



MAERKI BAUMANN & CO. AG

PRIVATBANK

# Journal

Sustainability –  
a turning point in the banking sector

Sustainable investing –  
the way of the future

## Conscious investment

The topic of sustainability is not only on the minds of our clients right now – it is also a matter of growing importance for our private bank. Since January 2023, we have systematically taken account of environmental, social and governance criteria in our modular investment solution.



## Dear Reader

We now live in a world in which ever greater importance is attached to acting sustainably. In addition to economic criteria, the assumption of social and environmental responsibility is thus coming increasingly into focus. It is not only about generating returns, but also the methods employed to do so.

In the latest edition of our “Journal” magazine, we show you on pages 3 and 4 how Swiss banks are tackling these challenges and raising the bar in this area. By adopting a comprehensive sustainability approach, Maerki Baumann has also stepped up its own commitment to the environment and society.

As a family-owned private bank, we are a small player on the market. However, as our Sustainability Officer Mirielle Wyss puts it so eloquently: “Many small initiatives can also have a big impact”. In an interview on page 5, she reveals how we are working continuously to anchor sustainability at the heart of our company. And from page 6 onwards, we use the example of our modular investment solution to show how it is indeed possible to reconcile your financial and idealistic goals.

I wish you an enjoyable read.

Best regards

A handwritten signature in blue ink, appearing to read 'S. Zwahlen', located to the left of the circular portrait.

Dr Stephan A. Zwahlen  
Chief Executive Officer  
Maerki Baumann & Co. AG



# A turning point in the banking sector

Within the space of just a few years, the Swiss financial centre has established itself as a leading player in the realm of sustainable financial services. The private bank Maerki Baumann has also got on board with the new industry imperative.

**As small as Switzerland may appear on the international stage, it has one of the largest and most competitive financial centres anywhere in the world. Decisions taken in the Swiss financial sector and the practices it adopts have a significant impact at a global scale. In June 2020, the Federal Council thus sent out a significant message with its announcement that Switzerland is set on becoming a leading location for sustainable financial services. Top industry representatives have got behind this goal from the outset and have since made tremendous efforts to transform Switzerland into a sustainable banking centre.**



The results are clearly visible and testify to the growing popularity of sustainable investing in Switzerland. While still just a niche investment theme as recently as a few years ago, the volume of sustainability-related investments in Switzerland hit CHF 1,610 billion at the end of 2022 according to figures released by Swiss Sustainable Finance, Switzerland's leading association in this field. Measured against the country's total assets under management of CHF 7,850 billion, this means that one in every five Swiss francs is now invested in sustainable financial products. What is more, the volume of sustainability-related funds already accounts for more than half of Switzerland's entire fund offering.

This trend does not look like stopping any time soon. In its "Swiss Banking Outlook", the Swiss Bankers Association (SBA) wrote that the "continued promotion of sustainable finance is likely to generate strong growth in the volume of sustainable investments again in 2023". Here, the term sustainable is used to denote investments that are made in line with environmental, social and governance (ESG) criteria. Millennials and subsequent generations, in particular, are showing a growing need not only to pursue economic goals with their investments, but also to take account of environmental and social objectives.



The gathering momentum in the sustainability space has led to radical change in the financial sector. Whereas clients and banks previously placed an emphasis on hitting earnings targets, they now also see themselves as catalysts for creating a better world. Developments in this area are not only being driven by the spirit of the time, but also by political bodies and supervisory authorities. In the European Union (EU), which has taken on a pioneering role in the field of sustainable finance, the regulations in place are part of a larger action plan geared towards establishing a green economy and shaping international standards. The complexity of the regulatory framework poses considerable challenges for both companies and financial institutions. In the course of Switzerland's efforts to establish itself as a leader in the field of sustainable investing, a particular effort has been made to step up activities in this area by establishing so-called "soft laws". Overall, however, the Swiss regulatory landscape remains fragmented. Overarching, principle-based rules for all financial sectors would help to protect investors and boost the competitiveness of the Swiss financial centre at an international level. At present though, Switzerland's banks are focussing on a number of their own pioneering initiatives. For example, the Association of Swiss Asset and Wealth Management Banks (VAV), of which Maerki Baumann is also a member, has defined more than a dozen priorities for action based on the report and guidelines issued by the Federal

## “Sustainable finance represents a major opportunity for the Swiss banking centre”.

Swiss Bankers Association  
“Swiss Banking Outlook 2023”

Council in 2020. These priorities for action are aiming to bring about greater transparency, reduce CO<sub>2</sub> emissions, create sustainable solutions and train employees in the area of sustainability. Maerki Baumann and many other banks are also getting on board with international investor initiatives, including the “UN Principles for Responsible Investment (UN PRI)”. In order to bundle the ever-increasing number of requirements and meet its clients' growing needs in this area, Maerki Baumann has developed a comprehensive sustainability approach. It was adopted

by the bank's Board of Directors and Executive Board in autumn 2022 and has been introduced gradually since this time. Maerki Baumann's new sustainability approach governs how the topic of sustainability is handled by the bank in conducting its own business activities

and thus shapes decisions at both an organisational and operational level. The bank's services as well as its advisory and investment processes are likewise aligned with the approach's principles. In undertaking all these efforts, our traditional bank is in good company in the Swiss financial centre.

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Further information on the topic of sustainability can be found in the latest edition of our “Finance Theme” publication.



# “Many small initiatives can also have a big impact”

Mirielle Wyss talks about the importance of sustainability at Maerki Baumann and her role as Sustainability Officer.

**Ms Wyss, how did you get involved in the area of sustainability?** I started in the Business Development division of Maerki Baumann in May 2021 and my role as Sustainability Officer has grown from there. Impetus has been provided by growing client demand for holistic investments as well as by developments in the Zurich financial centre.

**What significance does sustainability have for Maerki Baumann?** It is becoming ever more relevant. We are well aware that we have a responsibility towards society and we also want to live up to this. We have therefore not only incorporated ESG criteria in our advisory and investment processes, but also in our operational fields of activity. Our sustainability approach entered into force on 1 January 2023.

**What does this mean exactly?** Sustainability criteria are an integral component of our services and processes and play a pivotal role in our operational decisions. Our modular investment solution, for instance, is based on a universe that takes account of ESG criteria. We are also contributing to greater sustainability in how we conduct our day-to-day banking business. The bank is constantly

reducing its paper consumption by digitising its processes, while business trips are now limited to what is absolutely necessary. We also finance certified Swiss climate protection projects undertaken by the myclimate foundation in an amount commensurate with the greenhouse gas emissions caused by Maerki Baumann. Finally, all of our employees have a personalised “Ocean Bottle” that they can fill with local drinking water.

**Are you satisfied with the progress that has been made?** A great deal is going well, but I still have a lot of persuading to do. I am aware that this is a dynamic process and things won't simply change from one day to the next. What I can say is that our employees' awareness of this issue has certainly increased, with around a third of them having completed a certificate course on sustainability at the University of St.Gallen.

**At what point will you be able to say “mission accomplished”?** This is a dynamic topic and as such there will always be room for improvement. Within the next two years, however, the goal is for initial measures relating to sustainability to have been implemented in all areas.

**Where does Maerki Baumann stand relative to the competition?** Our focus on sustainability is still relatively new compared to other banks. However, we are now fully invested in this topic.

**Is Maerki Baumann actually big enough to have any impact on an issue of this magnitude, one that is set to define the current century?** Many small initiatives can also have a big impact. This means that everyone can and should make a contribution in this area.

**Sustainable investing is also a topic of controversy, with institutions active in this area often being accused of “greenwashing”.** While sustainable investing is indeed in vogue, there are different approaches and thus also several shades of green. There is still a need for greater coordination, more information and enhanced transparency here. Uniform standards and principle-based rules would offer investors and financial institutions support.

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Mirielle Wyss  
Head Business  
Development and  
Sustainability Officer  
Maerki Baumann &  
Co. AG



Sustainable investing

# The way of the future

Our modular investment solution allows you to combine earnings goals with sustainability considerations.



Sustainable investing means taking financial decisions with the aim of increasing your own wealth and simultaneously doing good for the environment and society. An increasing number of investors, and especially those belonging to younger generations, are following this new maxim.

In order to do justice to the growing importance of this topic, Maerki Baumann moved to incorporate sustainability criteria in its tried-and-tested investment process at the beginning of 2023. Since this time, environmental, social and governance aspects (ESG) have also been taken into account alongside the usual financial indicators. This selection process leads to a smaller investment universe, with companies that do not meet the relevant standards being excluded. Such companies may include businesses that have links with arms or coal mining as well as enterprises that violate international standards.

Clients wishing to make their investment portfolio more sustainable can do so conveniently using our modular investment solution. It allows them to define a customised investment strategy that works according to the building-block principle, meaning they can tailor their solution precisely to their personal wishes and goals. There is a range of different investment modules available. These take the form of basic and focus modules that can be used to set individual priorities. All modules can be combined and weighted flexibly and exchanged at any time.

Maerki Baumann's modular investment solution takes account of additional selected ESG criteria. This means, for example, that it excludes those issuers that perform worst in terms of sustainability aspects within a particular industry or sector. Working on the basis of the remaining investment universe, so-called "ESG integration" is applied. This involves processing additional information and knowledge from the area of sustainability and embedding these considerations in the investment decisions.

There is a persistently held misconception that sustainable investments yield lower returns than conventional investments. Numerous studies have examined the relationship between ESG factors and returns and, in many cases, a positive

correlation has been found. For example, the sustainability-focussed MSCI World SRI Index has outperformed the conventional MSCI World Index considerably over the past ten years when measured by returns. This means that the inclusion of ESG criteria can be beneficial for a portfolio in terms of both performance and risk, especially over the long term.

### **Benefits of the modular investment solution:**

#### **Innovative:**

- 6 basic modules covering common asset classes such as liquidity, bonds and equities
- 19 focus modules, including "Small Caps Switzerland" and "Bonds CHF"
- Continuous expansion of the module range, including the addition of private market investments (e.g. private equity and venture capital) or crypto

#### **Flexible:**

- Asset allocation and investment portfolio can be adjusted at any time

#### **Transparent:**

- Transactions and fees can be viewed around the clock
- Opportunity to have your say in investment matters
- Ability to exercise shareholder rights thanks to underlying assets in the modules
- Clear reporting

#### **Simple:**

- Select your modules with the online configurator or with the assistance of a client advisor
- Personal advice from your client advisor and other specialists
- Intuitive app to support the advisory and investment process

Are you interested? Get in touch with us. We would be happy to help you.

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Konstantinos Ntefeloudis  
Head Investment Management  
Maerki Baumann & Co. AG





The incorporation of ESG criteria as part of our investment activities since 1 January 2023 underlines the commitment of our traditional and innovative family business to evolve constantly and move with the times.

Maerki Baumann collaborated with the University of St.Gallen to set up the exclusive “ESG and Sustainable Finance” certificate course for all of its client advisors and investment specialists as well as various management figures. Over the course of ten modules, important topics including regulation, performance, climate risks, investment products and shareholder involvement were covered from both an academic and practical standpoint. Everyone who took part successfully passed the certificate examination. Congratulations!



“We have incorporated ESG criteria in our investment process. Companies that do not meet the relevant standards are excluded or not recommended”.

**Stefan Meier**  
Senior Investment Manager  
Maerki Baumann & Co. AG



“Over the long term, it has been shown that sustainable investments can generate returns that match – or even exceed – those achieved by traditional investments”.

**Philippe Hungerbühler**  
Senior Investment Manager  
Maerki Baumann & Co. AG

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treatment depends on the personal circumstances of the investor in question and is subject to change at any time.

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