

# ESG Regulatory Essentials Switzerland

05/2024



The third edition of our ESG Regulatory Essentials Switzerland provides an overview of the latest publications from the Swiss Financial Market Supervisory Authority (“FINMA”) and the Asset Management Association Switzerland (“AMAS”).

## Transparency

### Consultation on FINMA-Circulars 2016/1 and 2016/2 regarding climate risk disclosures

In April, FINMA announced that it was reviewing two of its main disclosure circulars for banks and insurers (Circular 2016/1 “Disclosure – Banks” and Circular 2016/2 “Disclosure – Insurers”) and [launched a survey](#) inviting affected institutions and other stakeholders to share their experiences with the disclosure requirements. Interested parties had until 13 May 2024 to submit their responses to the published questionnaire. FINMA had already [mentioned](#) this review in 2021. It aims to ensure that the FINMA disclosure requirements remain in line with current developments in the area of climate and sustainability reporting. FINMA had been empowered to monitor climate risks in the Climate and Innovation Act (see our February Newsletter) and had communicated earlier about potentially expanding TCFD reporting obligations beyond category 1 and 2 institutions. As part of this review, FINMA may consider specifying the disclosure requirements of the circulars in line with the new Climate Disclosure Ordinance and/or an expanding of the disclosure obligations to bring them in line with the scope that had been proposed under [the new circular on “nature-related financial risks”](#) (which includes all banks and insurance companies with some exceptions – see our February newsletter for details).

## Climate & Sustainability Risk

### PACTA Climate Test

In 2024, the Federal Office for the Environment (“FOEN”) and the State Secretariat for International Finance (“SIF”) will be conducting the fourth iteration of the Paris Agreement Capital Transition Assessment climate test (“PACTA climate test”). The test analyzes the climate compatibility of financial portfolios. It is supported by the major Swiss financial industry organizations. Participation is voluntary and anonymous, and institutions will receive a test report for each submitted portfolio as well as an aggregated report at entity level. The report contains a peer comparison and indicators for the Swiss Climate Scores. Submission is still possible until the 17 May 2024, more detailed information is available [here](#).

### AMAS recommendation for the management of sustainability risks

AMAS published [recommendations for the management of sustainability risks](#) in March. The recommendations are non-binding. They complement AMAS’s binding self-regulation (e.g. self-regulation on transparency and disclosure for sustainability-related collective assets) and are aimed at the Swiss fund and asset management industry. The recommendations come into force 1 July 2024. The recommendations define both the overall term “sustainability risks” as well as the sub-categories, “environmental risks”, “social risks” and “governance risks”. For the purposes of these recommendations, these risks are manifested in either enterprise risks (e.g. greenwashing) or investment risks (e.g. market, liquidity, credit, counterparty etc.). The recommendations put a clear emphasis on the “outside-in” view and are principle-based. They make suggestions for risk governance, identifying, assessing, controlling and monitoring sustainability risks as well as stress testing.

## Carbon Emissions Reduction

No updates since last edition.

## Investor Protection

No updates since last edition.

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