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From Constitutional Mandate to Holistic Sustainability: Insights from Switzerland's Strategic Approach

Liana PARASCHIV*
Bucharest University of Economic Studies, Bucharest, Romania
Corresponding author, lianaioanaparaschiv@gmail.com

Abstract. *In the complex landscape of the 21st century, sustainability stands as a guiding principle, urging individuals, businesses, and governments to adopt policies and practices that promote resilience and collective well-being. Switzerland has gradually defined a multidimensional framework to promote sustainable development, encompassing legal mandates, sector strategies, and innovative practices. Since 1999, sustainability has been incorporated into the Swiss Federal Constitution, aligning the concept of sustainability with the definition of the Brundtland Commission. The Sustainable Development Strategy (SDS) and its integration with the 2030 Agenda for Sustainable Development provide a comprehensive roadmap for national sustainability initiatives, ensuring alignment with global goals. The current state of scientific literature on sustainability in Switzerland reveals specific analyses in dedicated areas yet there is an absence of analyses that synthesize the multitude of dimensions in Switzerland's sustainability approach. The research methodology of the current paper combines a top-down examination of the existing legal framework, starting from the incorporation of sustainable development principles into the Federal Constitution, with a literature review across various sectors and policy domains. The research question guiding this study focuses on clarifying Switzerland's holistic approach to sustainability and identifying key policies and initiatives that helped the country achieve progress and ensure the coverage of various economic, social, and environmental areas. The main results of this study highlight Switzerland's robust sustainability legal framework, constitutional mandate, innovative approaches, and a concerted effort to align policies with sustainability goals. The implications of these findings for the field offer insights for policymakers, researchers, and practitioners seeking to understand and replicate Switzerland's success in integrating sustainability into governance frameworks. In synthesizing the contributions of this paper, Switzerland's sustainability journey develops gradually to serve as a valuable case study for other nations, demonstrating the value that relies on interconnecting environmental protection, economic prosperity, and social well-being.*

Keywords: sustainability, sustainable development, holistic, climate change, conservation, strategy, innovation

Introduction

In an era characterized by complex global challenges and environmental concerns, the concept of sustainability has emerged as a guiding principle for responsible and forward-thinking businesses and societies. Sustainability is a complex endeavor that calls for innovative solutions to balance economic prosperity with ecological integrity and social ethics.

A country with a long-term commitment to sustainable development embedded in its legal, policy, and societal frameworks is Switzerland, which increasingly adopted sustainability as a strategic imperative. The country's approach towards sustainability, rooted in the definition provided by the World Commission on Environment and Development (the Brundtland Commission), serves as the guiding principle when addressing environmental, social, and economic challenges. The present paper is organized with a central inquiry guiding the author's exploration and subsequent response: what specific policies has Switzerland, the country that

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embedded sustainable development in its constitution, implemented to promote sustainability across various sectors and ensure policy coherence? The author conducted top-down research on the existing framework, starting from the inclusion of sustainable development in Article 2 of the Federal Constitution and extending the research to relevant frameworks, and policy priorities, as well as a literature review. In the paper, the author conducts an exploration of legal mandates, sectoral initiatives, and financial market strategies aimed at achieving long-term resilience.

Literature review

Sustainability and sustainable development

The etymology of the word "sustainable" is based on the Latin "sustinēre" – "hold up, hold upright; furnish with means of support; bear, undergo, endure", and from Old French sostenir, sustenir "hold up, bear; suffer, endure" (13c.) (Douglas Harper Online Etymology Dictionary). "Sustainable" is also mentioned in 1611 Randle Cotgrave 1st edition, "A dictionary of the French and English tongues" (Oxford Dictionary).

"Nachhaltig" (sustainable) and "NACHHALtigkeit" (sustainability) entered the Saxon dialect in the 1700s, with the works of Hans Carl von Carlowitz on sustainable forestry – "We must move towards a continuous, resilient and sustainable use of [forests]", Hans Carl Von Carlowiz, 1713 (Caradonna, 2022). Ortloff (1999), states that "one of the major contributions of forestry to society is that, centuries ago, forestry was the first field to attempt to implement the principle of sustainable action. The principle of acting on a sustainable basis originates from forest management and forestry sciences. This is a result of the long-term nature of any forestry management action".

Sustainability first shaped itself as an explicit social, ecological, and economic ideal in the 1970s and 1980s, as a result of industrialization and the rise of new perspectives towards growth. One pivotal milestone was the year 1972, which marked the release of the "*Limits to Growth*" report, commissioned by the Club of Rome. The report highlights the interconnectedness of environmental, economic, and social factors and presents a revolutionary perspective on the consequences of uncontrolled growth (Meadows et al., 1972). Du Pisani (2007) states that after the 1960s optimism - which assumed that the development problems of the underdeveloped world would be solved quickly as a result of worldwide economic growth - in 1970 the realization that economic growth did not prove to be the hoped-for solution to global inequalities, led to a paradigm shift to a new notion of development.

A crucial defining moment in the evolution of sustainability is represented by the release of the Brundtland Report in 1987. The report presented a comprehensive definition of sustainable development – "development that meets the needs of the present without compromising the ability of future generations to meet their own needs", a definition which became a reference for subsequent global sustainability discourse. The aim was to create a framework for global sustainable development. It also mentions the interrelationship between the environment, the economy, and social problems. Wachter (2005), argues that the goal of sustainable development is to achieve equal progress of the three target dimensions: society, the economy, and the environment, and the trade-offs made during the process, must be made transparent following the concept of sustainable development.

The Agenda for 2030, officially known as the *2030 Agenda for Sustainable Development*, was adopted by United Nations member states in September 2015, as a global initiative with specific 17 Sustainable Development Goals (SDGs), designed to address a wide range of pressing global challenges by the year 2030. The SDGs include objectives such as eradicating poverty and hunger, ensuring quality education, promoting gender equality, fostering sustainable cities and communities, and combating climate change. The Agenda for 2030 serves as a guiding framework for policymakers, organizations, and communities, a roadmap for global development. It has a relevant role for the current paper as Switzerland's strategy for sustainable development, the *Sustainable Development Strategy (SDS),* is based on it, with Switzerland providing regular progress reports to the United Nations (Swiss Federal Council, 2024).

Dovers and Handmer (1992) argue that a difference should be made, however, between sustainability and sustainable development: "Sustainability is the ability of a human, natural or mixed system to withstand or adapt to endogenous or exogenous change indefinitely. Sustainable development is therefore a pathway of deliberate change and improvement which maintains or enhances this attribute of the system, while answering the needs of the present population". While sustainability is the ultimate goal, sustainable development is a process moving towards that goal.

Sustainability insights from Switzerland

Papers on sustainable development in Switzerland, identified through research in Scopus, delve into specific aspects, while the contribution of this paper is represented by the holistic perspective highlighted in Switzerland's case, to gradually build an understanding of the country's sustainability framework, presenting how it approached the journey towards sustainable development.

Starting at a granular level with human behavior, Moser et al. (2019), in addressing sustainability mobility behaviors in Switzerland, suggest that formal social groups have the potential to motivate critical new target groups for environment-friendly mobility behavior, as one coach can motivate many people. In the same idea, supporting the critical role that leadership and inspiration play, based on the Swiss experience, Wachter (2012), recommends that sustainable development should be a leadership task: governments, parliaments, and heads of governments must commit themselves to it.

The holistic approach necessary for sustainability is mentioned in different studies in various industries. Gehring & Meyer (2022), mention a few crucial findings from a pharma panel: joint action is needed and is helpful, as the industry can implement best practices from other sectors and there is a lot of scope for cross-industry collaboration. Collaboration is essential to seizing opportunities and reaping the rewards of scaling up across industries and along the value chain. Data precision has its relevance and is important for processes and market prospects, costs, and margins to present a convincing argument to investors who are becoming more environmentally sensitive today and in the future. The same principles were identified by Wachter (2012), who based on the Swiss experience in the sustainable development approach, stressed the need for clear mandates, responsibilities, budgets, and deadlines, with an application-oriented and precise approach. Governance and implementation controls should be strengthened, and should also become a central instrument of policy management. Cross-action is also identified as a crucial factor for success by Wiprächtiger et al. (2023) in their study, as they argue that no single measure would be conducive to a drastic reduction in environmental impacts in Switzerland, but the implementation of several complementary measures.

Solly (2021) also states that holistic and integrated policy-making should be considered when spatial planning is concerned," introducing resilience planning, measurement and design in order to address the current and future challenges and at the same time to increase the well-being of citizens". Switzerland has the advantage of direct participation of its citizens and consensus, convergent practices and policymaking can be reached and contribute to sustainable development;

however, there should be a careful balance to avoid the potential pitfalls of diminishing consensus and escalating fragmentation.

Methodology

In this study, a comprehensive methodology was employed to identify and analyze relevant literature and initiatives concerning sustainability in Switzerland. The methodology encompasses multiple stages, including literature review and documentary analysis, aimed at capturing a holistic view of Switzerland's strategic approach to sustainability.

The initial step involved conducting a systematic literature review to identify pertinent articles on sustainability in Switzerland. This was carried out utilizing the Scopus database, employing a set of predefined search strings focused on key themes such as sustainability, green economy, circular economy, and sustainable development, specifically within the context of Switzerland. The search was not restricted by time frame, ensuring the inclusion of both recent and historical perspectives. From the initial pool of 60 articles identified, a rigorous selection process was employed to focus on articles that provided comprehensive insights into the overarching narratives and strategies of sustainability in Switzerland, while excluding overly specialized or technical discussions. To identify relevant articles for the literature review, the author conducted research in Scopus data base, using the following strings in the title: "sustainability" AND "Switzerland", without a time limit ; "green AND economy AND Switzerland"; "circular AND economy AND Switzerland"; "sustainable AND development AND Switzerland". From the total 60 articles found, only a few selected articles reviewing or discussing the narratives at a generally relevant level were considered, while documents concentrating on a very specific or technical topic were excluded.

Subsequently, to capture the breadth of initiatives undertaken in Switzerland, a multifaceted approach was adopted. This included an in-depth examination of various official Swiss sources, starting with the Swiss Federal Constitution, which serves as the fundamental legal framework guiding sustainability efforts in the country. Additionally, attention was directed towards official documents such as the Sustainable Development Strategy and the Voluntary National Review of Switzerland, both of which provide valuable insights into the overarching sustainability agenda and progress at the national level. Furthermore, analysis of the roles and initiatives of the Federal Council, as the primary governing body responsible for implementing the Sustainable Development Strategy, was integral to understanding the practical aspects of sustainability governance in Switzerland.

To complement the literature review and document analysis, a content analysis approach was employed to delve into the specific approaches and principles of sustainable development within various sectors. This involved examining representative policy frameworks, federal laws, and sector-specific initiatives to elucidate the strategies and mechanisms employed by policymakers and stakeholders to advance sustainability objectives in Switzerland.

In summary, the methodology employed in this study encompassed a multi-faceted approach, combining systematic literature review, documentary analysis, and content analysis techniques. By integrating insights from diverse sources and employing rigorous analytical methods, this study aims to provide a comprehensive understanding of Switzerland's strategic approach to sustainability, spanning policy frameworks, governance structures, and sector-specific initiatives.

Results and discussions

History

The Swiss commitment to sustainability dates back to the 19th century, when disastrous floods that affected cities in the river valleys and lowlands triggered the federal government's reaction. Deforestation was largely practiced as a consequence of the high demand for timber in Europe when cities had sovereign rights over forests while communities only "use" rights. Consequently, the enactment of the first Federal Forestry Law of 1876, a law destined to protect the forests, was the government's response to the negative impact of deforestation (Küchli & Blaser, 2005).

As a consequence, the federal government introduced a legal framework with three important overarching regulations: "1) Forests could no longer be reduced in size, 2) Cut areas had to be replanted within three years after harvesting, 3) Owners of public forests, such as the community-level governments, were required to develop forest management plans that specified proposed uses of the resource" (Küchli & Blaser, 2005). Ortloff, (1999) argues, however, that railways development in Switzerland played its role too, as large quantities of coal were imported from Germany, thus, contributing to the reduction of the demand for timber. It is worth mentioning that the "pioneer" foresters of the nineteenth century contributed to the development of formal forestry organization in Switzerland, allowing for a sustainable basis to be introduced concerning the management of forests. One hundred years later, the principles of the Rio Summit in 1992, added biodiversity and forest environmental services perspectives (Küchli & Blaser, 2005).

Federal Constitution

What is notable about Switzerland is that sustainable development as a strategic imperative has been present in the Federal Constitution since 1999. Article 2 (Object) of the Federal Constitution declares sustainable development to be a national objective, while Article 73 (Sustainability) calls upon the Confederation and the cantons to strive for «...a balanced relationship between nature and its ability to renew itself, on the one hand, and the demands placed on it by the human race, on the other». To date, the Federal Council has implemented these constitutional obligations through sustainable development strategies (Federal Council, 2024).

Switzerland bases its understanding of sustainability on the definition provided by the World Commission on Environment and Development (the Brundtland Commission) in its 1987 report entitled «Our Common Future», namely that sustainable development represents "the development that meets the needs of the present without compromising the ability of future generations to meet their own needs» (Federal Council, 2024).

Sustainable development in Switzerland

Since 1997, the *Sustainable Development Strategy (SDS)* embeds the national strategy definition with priorities established by the Federal Council. The *2030 Agenda for Sustainable Development* represents the reference framework for articulating the *Sustainability Development Strategy 2030*. Following the strategy articulation, at the beginning of each legislative period, the Federal Council adopts a new action plan with measures for the 2030 SDS. There are three priority topics currently in the 2030 Strategy – 1) Sustainable consumption and sustainable production, 2) Climate energy and biodiversity, and 3) Equal opportunities and social cohesion - addressed through four drivers: education, research and innovation, financial market, economy, and civil society. One major aspect of the implementation of the *Sustainable Development Strategy* is the incorporation of sustainable development into policy areas as a cross-cutting core concept. Federal agencies contribute to implementing the 2030 Agenda and the 2030 SDS within the scope of their responsibilities and are required to integrate the principles and goals into their regular planning, budgeting, and policy management processes.

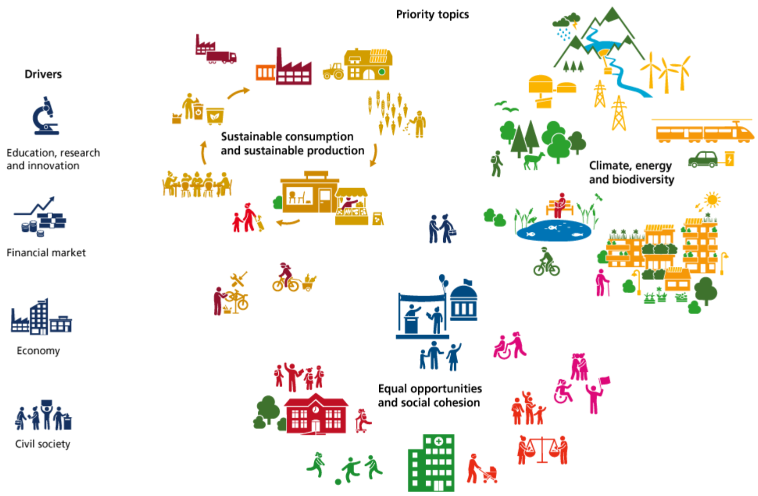

Figure 1. 2030 Sustainable Development Strategy at a glance. © ARE

Source: www.eda.admin.ch/sds2030.

As for monitoring and reporting, the Federal Council provides progress reports to the United Nations regularly: the latest is the *Voluntary National Review of Switzerland 2022*. As sustainable development is a concept to apply to the entire society as a whole, the country report is based on a survey with broad-based participation: representatives from the cantons and communes, businesses, academic institutions, and civil society organizations (Federal Council, 2024). According to the *Implementing the SDG Stimulus. Sustainable Development Report 2023*, currently Switzerland ranks 15th out of 166 countries, with a score of 80.54 out of 100. The report provides insights into the countries' ranking, where countries are ranked by their overall score showing the overall performance of all UN Member States. The score quantifies the advancement toward fulfilling all 17 SDGs and it is a percentage representing the attainment of the SDGs (Sachs et al. 2023).

Progress of sustainable development in Switzerland towards the 17 sustainable development goals (SDG) of the United Nations 2030 Agenda is provided through the *Monitoring Sustainable Development* (MONET 2030) indicator system. Communication with stakeholders is ensured through a digital platform - *SDGital2030.ch*, where the results overview is published, showing the progress and challenges of the 17 SDGs and 169 targets, both at local and international levels (Federal Council, 2024). What is worth noting in the approach is that a digital customized report can be configured and downloaded, only with stakeholders, SDGs, and targets of interest as well as the statistical data and analysis of the interactions. Sustainability and digitalization are mutually supportive and aim toward a future that is both environmentally conscious and technologically advanced. The *Digital Switzerland Strategy 2024*, sets the purpose "for the population as a whole to benefit from a digital transformation that is responsible and sustainable (ecologically, economically and socially)". The Federal Council, for which the strategy is binding, identifies two to three priorities each year as a way of launching digital transformation themes, which is complemented by an action plan.

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As stated in the *Voluntary National Review of Switzerland 2022,* the latest report to the United Nations, Switzerland's target is to conserve its farmland, undeveloped spaces, landscape, and heritage and “to safeguard the country's appeal as a place in which to live and work”. Initiatives to ensure the sustainable development of different sectors target policy coherence in Switzerland, as highlighted below.

The Spatial Planning Act adopted in 1979, in combination with the *Nature and Cultural Heritage Act* provides the legal framework for this. *The Federal Act on Spatial Planning* (*The Spatial Planning Act*) in Switzerland is a legislative framework that governs spatial planning at the federal level. Planning principles are set in Article 3 and state that the countryside must be preserved, settlements must be arranged according to the needs of their inhabitants and their expansion must be limited, while appropriate locations must be chosen for buildings and installations that are public, or in the public interest. From the countryside perspective, mentions refer to the settlements, buildings and installations that should integrate well into the landscape (Art.3.2b) but also to the lakesides and riverbanks that should be kept free and accessible to the public (Art.3.2c) as well as natural landscapes and recreational areas that should be conserved (Art.3.2d) and forests should be able to fulfill their functions (Art.3.2e).

The Federal Act on the Protection of Nature and Cultural Heritage (NCHA), based on Article 78, paragraph 4 of the Federal Constitution, is a significant piece of legislation in Switzerland aimed at conserving the country's natural and cultural heritage. It was enacted in 1966 and is currently in force with several amendments. *The Swiss Civil Code* also regulates access to the landscape: “any person has the right to enter woodlands and meadows to the extent permitted by local custom, except where the competent authority enacts specific limited prohibitions in the interests of conservation” (Swiss Landscape Concept, 2020). Agriculture exemplifies the country's nuanced approach that balances competing interests for sustainable results. While landscape conservation is prioritized to support tourism and preserve the country's scenic beauty, the agricultural sector plays a pivotal role in ensuring food security. Swiss farmers, producing over half of the nation's food consumption, actively contribute to landscape management while safeguarding the country's agricultural heritage and food sovereignty. A properly conserved landscape is considered to promote and boost tourism. Based on articles of the Constitution, other acts were adopted, to protect and conserve nature: *the Federal Act on the Hunting and Protection of Wild Mammals and Birds, the Federal Act on Fish and Fisheries and the National Park Act, the Federal Act on Forest, the Federal Act on Agriculture, the Federal Act on the Protection of Waters, the Federal Act on Footpaths and Hiking Trails*. Various other laws relevant to the policy areas on landscape preservation were adopted: *the Energy Act*, *the Federal Act on Regional Policy* which states that regional policy must take into account the requirements of sustainable development, *the National Highways Act* and *the Railways Act*.

Through its *Biodiversity Strategy* and *Action Plan*, Switzerland has been actively engaged in addressing biodiversity challenges. In 1992, Switzerland signed the Convention on Biological Diversity (CBD), thereby committing itself to formulating a national strategy (Federal Office for the Environment, FOEN, 2024). The *Swiss Biodiversity Strategy* outlines the nation's objectives for conserving and promoting biodiversity. Central to the *Swiss Biodiversity Strategy* is the recognition of the interconnectedness between biodiversity, ecosystem services, and human well-being. The plan underscores the importance of integrating biodiversity considerations into various sectors, including agriculture, forestry, spatial planning, and urban development. It also emphasizes the need for cooperation and partnerships between government bodies, non-governmental organizations, research institutions, and the public. In 2017, the Federal Council adopted the *Swiss*

Biodiversity Strategy Action Plan derived from strategy, that lays out specific measures and initiatives to be implemented: habitat restoration, species conservation programs, sustainable land use practices, and public awareness campaigns. Monitoring and assessment mechanisms are integrated to evaluate the effectiveness of the actions undertaken (Federal Office for the Environment, FOEN, 2024). Worth noticing that the Action Plan also describes a holistic approach, building a bridge between the Confederation's biodiversity policy and other policy areas (e.g. agriculture, spatial planning, transport, economic development)

In an economy, biodiversity conservation is also addressed through recycling practices. These practices support the decrease in the demand for raw materials, minimize habitat destruction, and foster a sustainable, circular economy that lessens the environmental impact on diverse ecosystems. Recycling is a specialized industry in Switzerland, with an entire cycle of waste collection, separation, and recovery developed. Multiple leverages are used to encourage the practice: dedicated infrastructure, the use of smart solutions, public-private partnerships, and legal provisions. To reduce environmental impacts induced by waste, several legal acts were adopted, all along the cycle. For example, Art. 8 of the Beverage Container Ordinance requires that the recycling level of beverage containers made from glass, PET and aluminium must be at least 75%. Since 2005, over 50% of municipal solid waste has been reutilized as secondary raw materials in the economy, with a recycling rate of 53% in 2020. The emphasis in recycling is on well-established materials, with impressive rates for glass (94%), PET (82%), aluminium (94%), and paper (82%) (Federal Department of Foreign Affairs, FDFA, 2021).

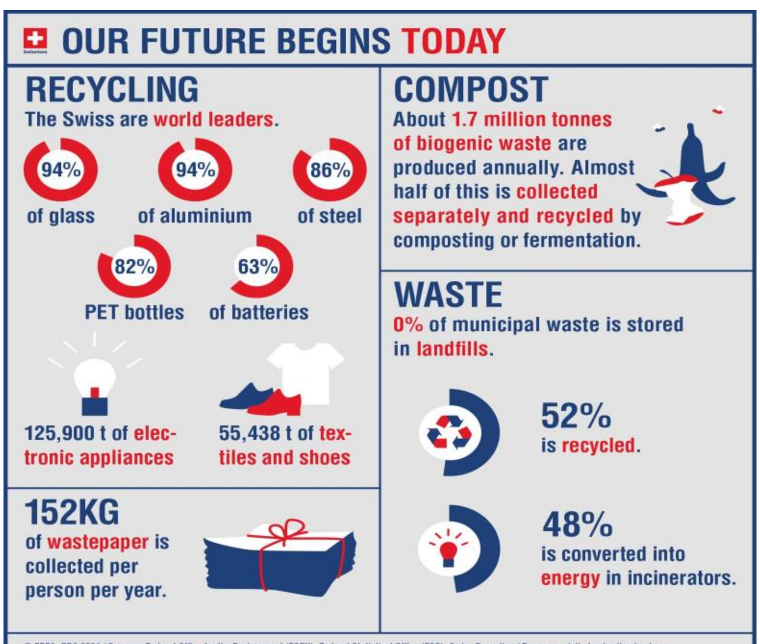

Figure 2. Infographic – Our future begins today © FDFA, PRS

Source: https://www.eda.admin.ch/.

Preserving biodiversity is integral to an effective climate strategy, as diverse ecosystems play a crucial role in sequestering carbon, regulating temperatures, and enhancing resilience against the impacts of climate change. In its long-term climate strategy, *Climate Strategy to 2050*, Switzerland aims to reduce its net greenhouse gas emissions to zero by the year 2050, and on 28

August 2019, the Federal Council adopted *a net-zero target*. Strategic goals for each sector with emission paths are set out based on the *Swiss Federal Office of Energy's Energy Perspectives 2050+*. This means that fossil CO2 emissions are net zero, and the remaining climate impacts continue to decrease or are offset by other measures; greenhouse gas emissions from domestic agricultural production are reduced by at least 40 percent compared to 1990, and at least 50 percent of Switzerland's food needs are met by domestic production; financial flows follow a pathway towards low greenhouse gas emissions and climate-resilient development (Federal Office for the Environment, 2024).

Given the target, the country has committed to sustainable travel through its *Swisstainable* program, seen as "a movement in which the entire industry can get involved". *Swisstainable* is defined through four actions: "enjoy nature up close and at first hand; experience the local culture in an authentic way; consume regional products; stay for longer and delve deeper". This aligns with the sovereignty of domestic agricultural production and the strategy of conserving the cultural and natural heritage, while also seeking to reach a balance between agricultural and natural landscapes to promote tourism, as exposed earlier in the paper. Swiss Federal Railways (SBB), the largest transportation company in the country, derives 90% of the electricity powering its trains from hydropower sources. By 2025, all electricity is planned to come from renewable sources. Other transportation initiatives are also developing in this regard: cable transportation, shipping companies operating on the Swiss lakes, and funicular.

In Switzerland, there has been a notable evolution in spatial planning methods in recent years. The planning process is transitioning towards increased flexibility and strategic management of the territory. This signifies a dynamic transformation in spatial planning, aligning with contemporary demands and emphasizing a more adaptable and strategic management approach (Solly, 2021). According to the *New Management Model for the Federal Administration (NMM)*, "mobility is to be coordinated, space and transport are to be coordinated with each other, polycentric settlement development is to be encouraged consistently, and land use is to be stabilized". The Federal Constitution gives autonomy to the 26 cantons, except as expressly delegated by the Constitution itself. Governments of the cantons present how they relate to the 2030 Agenda in the *Voluntary National Review of Switzerland 2022*: with targets and measures, their own 2030 Agenda, their 2030 sustainable development strategy and action plans. The cantons, communes, and numerous organizations from the business and scientific sectors, along with civil society, collectively constitute a significant driving element behind the realization of the SDGs and the execution of the 2030 Agenda. By layering to the level of cantons and cities the contribution they bring to the specific dimension is highlighted. Risk management is another crucial aspect when cascading the indicators. Each layer (in this case the canton, the city) contributes not only to target achievement but also to risk mitigation. This involves setting stop-loss levels where the risks appear.

Effective execution requires increased collaboration, both horizontally among the cantons and vertically between the cantons and the federal government. Cooperative coordination initiatives between the federal government and the cantons concerning sustainable development have been reinforced since 2018 through the *Cantonal Sustainable Development Network* (CSDN). To promote coherent policy-making aligned with sustainable development goals, address the necessity for coordination, and enhance knowledge exchange, responsibility for strategic coordination and management was assigned to the *2030 Agenda Steering Committee*.

The main lever for transitioning to a sustainable economy is the real economy, whose production and consumption of goods and services have a direct influence on various areas of sustainability, while financial services have a clear supporting role. Switzerland is already a base for organisations in the areas of climate, finance and sustainability: Intergovernmental Panel on Climate Change (IPCC), the World Wide Fund (WWF), the International Union for Conservation of Nature (IUCN), the World Business Council for Sustainable Development (WBCSD), the International Labour Organization (ILO), the World Meteorological Organization, the United Nations Environment Programme Finance Initiative (UNEP FI), an office of the World Bank, the Bank for International Settlements (BIS) and the Financial Stability Board (FSB) (*Sustainable finance in Switzerland*, Swiss Federal Council, 2022). The government acts as a facilitator in the dialogue with the financial industry and ensures the creation of an optimal regulatory framework.

Sustainability is one of the three pillars of the Swiss financial market strategy, along with *innovation* and *interconnectedness*. A strong financial center is key for the Swiss economy and Switzerland's standing as an international location (*Leading worldwide, rooted in Switzerland*, Swiss Federal Council, 2020). Sustainability in finance is achieved based on three levers: ensuring resilience, increasing transparency for sustainable investment, and combating financial crime.

The Swiss financial market took some crucial steps to advance the adaption of the financial system to sustainability goals in 2021 and 2022. Thus, the *Swiss Code of Obligations* has been updated to include transparency and non-financial reporting requirements, specifically on CO2 goals, employees, human rights and social issues, and combating corruption as well as transparency and due diligence duties concerning minerals and metals from conflict zones and child labour. As of January 1, 2024, the Federal Council enacted a regulation mandating climate disclosure for large companies. Publicly traded corporations, banks, and insurance firms employing 500 individuals or more, with total assets above CHF 20 million or a turnover superior to CHF 40 million, are required to disclose information on climate-related matters to the public. Public reporting encompasses not only the financial risks from a company's involvement in climate-related activities but also the environmental impact of its business operations. Moreover, the company is mandated to outline its reduction targets for both direct and indirect greenhouse gas emissions, along with its strategies for their implementation (Federal Council, 2024).

As of 2024, in the European Union, the *Corporate Sustainability Reporting Directive* (CSRD) will be applicable and together with the *European Sustainability Reporting Standards* (ESRS), the content, granularity, and format of ESG reporting will become more complex. New European reporting criteria will be mandatory for many Swiss companies with operations in neighboring countries. Swiss businesses with and without operations or branches abroad will be impacted by these stricter rules, as investors, consumers, and non-governmental organizations need comprehensive and comparative ESG information. Since major companies will increasingly want such information from their suppliers, even SMEs and other businesses that are not in scope should think about addressing sustainability disclosures.

To strengthen Switzerland’s position as a market leader for sustainable finance, the Federal Council in the report *“Sustainable finance in Switzerland – Areas for action for a leading sustainable financial centre, 2022–2025”* highlights 15 measures divided into four areas for action: sustainability data from the overall economy, transparency in the financial sector, impact investments and green bonds, pricing pollution. The Swiss government states that sustainability is a key factor in maintaining the competitiveness of the Swiss financial marketplace.

In Switzerland, the trend of incorporating sustainability into investment decisions is mainstream, as shown by the *Swiss Sustainable Investment Market Study 2022*, conducted by Swiss Sustainable Finance (SSF) and the Center for Sustainable Finance and Private Wealth at the University of Zurich. According to the study, in 2021, the market for sustainable investments (SI) in Switzerland continued to grow. Based on the responses, Sustainable Investments (SI) volumes increased by 30% to CHF 1,982.7 billion from CHF 1,520.2 billion (Figure 3.). A similar growth rate was registered in the previous year (31%). The rise during 10 years, from 2011 to 2021 is remarkable, from CHF 41.2 billion to CHF 1,982.7 billion. The *Swiss Sustainable Investment Market Study 2022* was prepared based on company data taken from organizations domiciled in,

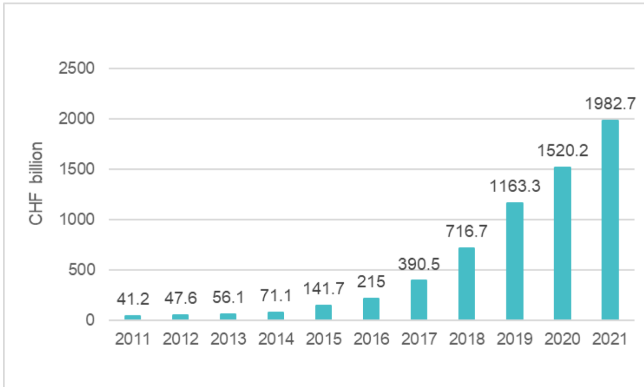

Figure 3. Development of sustainable investments in Switzerland (in CHF billion)

Source: sustainablefinance.ch.

or with operations in Switzerland that manage sustainable investments. The gathered data is from 31 December 2021 and was provided voluntarily by the study participants. According to the study, asset managers are motivated to develop SDG-related products for different reasons. Growing client demand drives the development of SDG-related products, and also asset managers use SDG-related products as a framework to direct investments towards sustainability (Fig. 4). As sustainability is an important cross-cutting theme in Education, Research and Innovation for the years 2021-2024 and beyond, sustainability education is regarded as an essential component of ongoing professional development. The Federal Education, Research and Innovation Policy 2021-2024 named digitalization, sustainable development and equal opportunities as its central themes, and it has the commitment of the cantons and all relevant stakeholders.

Figure 4. Main motivations for developing SDG-related products for asset managers (in average level of importance) (n = 25)

Source: sustainablefinance.ch.

Conclusion

From a centralized federal level starting with the Sustainable Development Strategy 2030 to sectoral strategies incorporating sustainable principles and individual eco-friendly lifestyles, a long-term national commitment to recycling, a developed railway network sustained by renewable energy, a focus towards nature and biodiversity conservation, Switzerland's sustainability approach is comprehensive, encompassing government policies, regional initiatives, and individual lifestyle choices. The author has investigated this multilayered landscape of sustainability in Switzerland and highlighted various policies, initiatives, and legal frameworks that support the country's commitment to sustainable development. By stressing the incorporation of sustainable development principles into the Federal Constitution, the alignment with relevant international frameworks such as the 2030 Agenda, and the implementation of sector-specific strategies like landscape conservation, biodiversity, spatial planning, climate action, travel, waste management, financial sustainable strategies, this research has highlighted Switzerland's holistic approach to sustainability. This paper also recognized the combination of specific factors that set Switzerland apart: a comprehensive and forward-thinking approach, constitutional mandate, the transgenerational perspective, decentralization, international cooperation, policy coherence, and innovative methods in advancing sustainability goals such as innovative waste management strategies. Furthermore, the examination of Switzerland's sustainable finance sector underscores the interconnectedness between economic prosperity and environmental responsibility, offering valuable insights for other nations seeking to integrate sustainability into financial markets. Moving forward, potential applications and extensions of this research could include comparative studies with other countries to identify best practices and areas for improvement in sustainability governance and policy coherence. Additionally, longitudinal analyses could track the effectiveness of Switzerland's sustainability policies over time, providing valuable feedback for policy refinement and adjustment. However, it is important to acknowledge some limitations of the present research. Firstly, the paper primarily focuses on the policies and frameworks at the national level, potentially overlooking regional variations and grassroots initiatives that also influence the sustainability framework development in Switzerland. Secondly, further research may be needed to assess the specific approaches and impact on various sectors of the economy, environment, and society. Despite these limitations, this research serves as a valuable contribution to understanding Switzerland's strategic efforts in the sustainability field and offers valuable lessons for policymakers, practitioners, and researchers alike.

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