Turning point

ETHOS NEWSLETTER ON GOVERNANCE AND SUSTAINABILITY

EDITORIAL: Education is key

Myths about sustainable finance die hard. Depending on the perspective, incorporating ESG criteria into investment decisions is said to be expensive, detrimental to financial performance or nothing more than greenwashing. These preconceived ideas, which can be refuted with sound arguments, yet they continue to try to undermine sustainable finance. They are holding back its development at a pivotal moment when we simply cannot afford to wait any longer.

Challenging these preconceptions and distinguishing fact from fiction and understanding the issues at stake necessarily requires training. Education is the foundation of everything: it enables us to function as a society and make informed decisions. Just as one cannot vote in an informed manner without prior knowledge of the ins and outs, one cannot invest sustainably and wisely without adequate training.

The Ethos Foundation was created to promote sustainable development and responsible investment among pension funds, and has always made awareness-raising and education one of the pillars of its activities. This year, it has decided to formalise this commitment and leverage its experience by creating bespoke training modules. These modules are designed to enable anyone interested in sustainable finance to acquire the knowledge they need to invest responsibly, starting with the governing bodies of our pension funds.

This five-module course introduces the fundamentals of sustainable finance, including sustainability, fiduciary duty, regulation, investment decisions and stewardship. It aims to provide the knowledge and skills needed to make informed financial decisions. The courses also aim to improve understanding of the factors that currently prevent us from taking more ambitious action in the face of growing environmental and social crises, and identify ways to overcome these obstacles.

Training is a driver of development that contributes to poverty reduction, improved health, the promotion of equality and the building of a more stable and sustainable society. In the face of urgent challenges, training is not a luxury but our best tool for transforming doubts and preconceptions into responsible decisions.

LATEST NEWS

Heatwaves, forest fires, drought. The news has been hot this summer, both literally and figuratively. And sustainability has not been spared. One example is the negotiations for an agreement on plastic that failed in Geneva. While some see the positive side of this failure, arguing that no agreement is better than an unambitious agreement, the fact remains that there are deep divisions between countries that want to limit plastic production and those that, like the United States, China, Russia and Saudi Arabia, would prefer to focus on waste management and recycling.

Another blow in the summer lull was the decision by UBS to follow in the footsteps of the major Anglo-Saxon banks and leave the Net-Zero Banking Alliance (NZBA), an initiative bringing together international institutions committed to aligning their loan and investment portfolios with the goal of carbon neutrality. This is a significant decision, especially since UBS was a founding member of the alliance, which finally decided to suspend its activities at the end of August.

In Europe, the Omnibus saga continues. While the plan to ‘simplify’ sustainability-related regulations (CSRD and CS3D) is due to be finalised by next year, the various bodies are continuing their work. Tasked with reviewing reporting standards, EFRAG plans to reduce the data points required from companies by 68% and simplify the double materiality assessment. At the same time, it has developed a new voluntary standard for European SMEs that wish to publish non-financial information and report on their ESG issues, even though they would no longer be directly affected by the CSRD.

In a letter, ECB President Christine Lagarde warns the European Parliament against excessive reductions in reporting (CSRD) and due diligence (CS3D) requirements. She is particularly concerned about the reduction in the number of companies subject to reporting obligations under Omnibus. ‘It is important that these amendments strike the right balance between preserving the benefits of sustainability reporting for the European economy and the financial system, while ensuring that the requirements are proportionate,’ she writes.

In the US, the legal wrangling continues. The Florida Attorney General has subpoenaed CDP and SBTi, two key organisations in the fight against global warming. Targets of this new witch hunt by the US administration, they are being investigated for alleged violations of antitrust laws and deceptive business practices. Describing them as a ‘climate cartel’, the attorney general said the investigation was aimed at determining whether the two organisations ‘had violated the law (...) by forcing companies to disclose proprietary data and pay for access to it under the guise of environmental transparency’.

In Texas, the two major proxy advisory firms Glass Lewis and ISS have filed a lawsuit against the state to block a law that restricts their ability to advise shareholders on diversity, environmental and governance issues. The law, which is due to come into force in September, requires proxy advisors to inform their clients that their recommendations ‘are not provided solely in the financial interest of the company's shareholders’ and to present financial analyses to support their opinions.

ENGAGEMENT UPDATE

After years of progress, child labour is on the rise again. According to the latest estimates from UNICEF, around 140 million children aged 5 to 17 worldwide are involved in economic activities. This figure is even higher in the poorest countries, where more than one in five children are affected.

Ethos believes that companies which guarantee children's rights can help to reduce poverty, improve living conditions, increase school enrolment rates and offer a better future for future generations. These companies also benefit from a better reputation and are less exposed to legal and regulatory risks. At the beginning of the summer, Ethos and the members of the Ethos Engagement Pool (EEP) International therefore launched an engagement campaign with eight companies operating in the mining industry, a sector particularly affected by child labour. Called 'Safeguarding Children's Rights', the campaign aims to encourage the companies to recognise their responsibility and take concrete measures to protect children's rights.

Ethos has identified best practices and formulated six key expectations for the targeted companies (Anglo American, BHP Group, First Quantum Minerals, JFE Holdings, Newmont, Rio Tinto, South32, and Sumitomo Metal Minings). They are invited to implement appropriate measures to prevent and remedy violations of children's rights within their supply chains, and to guarantee a living wage for all those working within them.

On a completely different subject, US asset manager BlackRock has decided to extend its 'Voting Choice' programme to its institutional clients. This will allow them to vote according to their own preferences at the general meetings of companies invested in by ten BlackRock funds domiciled in Switzerland. Until now, the company only offered this option to Swiss clients using separately managed accounts.

GOOD NEWS

On 23 July, the International Court of Justice issued a landmark advisory opinion outlining the responsibilities of states in combating global warming. This long-awaited opinion paves the way for states to be held liable if they do not do everything in their power to limit global warming. It also paves the way for future legal action.

A study published by EcoVadis also shows that 87% of American companies report having maintained or increased their sustainability investments this year, despite the anti-ESG backlash. The study highlights the growing phenomenon of 'greenhushing', wherby some companies continue their efforts in sustainable development but choose to no longer communicate publicly about their commitments. Thus, 31% of the executives surveyed say they continue to invest in sustainability while reducing their public communication on the subject, with 8% of them even eliminating it completely.

In other good news, a coalition of 17 finance officials from democratic states sent a letter to the leaders of BlackRock and 17 other asset managers urging them to reaffirm their commitment to managing long-term risks such as climate change. This letter is a direct response to the one sent in July by 26 financial officials from Republican states, who were pressuring BlackRock and 24 other US institutions to stop presenting climate change as a risk and to stop incorporating 'Net Zero' commitments. BlackRock released a response criticizing the state officials' politicising of retirement accounts.

STEWARDSHIP SPOTLIGHT

Backlash in the US and uncertainty in Europe. Investors are already feeling the consequences. According to a study published by a think tank, only 432 of the largest US companies published a sustainability report in the first half of 2025. This compares with 831 a year earlier.

The number of shareholder resolutions that US companies refused to include on their agendas, due in particular to the SEC's stricter policy on climate, diversity and labour rights issues, jumped by 33% according to an article (paywall) in the Financial Times. A study published in April had already reported a drastic drop in ESG resolutions since the beginning of the year.

In Switzerland, a study published by Ethos showed that the level of shareholder opposition had fallen

BlackRock's proxy voting programme offers 16 possible voting options.

In recent months, other US asset managers, such as State Street Investment Management and Vanguard, have also extended their voting programmes to a broader base of investors in Europe. As a reminder, at the beginning of the year, Ethos and the members of EEP International launched an engagement campaign with the main asset managers present in Switzerland, including BlackRock, precisely to enable their asset-holding clients to exercise their voting rights as they wish and in accordance with their values.

slightly this year, particularly regarding remuneration, which remains the most contested item on the agenda.

FIGURE OF THE MONTH

SBTi took advantage of the summer to publish its ‘Net Zero’ standards, which financial institutions can use to validate their climate targets as being scientifically aligned with a carbon-neutral scenario. Key points include the immediate cessation of all new financing for coal expansion and projects aimed at expanding oil and gas, as well as the phasing out of all new general-purpose financing for oil and gas expansion by 2030 at the latest.

ETHOS NEWS UPDATE

This summer, Ethos' published study on 2024 remuneration and the results of votes at 2025 general meetings (in French or in German). The study received widespread media coverage and showed that the remuneration of CEOs of Swiss-listed companies had risen sharply since the COVID years, returning to the levels seen ten or 15 years ago. The study also revealed that companies remain opaque about the ‘realised pay’ of their executives, i.e. the remuneration actually received after a predefined performance period.

As signatories to the Finance Statement on Plastic Pollution, Ethos and the members of EEP International also took a public stand to urge governments to conclude an ambitious and legally binding treaty to end plastic pollution. Unfortunately, to no avail.

Finally, at the beginning of the summer, the Ethos Foundation officially launched the five modules of its basic course on the fundamentals of sustainable finance. Designed to help representatives of the pension industry better understand the challenges of sustainability and influence the investment policy of their institutions, these modules are available in three languages.

Press review :

- « UBS se désengage de la plus grande alliance bancaire dans le secteur climatique » (Le Temps, 22 août 2025) : Dans cet article, Ethos s’inquiète du signal très négatif envoyé par la banque en quittant la « Net Zero Banking Alliance ».

- « So viel verdienen die Top-Manager » (SRF Tagesschau, 21 août 2025)
- « Sergio Ermotti? Fehlanzeige. Dieser Däne ist der bestbezahlte CEO der Schweiz » (TagesAnzeiger, 21 août 2025)
- « La Suisse, championne d'Europe des salaires de grands patrons » (Tribune de Genève, 21 août 2025)
- « Faut-il plus de transparence sur la durabilité des entreprises suisses » (RTS Forum, 18 août 2025). Notre directeur Vincent Kaufmann a participé à un débat sur l'importance et la nécessité pour les entreprises de publier des rapports de durabilité de qualité.
