UN Conference of Parties on Climate Change

CSDDD - proposed Directive on Corporate Sustainability Due Diligence of the European Union

CSRD - Corporate Social Responsibility Directive of the European Union

DNSH – 'Do not significant harm' principle of the EU taxonomy

ESG - Environmental, Social and Governance factors for responsible business

EUGBS - European Green Bond Standard

FC - Federal Council

FF - Foundation Framework of ASEAN sustainable taxonomy

FinSA - Swiss Financial Services Act

GHG - Greenhouse Gas Emissions

IDD - Insurance Distribution Directive of the European Union (2016/97 EU)

MiFID II - Financial Instruments Directive of the European Union (2014/65/EU)

OECD - Organisation for Economic Cooperation and Development

PACTA - Paris Agreement Capital Transition Assessments administered by the Swiss Federal Office for the Environment (FOEN) and the Secretariat for International Finance (SIF)

PS - Plus Standard of ASEAN sustainable taxonomy

PSF - EU Platform on Sustainable Finance

SDGs - Sustainable Development Goals of the United Nations

SEC - Securities and Exchange Commission of the United States

SFDR - Sustainable Finance Disclosure Regulation of the European Union

SME - Small and Medium Size Enterprise

TR – Taxonomy Regulation of the European Union

TSC - Technical Screening Criteria

UN - United Nation

8 GLOSSARY

End-investors are institutional investors or retail investors that invest in financial products.

European Directive: Legislative act that proclaims a goal for all EU countries. However, each Member State must adjust their own laws to reach these goals (it must be transposed into national law).

European Regulation: Binding legislative act that must be applied in all EU jurisdictions. As soon as the regulation is adopted, it becomes automatically enforceable in each Member State.

Financial market participants create or sell financial products or services.

Firms are issuing equity, bonds and/or loans that are being bought (on primary or secondary markets) by financial market participants when managing their financial products.

Supply chain refers to a corporate organisation from headquarters to suppliers.

Sustainable financial products are portfolios/funds promoted as having sustainability characteristics. They can be composed of sustainable investments as well as (sometimes) non-sustainable investments.

Sustainable financial services can be in the form of expertise on financial investment opportunities within planetary boundaries or analytic capacities for ESG performance measurement etc.

Sustainable investments - "Any investment approach integrating environmental, social and governance (ESG) factors into the selection and management of investments." (SSF, 2022) Such investments can adopt different investment approaches, including best-in-class exclusion, ESG engagement, ESG integration, sustainable investment themes, ESG voting and others. Sustainable investments are equity, bonds or loans with sustainability characteristics. Either because they are issued by a firm that has relatively high sustainability standards or objectives or because they finance sustainable projects within a firm.

Value chain refers to the financial market value chain from corporations to the end consumer of financial products, such as investors or private bank consumers.

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Partners supporting E4S in 2023

All our external partnerships are transparently disclosed, and our partners must be aligned with our founding values and principles of collaboration as below:

1. Scientific excellence, academic integrity and autonomy
2. Focus on major societal challenges
3. Transdisciplinary and inclusive dialogue

Founding Institutions

Unil HEC Lausanne · IMD · EPFL

Coalition Leaders

Fondation Leenaards · Lombard Odier · BCV

Coalition Partners

vaudoise · Pictet · Retraites Populaires

Richemont · Romande Energie · FSER

Fondation Novandi · Fondation Valery · the resilience institute