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Overview of changes

GUIDELINES FOR THE FINANCIAL SERVICE PROVIDERS ON THE INTEGRATION OF ESG PREFERENCES AND ESG RISKS AND THE PREVENTION OF GREENWASHING IN INVESTMENT ADVICE AND PORTFOLIO MANAGEMENT

Article	Old	New	Explanation
Title	Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks into investment advice and portfolio management	Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks into and the prevention of greenwashing in investment advice and portfolio management	Expanded to reflect the Federal Council's position
Preamble	Self-regulation of 16 June 2022 for the member institutions of the Swiss Bankers Association (SBA) and financial service providers that have joined the self-regulation.	Self-regulation of 16 June 2022 for the member institutions of the Swiss Bankers Association (SBA) and financial service providers that have joined the self-regulation (updated on 7 May 2024) .	Expanded for greater clarity
Preamble	<p>With the intention of</p> <ul style="list-style-type: none"> a. contributing to sustainability within the meaning of the Federal Council's guidelines (report of 24 June 2020) and the press release on sustainable finance (17 November 2021); b. integrating clients' ESG-preferences and possible ESG-risks in investment advice and portfolio management; c. creating transparency for clients on ESG in investment advice and portfolio management and d. thereby further strengthening Switzerland's financial centre nationally and internationally, <p>the member institutions of the SBA as well as joining banks and other financial service providers (together</p>	<p>With the intention of</p> <ul style="list-style-type: none"> a. contributing to sustainability within the meaning of the Federal Council's guidelines (report of 24 June 2020) and the press release on sustainable finance (17 November 2021); b. integrating clients' ESG-preferences and possible ESG-risks in investment advice and portfolio management; c. creating transparency for clients on ESG in investment advice and portfolio management and preventing greenwashing (in line with the Federal Council's position on the prevention of greenwashing in the financial sector, published on 16 December 2022); and d. thereby further strengthening Switzerland's financial centre nationally and internationally, 	Expanded to reflect the Federal Council's position

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	“financial service providers”), agree to adhere to these guidelines.	the member institutions of the SBA as well as joining banks and other financial service providers (together “financial service providers”), agree to adhere to these guidelines.	
Art. 1 para. 1	These guidelines define a uniform minimum standard within the industry for the consideration of ESG-preferences and -risks in investment advice and portfolio management.	These guidelines define a uniform minimum standard within the industry for the disclosure of ESG characteristics, the consideration of ESG-preferences and -risks and the prevention of greenwashing in investment advice and portfolio management.	Expanded to reflect the Federal Council’s position
Art. 1 para. 2		They also define uniform minimum standards for labelling an investment solution as sustainable.	Added to reflect the Federal Council’s position
Art. 2 para. 1	SBA members are subject to these guidelines. As regards the territorial scope of application, the provisions of the Financial Services Act (FinSA) and the Financial Services Ordinance (FinSO) apply analogously.	These guidelines are binding for SBA members and must not be excluded by contracts with clients SBA members are subject to these guidelines. As regards the territorial scope of application, the provisions of the Financial Services Act (FinSA) and the Financial Services Ordinance (FinSO) apply analogously.	Revised and expanded for greater clarity
Art. 2 para. 3	These guidelines take precedence over all other regulations issued by other industry and business associations governing the treatment of financial instruments and financial services with regard to ESG-aspects.	These guidelines take precedence over all other regulations issued by other industry and business associations governing the treatment of financial instruments and financial services with regard to ESG-aspects. These guidelines complement the duties set out in the FinSA governing the provision of information, disclosure, documentation and rendering of account with regard to ESG aspects at the point of sale and apply specifically to banks’ investment advisory and (segregated) portfolio management activities. In the event of any overlap in connection with these two types of financial service, these guidelines take precedence over other associations’ regulations. Producers and/or managers of collective assets under Article 24 of the Financial Institutions Act (FinIA) should refer to the self-regulation on transparency and disclosure for sustainability-related collective assets published by the Asset Management	Replaced for greater clarity and support

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		Association Switzerland (AMAS). Non-AMAS members may also affiliate to the AMAS self-regulation.	
Art. 5	These guidelines do not create or remove any obligations under civil law, nor do they exempt the financial service providers governed by them from complying with existing supervisory and civil law obligations.	These guidelines do not create any new obligations under civil law or revoke any existing ones or remove any obligations under civil law , nor do they exempt the financial service providers governed by them from complying with existing supervisory and civil law obligations.	Expanded for greater clarity
Section 2		Prevention of greenwashing	Added to reflect the Federal Council's position
Art. 7	In the context of greenwashing, three levels are essentially relevant: financial service provider, financial service and financial instrument. The focus of these guidelines is on the financial service level. On the level of the financial instrument, examples of greenwashing in relation to collective investment schemes are set out in FINMA Guidance 05/2021 "Preventing and combating greenwashing" . These constellations may also be relevant to other financial instruments. Measures to combat greenwashing at the level of financial instruments are also outlined in the guidelines of other industry organisations. The risk of greenwashing at the level of the financial service provider can also be countered through suitable training and education of staff (see art. 15).	<ol style="list-style-type: none"> 1 Financial service providers take appropriate measures in line with the self-regulation to prevent greenwashing in connection with investment solutions. 2 In the context of greenwashing, three levels are essentially relevant: financial service provider, financial service and financial instrument. 3 The focus of these guidelines is on the financial service level. On the level of the financial instrument, examples of greenwashing in relation to collective investment schemes are set out in FINMA Guidance 05/2021 "Preventing and combating greenwashing". These constellations may also be relevant to other financial instruments. Measures to combat greenwashing at the level of financial instruments are outlined in the guidelines of other industry organisations. The risk of greenwashing at the level of the financial service provider can also be countered through suitable training and education of staff (see art. 15). 	Added to and expanded to reflect the Federal Council's position as well as for greater clarity

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Art. 8 para. 1 let. b	ESG-criteria: criteria of investing, which financial service providers take into consideration in the context of their ESG-investment solutions.	ESG-criteria: investment criteria relating to ESG topics criteria of investing, which financial service providers take into consideration in the context of their ESG-investment solutions.	Revised for greater clarity
Art. 8 para. 1 let. c	ESG-preferences: the client's preferences as to whether and which ESG-characteristics should be integrated into their investment solutions.	ESG-preferences: the client's preferences as to whether and, if applicable , which ESG-characteristics should be integrated into their investment solutions.	Revised for greater clarity
Art. 8 para. 1 let. d	ESG-approaches: approaches as to how ESG-criteria can be integrated into the investment process.	ESG-approaches: approaches as to how ESG-criteria can be are integrated into the investment process. The currently valid version of the AMAS self-regulation on transparency and disclosure for sustainability-related collective investments (Appendix 1 – Sustainable investment approaches) and the AMAS/Swiss Sustainable Finance publication “Recommendations on transparency and minimum requirements for sustainable investment approaches and products” contain illustrative and detailed descriptions of possible ESG-approaches.	Expanded for greater clarity and support
Art. 8 para. 1 let. e	ESG-characteristics: features and extent to which ESG-criteria and/or ESG-approaches are integrated into a financial service provider's ESG-investment solutions.	ESG-characteristics: features and extent to which ESG-criteria and/or ESG-approaches taken into account in are integrated into a financial service provider's ESG-investment solutions.	Revised for greater clarity
Art. 8 para. 1 let. f	ESG-risks: current or future consequences of ESG-criteria that could have a positive or negative effect on the value of investment solutions.	ESG-risks: current or future consequences of ESG-criteria that could have a positive or negative effect on the value of investment solutions. environmental, social and governance events or situations that are currently having a negative impact on economic, cost or reputation factors, for example, and thus also on the value of a company or the market price of financial instruments or could potentially do so in future.	Revised in line with the SBA brochure “Risks Involved in Trading Financial Instruments” (2023)
Art. 8 para. 1 let. g		Investment solutions: portfolio management mandates under Article 3 letter c point 3 FinSA and portfolio-based investment advice under Article 3 letter c point 4 FinSA.	Added for greater clarity

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Art. 8 para. 1 let. h	ESG-investment solutions: investment solutions, i.e. portfolio management and investment advisory mandates that take ESG-criteria into consideration.	ESG-investment solutions: investment solutions, i.e. portfolio management and investment advisory mandates that take ESG-criteria into account consideration .	Revised for greater clarity
Art. 8 para. 1 let. i		<p>Sustainable investment solution: An ESG-investment solution labelled as sustainable should additionally pursue at least one of the following investment objectives in addition to its financial objectives:</p> <ul style="list-style-type: none"> i. compatibility (including transition) with one or more specific sustainability goals or ii. contribution to one or more specific sustainability goals. <p>The sustainability goal or goals pursued is/are defined in accordance with</p> <ul style="list-style-type: none"> i. a clearly defined reference framework and ii. specific indicators that can be used to measure and monitor the goal or goals. <p>The relevant sustainability goals can be pursued using one or more sustainability approaches and in line with one or more reference frameworks.</p> <p>The following in particular may serve as reference frameworks for sustainability goals:</p> <ul style="list-style-type: none"> i. criteria published by a Swiss or foreign government authority; ii. criteria developed by a non-government organisation; iii. criteria that reflect generally recognised industry practices; and/or iv. criteria developed by the financial service provider itself. 	Added to reflect the Federal Council's position

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Art. 9 para. 1	These guidelines adopt the client segmentation according to FinSA article 4. Financial service providers assign the persons to whom they provide financial services to one of the following segments: [...]	These guidelines adopt the client segmentation according to Article 4 FinSA article 4 . Financial service providers assign the persons to whom they provide financial services to one of the following segments: [..]	Revised for greater consistency
Art. 10 para. 2	Where ESG-investment solutions are concerned, during the general risk disclosure process, clients are to be informed also about the ESG-risks and -characteristics associated with financial instruments, respectively financial services. This strives to enable clients to understand the relevant ESG-characteristics and, on this basis, be able to tolerate the risks associated with the ESG-investment solutions.	Where ESG-investment solutions are concerned, during the general risk disclosure process, clients are to be informed also about the ESG-risks and -characteristics associated with ESG investment solutions financial instruments, respectively or financial services. This strives to enable clients to understand the relevant ESG-characteristics and, on this basis, be able to tolerate the risks associated with the ESG-investment solutions.	Revised for greater clarity
Art. 10 para. 3	The financial service provider also makes available to clients with ESG-preferences general information in relation to the ESG-preferences themselves as well as in relation to the offered ESG-investment solutions. At the same time, it can also provide information about which ESG-approaches are followed.	The financial service provider also makes available to clients with ESG-preferences general information in relation to the ESG-preferences themselves as well as in relation to the offered ESG-investment solutions. At the same time, it can also provide information about describes which ESG-approaches are followed.	Revised to reflect the Federal Council's position
Art. 10 para. 4	With reference to the specific ESG-investment solution chosen by clients, the financial service provider informs them how their ESG-preferences are taken into consideration in this investment solution.	With reference to the specific ESG-investment solution chosen by clients, the financial service provider informs them how their ESG-preferences are taken into consideration in this investment solution. The financial service provider informs clients how the specific ESG-investment solutions they have chosen take account of their ESG-preferences. In addition, the documentation for a sustainable investment solution should specify whether the investment solution pursues a compatibility goal, contributes to the achievement of one or more specific sustainability goals or targets a combination of the two. To this end, the secondary sustainability goals and the ESG-approaches used to pursue them as well as the measurement methods and indicators employed must be described.	Added to and expanded to reflect the Federal Council's position

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<p>Art. 10 para. 5</p>		<p>Information must be given in the contract governing the sustainable portfolio management mandate or in a place specified in the contract regarding the minimum proportion of investments that must meet the sustainability criteria stipulated in the strategy or the minimum proportion of sustainability-related investments that must be managed according to the strategy. The proportion of investments that do not meet the sustainability criteria must also be stated and explained. Compliance with the minimum proportion is determined on the basis of compliance at the time of the investment decision or, for strategies that track a sustainability index, the time of the index adjustment(s). The sustainability criteria that are relevant for implementing the investment strategy must be set out in an easy-to-understand form in writing or another form demonstrable via text.</p>	<p>Added to reflect the Federal Council's position</p>
<p>Art. 13</p>	<p>Financial service providers document in an appropriate fashion:</p> <ul style="list-style-type: none"> a. whether clients have ESG-preferences or are ESG-neutral; b. if applicable, which ESG-preferences clients have; c. whether the ESG-characteristics of a given ESG-investment solution or financial instrument match the clients' expressed ESG-preferences; d. that clients have been informed about the mismatch if financial instruments respectively investment solutions deviate from the ESG-preferences they have expressed. 	<p>Financial service providers document in an appropriate fashion:</p> <ul style="list-style-type: none"> a. whether clients have ESG-preferences or are ESG-neutral; b. if applicable, which ESG-preferences clients have; c. whether the ESG-characteristics of a given ESG-investment solution or financial instrument match the clients' expressed ESG-preferences; d. that clients have been informed about the mismatch if financial instruments respectively ESG-investment solutions deviate from the ESG-preferences they have expressed. 	<p>Revised for greater clarity and consistency</p>
<p>Art. 14 para. 2</p>	<p>Upon request, financial service providers render account to clients with ESG-preferences on whether the ESG-investment solutions or financial instruments offered match their ESG-preferences.</p>	<p>Upon request, financial service providers render account to clients with ESG-preferences on whether the ESG-investment solutions or financial instruments offered match their ESG-preferences.</p>	<p>Revised for greater clarity</p>

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<p>Art. 14 para. 3</p>		<p>In the case of sustainable portfolio management mandates, they must also render account of the sustainable investment objectives on the basis of indicators. The illustrative and detailed descriptions in the currently valid version of the AMAS self-regulation on transparency and disclosure for sustainability-related collective investments and the AMAS/Swiss Sustainable Finance publication “Recommendations on transparency and minimum requirements for sustainable investment approaches and products” serve as a guide to the scope of this obligation to render account. In the case of sustainable portfolio management mandates that combine contribution and compatibility goals, reporting must refer to both.</p>	<p>Added to reflect the Federal Council’s position</p>
<p>Art. 15 para. 2</p>	<p>Client advisors therefore need to obtain appropriate training, respectively possess the relevant knowledge concerning sustainability, ESG-investment solutions and applicable ESG-approaches. In particular, the relevant training for client advisors should include the following topics:</p> <ul style="list-style-type: none"> a. Basics of ESG, including different ESG-risks b. Overview of international principles and regulations c. Knowledge of the ESG-approaches followed by the financial service provider in investment advice and portfolio management d. Specific knowledge and understanding of how the offered ESG-investment solutions satisfy the client’s ESG-preferences e. Knowledge of how existing investment solutions can be transitioned into ESG-investment solutions f. Basic understanding of greenwashing and how to avoid it 	<p>Client advisors therefore need to obtain appropriate training, respectively possess the relevant knowledge concerning sustainability, ESG-investment solutions, sustainable investment objectives and applicable ESG-approaches. In particular, the relevant training for client advisors should include the following topics:</p> <ul style="list-style-type: none"> a. Basics of ESG, including different ESG-risks b. Overview of international principles and regulations c. Knowledge of the ESG-approaches followed by the financial service provider in investment advice and portfolio management d. Specific knowledge and understanding of how the offered ESG-investment solutions satisfy the client’s ESG-preferences e. Knowledge of how existing investment solutions can be transitioned into ESG-investment solutions f. Basic understanding of greenwashing and how to avoid prevent it 	<p>Expanded to reflect the Federal Council’s position</p>

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Former Art. 16	The SBA is currently consulting with other industry organisations, authorities and offices about whether, and how, ESG can be incorporated into product information documents (prospectus, key information document, term sheet, marketing material, etc.). The SBA is following developments closely and will adapt these guidelines if necessary.	The SBA is currently consulting with other industry organisations, authorities and offices about whether, and how, ESG can be incorporated into product information documents (prospectus, key information document, term sheet, marketing material, etc.). The SBA is following developments closely and will adapt these guidelines if necessary.	Deleted and added to the FAQ
Art. 16 para. 1	Verification of compliance with these guidelines should be included in the audit catalogue of the financial service provider's internal audit.	Verification of compliance with these guidelines should be included in the audit catalogue of the financial service provider's internal audit as well as in the external regulatory audit.	Expanded to reflect the Federal Council's position
Art. 17 para. 2	These guidelines come into force on 01.01.2023.	They were adopted by the SBA's Board of Directors on 16 June 2022 and entered into force on 1 January 2023. These guidelines come into force on 01.01.2023.	Revised for greater clarity
Art. 17 paras. 4-6		⁴ The changes to these guidelines enter into force on 1 September 2024. ⁵ The following transition periods apply to these changes: <ul style="list-style-type: none"> a. for training and professional development: until 1 January 2026 at the latest; b. for new client relationships: until 1 January 2026 at the latest; c. for existing client relationships: until 1 January 2027 at the latest. ⁶ These guidelines will be reviewed periodically.	Expanded to reflect the Federal Council's position