

# Shape the future by accepting responsibility and investing sustainably

Simon Tribelhorn, CEO of the **Liechtenstein Bankers Association**, outlines why sustainable investments are vital for the industry and future generations.



**S**ociety is facing challenges from an environmental, social, technological and political perspective. We all must fulfil our social and corporate responsibility, and contribute to a liveable future. To overcome these diverse challenges, society not only needs a strong political system, but also requires businesses to act sustainably through making their own contribution by introducing structural changes and technological innovations. The financial sector has a significant responsibility and plays an important role in the necessary transformation process for allocating capital.

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## The UN's sustainable development goals (SDGs) are key

In 2015, the UN adopted Agenda 2030 with the backing of all member states. The core components of this are 17 goals for sustainable development – the so-called SDGs. For the first time, combatting poverty and sustainable development have been combined into a single agenda that aims to achieve improvement for the future of the planet. “No one shall be left behind,” emphasised the UN secretary-general Ban Ki-moon when adopting the SDGs. The holistic dimension of this sustainability approach shows that new ways of thinking and acting are urgently needed. Only then can a compromise be reached between sustainability and development. But the true test is yet to come – namely implementation. The UN can only achieve these goals if all actors play their part: states, businesses, local communities and each individual person.

## A question of allocation

The inclusion and mobilisation of private wealth is important for reaching the sustainability goals. According to Deutsche Bank, the global wealth of private households totalled \$250 trillion in 2015. In juxtaposition with this figure, the Brookings Institution expects that \$5–7 trillion will be needed

each year to finance the defined sustainability goals. The assets managed globally by institutional investors, such as pension schemes, investment funds and insurers, are approximately \$83 trillion, according to the Organisation for Economic Co-operation and Development. The investments of private wealth and institutional investors tend to have a long-term orientation, as do the sustainability goals themselves. Institutional and private investments could be employed worldwide to end hunger, ensure education, promote health and well-being, secure access to affordable and clean energy, support innovation and infrastructure projects, and fund climate protection measures. At the Frankfurt European Banking Congress in November 2015, Philipp Hildebrand, vice-chairman of BlackRock, the world's largest asset manager, said sufficient capital is available, it is merely a question of the right allocation.

The majority of institutional investors are already convinced that sustainable investments help to increase risk-adjusted yield. Sustainable investments are also becoming increasingly important for private investors; however, there still seem to be a lot of constraints that prevent relevant investment entities and private investors from integrating sustainability factors into their investment decision-making. In order to disseminate sustainable investments, society needs to raise awareness and acceptance of the fact that environmental and social returns do not mean renouncing economic returns. This erroneous belief is still strongly rooted in the minds of investors and product providers, even though numerous studies have shown that sustainable investments lead to better financial returns in the long run.

## More leadership is imperative

This means that there is not only a need for action, but also for information and education. The financial industry plays an essential role in this regard. Having said that, it is apparent that leadership is needed at the top of each and every financial institution to overcome these obstacles, actively drive change and accept responsibility – for today's society and future generations. ■

### Further information

Liechtenstein Bankers Association  
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