

Self-regulation on transparency and disclosure for sustainability-related collective assets from 26 September 2022

Status as of 6th October 2023

Free self-regulation for member institutions of the Asset Management Association Switzerland (AMAS) as well as other adherent institutions.

Preamble and introductory remarks

The market for sustainable investments is growing steadily and continually evolving. The asset management industry plays a key role in sustainability with regard to the management of collective assets and the production of collective investment schemes.

Active members of AMAS and other adherent market participants comply with this self-regulation in order:

- a. to contribute to sustainability in line with the Federal Council's guidelines (report dated 24 June 2020) and press release on sustainable financial investments (dated 17 November 2021);
- b. to ensure transparency and quality in the management and positioning of sustainability-related collective assets;
- c. and thus to further strengthen the Swiss financial sector both nationally and internationally.

1. Purpose, scope of application, and guidelines for implementation

1.1. Purpose and scope of application

Art. 1 Purpose

The principles of this self-regulation form an integral part of the AMAS self-regulation architecture. They are intended to ensure quality in the management and positioning of sustainability-related collective assets, as well as transparency within the Swiss asset management industry. This self-regulation also contributes to the promotion and the reputation of the Swiss financial center.

Art. 2 Scope of supervision

This self-regulation is private and autonomous in nature and does not fall under the scope of supervision by FINMA under Art. 7 para. 3 FINMASA.

Art. 3 Reference to sustainability

A reference to sustainability exists if:

- a portfolio is described or positioned as sustainable with reference to ESG aspects as set out in the Appendix.

The following in particular are not considered sufficient to constitute a reference to sustainability:

- reference is made only to individual elements of sustainability (e.g. exclusions or ESG integration only or an indication that no investments are made in assets on the Swiss Association for Responsible Investments (“SVVK-ASIR”) exclusion list¹), or
- a sustainability report is published for a non-sustainable portfolio in which it is made clear that the portfolio is not managed sustainably.

Art. 4 Institutional and geographic scope of application

This self-regulation applies, unless otherwise stated, to the following institutions that are active members of AMAS, insofar as they manage sustainability-related collective assets in Switzerland (let. a) and/or operate as Swiss sustainability-related collective investment schemes or producers thereof (let. b):

- a. Fund management companies (Art. 32 et seqq. FinIA), SICAVs (Art. 36 et seqq. CISA), limited partnerships for collective investment (Art. 98 et seqq. CISA), SICAFs (Art. 110 et seqq. CISA), managers of collective assets (Art. 24 para. 1 FinIA), portfolio managers (Art. 17 FinIA), and institutions that are exempt from the duty to obtain authorization as a manager of collective assets on the basis of Art. 6 FinIA and Art. 9 para. 2 FinIO (banks under the Banking Act, securities firms under the FinIA, and insurance companies under the Insurance Supervision Act (ISA)) and manage sustainability-related collective assets (Art. 24 para.1 FinIA) (hereinafter referred to collectively as “Asset managers”).
- b. Fund management companies (Art. 32 et seqq. FinIA), SICAVs (Art. 36 et seqq. CISA), limited partnerships for collective investment (Art. 98 et seqq. CISA), and SICAFs (Art. 110 et seqq. CISA) that operate as fund management companies, SICAVs, limited partnerships for collective investment or SICAFs for sustainability-related collective investment schemes or are identical to these (hereinafter referred to collectively as “Producers of collective investment schemes”).

Producers of collective investment schemes that also operate as Asset managers must comply with the principles set out in both sections 2 and 3 below.

Art. 5 Scope of application in terms of activities

This self-regulation applies exclusively to administration, asset management, and – in the case of collective investment schemes – production. It does not cover other financial services (Art. 3 let. c FinSA) or the offering of financial instruments as defined by the FinSA (Art. 3 let. g FinSA).

¹ “Exclusion recommendations” list published by the SVVK-ASIR.

Art. 6 Adherence

Non-members may adhere to this self-regulation on a voluntary basis by informing AMAS in writing or another form demonstrable via text.

Art. 7 Transparency with regard to collective assets

In principle, three levels are relevant to transparency for sustainability-related collective assets:

- a. appropriate organization for the management of collective assets at the institute level (“financial institution level”);
- b. sustainability-related information of collective assets (“product level”);
- c. and the investment advisory and asset management processes at the point of sale (“financial service level”).

This self-regulation exclusively governs the first two levels (let. a and let. b hereinabove)

1.2. Guidelines for implementation

Art. 8 Principles

This self-regulation is principles-based. The principles define minimum standards for Asset managers and producers of collective investment schemes. Each institution applies them within the context of its own specific activities and can do so with reference to norms and regulations from by other associations and organizations. Individual institutions are free to take measures that go beyond the principles set out herein and in particular to include mandates of all kinds.

Art. 9 Foreign regulations

Where an institution meets the relevant requirements at par with foreign regulations with regard to the object of this self-regulation, it is considered to meet the requirements of this self-regulation as well.² In this respect, it is permissible for the institution to implement the applicable foreign regulations only for some of its collective assets, provided the remaining collective assets meet the requirements of this self-regulation.

Any binding FINMA requirements, in particular regarding collective investment schemes under Swiss law, apply notwithstanding.

Art. 10 Duties

This self-regulation does not establish or nullify any duties under civil law. It does not release the Asset managers and producers of collective investment schemes that comply with it from the requirement to comply with existing duties under supervisory and civil law, including the applicable self-regulation. The applicable provisions of Swiss financial market laws and ordinances, FINMA regulations, and the relevant self-regulation are not affected by this self-regulation. Any binding requirements under FINMA’s supervisory practices apply notwithstanding.

² The applicable norms of EU law are to be considered as comparable regulations.

2. Principles for Asset managers

Art. 11 Infrastructure, resources, and organization

Asset managers ensure that the necessary infrastructure is in place, sufficiently qualified resources are employed, and the organizational requirements are met to achieve the sustainability objectives set out in the investment policy, and/or strategy.

Art. 12 Processes

Asset managers ensure that their governance as well as their reporting, investment, and risk management processes are documented in writing or another form demonstrable via text and that the implementation of all sustainability requirements is ensured.

Art. 13 Knowledge

Both the governing body responsible for the Asset manager's overall management, supervision, and control and the operational level responsible for implementing sustainability requirements must possess the sustainability knowledge needed for their activities.

Art. 14 Delegation and sub-delegation

Asset managers ensure that, if asset management is delegated or sub-delegated, the following points in particular are set out in writing or another form demonstrable via text with regard to the central tasks involved in setting and/or implementing sustainability requirements:

- a. competencies and responsibilities;
- b. whether or not the delegee is authorized to sub-delegate;
- c. the accountability requirement of the delegate or sub-delegate;
- d. the Asset manager's control rights.

Art. 15 Sustainability policy

- ¹ The basic principles of the sustainability policy applied in managing sustainability-related collective assets must be set out in the asset management agreement or in another document referred to in the asset management agreement.
- ² The asset management agreement or another document referred to in the asset management agreement must also set out which of the sustainability approaches defined in the Appendix and which other sustainability approaches are employed.
- ³ Any deviation from the definitions in the Appendix must be specifically mentioned and the nature and extent of the deviation explained.
- ⁴ The asset management agreement or the document referred to in the asset management agreement must set out the minimum proportion of investments that must meet the sustainability requirements defined in the investment policy, precisely the minimum threshold of investments that must be managed with reference to sustainability in accordance with the investment policy. The percentage of investments not covered by the sustainability requirements must be stated and explained. Compliance with the minimum threshold is determined on the basis of the time

at which the investment decision is made or, in the case of portfolios of collective assets that replicate a sustainability index, the time of the index adjustment(s).

- 5 The sustainability metrics that are relevant for the implementation of the investment strategy must be documented in an easily understandable form in writing or another form or another form demonstrable via text (e.g. in the internal procedure of the Asset manager).
- 6 Collective investment schemes are governed in accordance with Art. 25.

Art. 16 Data

- 1 When using third party providers of data, research and/or sustainability analysis tools in the investment process, the Asset manager exercises due diligence required by the circumstances in the selection, instruction and monitoring thereof. In the case of collective investment schemes, the producer may take responsibility for this instead of the Asset manager.
- 2 The sustainability data criteria that are relevant to the investment process and the audit interval must be documented by the Asset manager in writing or another form demonstrable via text (e.g. the internal procedure of the Asset manager). In the case of collective investment schemes, the producer may take responsibility for this instead of the Asset manager.
- 3 Every third-party provider of sustainability research and/or analysis tools used directly in the investment process must be described in the asset management agreement or another document referred to in the asset management agreement. This only applies to commercial data providers, not to data sources that are public and/or available free of charge. Collective investment schemes are governed in accordance with Art. 25 para. 5.

Art. 17 Further clarification

- 1 Where stewardship is conducted, the asset management agreement or another document referred to in the asset management agreement explains the underlying stewardship principles (including the key elements of the escalation process). Collective investment schemes are governed in accordance with Art. 26 para. 1.
- 2 If sustainability-related collective assets pursue a Climate-aligned approach, the basic principles of the methodology applied must be set out in the asset management agreement or in another document referred to in the asset management agreement. Alternatively, if a third-party methodology is applied, reference may be made to this, stating the third party in question and where the methodology is disclosed. Collective investment schemes are governed in accordance with Art. 26 para. 2.
- 3 Asset managers that pursue an impact strategy must ensure that the basic principles of the targeted impact are described in the asset management agreement with reference to the relevant key performance indicators (KPIs). Collective investment schemes are governed in accordance with Art. 26 para. 3.
- 4 Collective assets that only employ exclusion or ESG integration approaches do not qualify as sustainability-related collective assets. They may not be described or positioned as sustainable. Any reference to the sole use of exclusions or sole ESG integration (i.e. not combined) must clearly state that the collective assets are neither sustainable nor sustainably managed. In all other respects, such collective assets are not covered by this self-regulation.
- 5 Where exclusions are used in combination with other sustainability approaches (including ESG integration), the exclusion criteria must be disclosed in the asset management agreement or in another document referred to in the asset management agreement. Simply excluding companies that are active in the production, sale, and storage of controversial weapons (e.g. in line with the exclusion list published by SVVK-ASIR) is not sufficient to justify a reference to the

use of exclusion criteria. Collective investment schemes are governed in accordance with Art. 26 para. 5.

- ⁶ In the case of collective assets that replicate a sustainability index, the above requirements, where relevant, apply *mutatis mutandis* to the index.

Art. 18 Exemptions

- ¹ In the case of pension portfolios, Asset managers may deviate from the requirements set out in Arts. 11-17 and Art. 21 through agreement with the client.
- ² Deviations from the requirements set out in Arts. 11-17 and Art. 21 are also possible at the request of producers of collective investment schemes that have not affiliated to this AMAS self-regulation.
- ³ Asset managers must disclose all deviations to their clients in writing or another form demonstrable via text.

Art. 19 Risk control

- ¹ When implementing investment decisions, Asset managers ensure compliance with the sustainability policy that has been agreed in line with the client's investment objectives.
- ² Independent risk control regularly reviews compliance with the sustainability requirements set out in Arts. 11-18. Collective investment schemes are governed in accordance with Art. 27.

Art. 20 Advertising

Where an Asset manager publishes advertising in its own name for sustainability-related collective investment schemes, it must ensure that such advertising does not contradict the information provided in the relevant legal documents, such as the prospectus, fund regulations, company agreement, and/or key information document (if available). In particular, the information provided in the relevant legal documents must match that provided in the advertising.

Art. 21 Reporting

- ¹ The Asset manager or a third party (e.g. the fund management company) informs the investors or the principal about the sustainability approaches relevant to collective assets positioning at least once a year in the form of a sustainability report (e.g. as part of regular reporting or on its website). The sustainability report describes the sustainability approaches employed and compares the key ratings, metrics or other important information, where relevant, against the benchmark. If a stewardship approach is employed, a reference to an aggregated reporting at the institution level is sufficient.
- ² In the case of impact investing strategies, the Asset manager or a third party (e.g. the fund management company) discloses at least once a year the extent to which collective assets have met the communicated sustainability targets.
- ³ In the case of real estate funds under Swiss law, the Asset manager or a third party (e.g. the fund management company) discloses the sustainability indicators set out in the AMAS "Specialised information factsheet" on the key figures of real estate funds.
- ⁴ If reports are provided entirely or in part by a third party, the asset management agreement must mention this fact and state where the reports are to be found. Collective investment schemes are governed in accordance with Art. 29 para. 5.

Art. 22 Responsibilities for collective investment schemes

Where the producer of a collective investment scheme does not manage the collective investment scheme itself but has not agreed with the Asset manager that responsibility for compliance with the requirements set out in Art. 16, Art. 17 para. 1, and Art. 21 paras. 1 and 3 lies with the Asset manager, the producer remains solely responsible for compliance with these requirements.

3. Principles for producers of collective investment schemes

Art. 23 Knowledge

- ¹ The executive management of the producer of collective investment schemes must possess basic sustainability knowledge as well as knowledge of the basic principles of the sustainability strategy employed for its sustainability-related collective investment schemes.
- ² Producers of collective investment schemes ensure that the staff responsible for sustainable collective investment schemes possess sufficient knowledge to allow them to fulfill their duties in relation to sustainability-related collective investment schemes.
- ³ If a third party is responsible for managing the assets of a collective investment scheme instead of the producer, and if the Asset manager periodically confirms to the producer that it meets the requirements under Art. 15, it is in principle sufficient for the producer's executive management and any persons or units responsible for checking the third party's compliance in terms of sustainability to possess basic sustainability knowledge. In this respect, the producer of collective investment schemes itself does not have to meet the remaining requirements under paras. 1 and 2.

Art. 24 Delegation and sub-delegation

Producers of collective investment schemes ensure that, if asset management is delegated or sub-delegated, the following points in particular are set out in writing or another or another form demonstrable via text with regard to the central tasks involved in setting and/or implementing sustainability requirements:

- a. authorities and responsibilities;
- b. whether or not the delegee is authorized to sub-delegate;
- c. the accountability requirement of the delegate or sub-delegate;
- d. the control rights of the producer of collective investment schemes.

Art. 25 Sustainability policy

- ¹ Producers of collective investment schemes set out the basic principles of the sustainability policy applicable to a sustainability-related collective investment scheme in the collective investment scheme's fund regulations or company agreement and/or its prospectus.
- ² The fund regulations or company agreement of a sustainability-related collective investment scheme must set out which of the sustainability approaches defined in the Appendix and which other sustainability approaches are employed.

- 3 Any deviation from the definitions in the Appendix must be specifically mentioned and the nature and extent of the deviation explained.
- 7 The fund regulations or company agreement of a sustainability-related collective investment scheme must set out the minimum proportion of investments that must meet the sustainability requirements defined in the investment policy, precisely the minimum threshold of investments that must be managed with reference to sustainability in accordance with the investment policy. The proportion of investments not covered by the sustainability requirements must be stated and explained. Compliance with the minimum threshold is determined on the basis of the time at which the investment decision is made or, in the case of portfolios of collective assets that replicate a sustainability index, the time of the index adjustment(s).
- 4 Any external sources that supply sustainability data to a sustainability-related collective investment scheme must be disclosed in the prospectus and/or the fund regulations or company agreement or in another document referred to in the prospectus and/or the fund regulations or company agreement. This only applies to professional data providers, not to data sources that are in the public domain and/or available free of charge.
- 5 The sustainability policy information in the prospectus and the fund regulations or company agreement of a sustainability-related collective investment scheme should be clear, concise, and easy to understand and should contain the information required to make a well-founded investment decision.

Art. 26 Further clarification

- 1 Where stewardship is conducted, the asset management agreement or another document referred to in the asset management agreement explains the underlying stewardship principles (including the key elements of the escalation process). If these underlying stewardship principles are provided by the collective investment scheme's Asset manager, the Asset manager periodically confirms to the producer that it has provided them.
- 2 If a sustainability-related collective investment scheme pursues a Climate-aligned approach, the basic principles of the methodology applied must be set out in the fund regulations, company agreement, and/or prospectus. Alternatively, if a third-party methodology is applied, reference may be made to this, stating the third party in question and where the methodology is disclosed.
- 3 Producers of collective investment schemes that pursue an impact strategy must ensure that the basic principles of the targeted impact are described in the fund regulations or company agreement with reference to the relevant key performance indicators (KPIs).
- 4 Collective investment schemes that only employ exclusion or ESG integration approaches do not qualify as sustainability-related collective assets. They may not be described or positioned as sustainable. Any reference to the sole use of exclusions or sole ESG integration (i.e. not combined) must clearly state that the collective assets are neither sustainable nor sustainably managed. In all other respects, such collective assets are not covered by this self-regulation.
- 5 Where exclusions are used in combination with other sustainability approaches (including ESG integration), the exclusion criteria must be disclosed in the prospectus. Simply excluding companies that are active in the production, sale, and storage of controversial weapons (e.g. in line with the exclusion list published by the Swiss Association for Responsible Investments) is not sufficient to justify a reference to the use of exclusion criteria. If the exclusion criteria are provided by the collective investment scheme's Asset manager, the Asset manager periodically confirms to the producer that it has provided them.
- 6 In the case of collective investment schemes that replicate a sustainability index, the above requirements, where relevant, apply *mutatis mutandis* to the index.

Art. 27 Risk control

Compliance with the sustainability policy requirements set out in the fund regulations or company agreement is assessed regularly and in an appropriate manner by an independent risk control body of the producer of collective investment schemes or the Asset manager.

Art. 28 Advertising

Where a producer of collective investment schemes publishes advertising in its own name for sustainability-related collective investment schemes, it must ensure that such advertising does not contradict the information provided in the relevant legal documents, such as the prospectus, fund regulations, company agreement, and/or key information document (if available). In particular, the information provided in the prospectus or key information document must match that provided in the advertising.

Art. 29 Reporting

- ¹ The producer of collective investment schemes or a third party (e.g. the Asset manager) informs the investors or the principal about the sustainability approaches relevant to a collective investment scheme's positioning at least once a year in the form of a sustainability report (e.g. as part of regular reporting or on its website). The sustainability report describes the applicable sustainability approaches and compares the collective investment scheme's key ratings, metrics or other important information, where relevant, against the benchmark. If a stewardship approach is employed, a reference to aggregated reporting at the institution level is sufficient.
- ² If the report is provided by the collective investment scheme's Asset manager, the Asset manager periodically confirms to the producer that it has provided the investors with a report meeting the above requirements.
- ³ In the case of impact investing strategies, the producer of a collective investment scheme or a third party (e.g. the Asset manager) discloses at least once a year the extent to which the collective investment scheme has met the communicated sustainability targets (e.g. by publishing details on its website). If this is done by the collective investment scheme's Asset manager, the Asset manager periodically confirms to the producer that it meets the above requirements.
- ⁴ In the case of real estate funds under Swiss law, the producer of collective investment schemes or a third party (e.g. the Asset manager) discloses the sustainability indicators set out in the AMAS "Specialised information factsheet" on the key figures of real estate funds. If this is done by the collective investment scheme's Asset manager, the Asset manager periodically confirms to the producer that it meets the above requirements.
- ⁵ The fund regulations or company agreement and/or the prospectus and/or the website of the producer of sustainability-related collective investment schemes must state where the reports are published (e.g. on the Asset manager's website) or from where they can be requested.

4. Concluding provisions

Art. 30 Entry into force

- ¹ This self-regulation enters into force on 30 September 2023, with the exception of the duties it contains that depend on the submission and approval of the amended fund documents as required under Art. 30 para. 2 (in particular with regard to Arts. 15, 16, 17, 25, and 26).
- ² Amendments to the fund regulations, company agreement or prospectus must be submitted to FINMA by 30 September 2024.
- ³ For collective investment schemes being approved for the first time, the fund regulations or company agreement and the prospectus only need to meet the requirements of this self-regulation if the application for FINMA approval is made after 30 September 2024.
- ⁴ Existing agreements governing the management of pension assets only need to be amended during the next revision after the transition period stipulated in para. 2 expires. The amendment of an appendix to the asset management agreement, which can be carried out unilaterally, is not deemed to be a revision for the purposes of this paragraph.
- ⁵ Existing delegation and sub-delegation agreements under Arts. 14 and 24 must be amended by 30 September 2024 at the latest.
- ⁶ The sustainability report published as part of regular reporting covers the first full reporting year after the approval of the fund documentation or after the approval of the amendments to the fund documentation under Art. 30 para. 2.

Art. 31 Enforcement of this self-regulation

- ¹ The body responsible for the overall management, supervision, and control of the Asset manager and/or the producer of collective investment schemes is responsible for compliance with this self-regulation. To this end, it relies on the independent checks carried out by the persons or units responsible for assessing compliance (e.g. its compliance or risk management department).
- ² In the event of violations of this self-regulation, the Asset manager or producer of collective investment schemes must take suitable measures to avoid further violations. The Asset manager or producer of collective investment schemes must document violations and measures taken in writing or another form demonstrable via text.

English is not an official language of the Swiss Confederation. This translation is provided for information purposes only, has no legal force and may not be relied on in legal proceedings. In cases of discrepancy, the original German text shall prevail.

5. Appendix 1 – sustainable investment approaches

The following definitions of sustainable investment approaches (a to f) are essentially based on the AMAS and SSF document “How to Avoid the Greenwashing Trap: Recommendations on Transparency and Minimum Requirements for Sustainable Investment Approaches and Products”. ESG here stands for environmental (e.g. energy/water consumption and biodiversity), social (e.g. appeal as an employer and supply chain management), and governance (e.g. remuneration policy and board supervision). The most important sustainable investment approaches include the following:

- a. **Exclusions:** This includes both negative screening and norm-based exclusions that systematically rule out specific issuers from an investment portfolio due to activities or business practices that violate given norms or values based on clients’ preferences or due to anticipated risks.
- b. **Best in class/positive screening:** This approach involves constructing portfolios on the basis of binding sustainability criteria with the aim of outperforming a peer group (e.g. portfolio better than benchmark, overweighting good stocks, underweighting bad stocks or avoiding stocks that fare badly in a peer group comparison) . Exceptions from the criteria are possible, but they must be specified in detail.
- c. **ESG integration:** This entails taking sustainability risks and opportunities into account in traditional financial analysis and investment decision-making on the basis of systematic processes and appropriate research sources.
- d. **Thematic investments:** This refers to investments that contribute to sustainable solutions in the environment or social dimension with regard to a specific theme.
- e. **Impact investing:** Impact investments intend to generate a measurable, beneficial social and/or environmental impact alongside a financial return. Important differentiating factors from other forms of sustainable investments (namely thematic investments) are the intentionality of an investment in a sector, or an activity that has such a positive impact; the management process that allows for a direct impact or an impact approach; and the measurability of the impact (depending on the asset class) through relevant key performance indicators (KPIs).
- f. **Stewardship (active ownership):** The terms “stewardship” and “active ownership” are often used to refer to a combination of engagement and voting.
 - i. **Voting:** This term refers to investors expressing their preferences with regard to sustainability issues by actively exercising their voting rights based on sustainability principles or guidelines.
 - ii. **Engagement:** Engagement refers to an active dialog between shareholders and management of investee companies or other relevant stakeholders with the aim of convincing them to consider environmental, social, and governance criteria within their sphere of influence.
- g. **Climate-alignment:** The climate alignment of a portfolio refers to the reduction of the environmental footprint over time by lowering its greenhouse gas emissions or those of the issuers it contains. For this purpose, the definition of greenhouse gas emissions in the Greenhouse Gas (GHG) Protocol is used, including at least scopes 1 and 2 and ideally scope 3 emissions in sectors where scope 3 emissions make up a material share of total emissions. Climate alignment should involve formulating a long-term target along with interim targets. The methodology applied should be based on internationally recognized standards such as the PAII Net Zero Investment

Framework, the UN Asset Owner Alliance Target Setting Protocol or the Science Based Targets Initiative's framework for financial institutions.

6. Appendix 2 – ESG building blocks

Please refer to the German or the French version.