Switzerland leads the way with launch of Swiss Climate Scores for financial investments

More transparency on the Paris alignment of financial investments

• Developed by the federal government in association with the financial industry and NGOs, the Swiss Climate Scores offer greater transparency regarding the Paris alignment of financial investments.
• The Swiss financial centre welcomes the new Swiss Climate Scores. This set of criteria based on the latest international findings gives private investors meaningful, comparative information on the extent to which financial investments are aligned with the Paris goals.
• It is a pioneering move on the part of the Swiss financial centre, positioning it as a go-to source of data for customers and investors both in Switzerland and abroad who are focused on sustainability.

Switzerland and its financial centre are fully committed to the target of reducing greenhouse gas emissions to net zero by 2050, in line with the goals of the Paris Agreement on climate change. Today, the federal government has presented an important tool for achieving this, in the form of the Swiss Climate Scores (see FDF press release). The Swiss Climate Scores are an easy-to-understand method of delivering transparency on the Paris alignment of financial investments. They support the Swiss financial centre’s efforts to cement its position as an international leader in sustainable finance.

Six indicators aid assessment of Paris alignment

The Asset Management Association Switzerland (AMAS), the Swiss Bankers Association (SBA) and Swiss Sustainable Finance (SSF) welcome the Swiss Climate Scores, which have been developed under the auspices of the federal government and in association with sector experts and NGOs. To provide meaningful, comparative information as a basis for assessing the Paris alignment of financial investments, they introduce six indicators matched to existing, internationally established criteria and methods:

1. Greenhouse gas emissions
2. Exposure to fossil fuel activities
3. Global warming potential
4. Verified commitments to net zero
5. Credible climate stewardship
6. Management to net-zero
The indicators give financial institutions a common framework to guide them. The next step is a pilot phase to gather market experience. Use of the Scores is voluntary for financial institutions. Owing to a lack of data in certain areas and the need to develop guidance on using them, they are not currently applicable to all forms of investment. During the pilot phase, the financial industry will develop further specifications for the individual indicators to assist those using the Scores in practice, with the aim of ensuring rapid take-up. The pilot phase will also show whether the Scores need to be optimised and, if so, how this should be achieved.

The Swiss financial centre can play a pivotal role in the economy’s transition

As a major international financial centre, Switzerland has ample scope to raise awareness among investors and further encourage the Paris alignment of financial investments by way of greater transparency. In addition to the Swiss Climate Scores, the Swiss financial centre has launched a series of sector initiatives designed to progressively enhance Switzerland’s status as a leading location for sustainable finance. They include associations recommending that their members participate in suitable net-zero initiatives, regular sustainability reporting, as well as guidelines and self-regulation regimes for areas such as advisory processes as well as initial and ongoing training.

More information on the Swiss Climate Scores can be found in the slide presentation.

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