

Zurich, 19 June 2024

Federal Council Notes Progress in Preventing Greenwashing

Dear SSF Members and Partners,

Today, the [Federal Council announced](#) how it aims to proceed in addressing greenwashing based on its position on the prevention of greenwashing in the financial sector of [16 December 2022](#) and its announcement on next steps of [23 October 2023](#).

The Federal Council took note of the progress made by the financial sector in preventing greenwashing and the three main financial association's new self-regulation measures against greenwashing. The Federal Council acknowledges that these measures represent progress in implementing the Federal Council's position on this topic. It further states that open points remain regarding the fulfilment of the self-regulations through the application of EU law and the permissible frame of reference for sustainability goals and their enforceability. The Federal Council has instructed the Federal Department of Finance (FDF) to re-evaluate the need for action concerning the full implementation of the Federal Council's position as soon as the European Union publishes any amendments to its Sustainable Finance Disclosure Regulation (SFDR), but by the end of 2027 at the latest.

SSF welcomes the efforts made by the three main financial associations to further develop their self-regulations on avoiding greenwashing in sustainable financial products and services over recent months and to support their members in this endeavour. Self-regulation is an important instrument that allows to take into account the high technical complexity of sustainable investing and to ensure ongoing adaptation based on further developments, both in Switzerland and internationally. The adapted self-regulations support the implementation of the Federal Council's position on the prevention of greenwashing while laying the groundwork for a standardised use of related terms.

Going forward, we think it is important to combine existing self-regulation with a principle-based state regulation that creates a legal framework for all actors, products and services of the Swiss financial market. Such regulation, aligned with existing legal obligations for financial service providers, financial services and products can ensure that all segments of the Swiss financial markets apply the same diligence in the application of sustainability related approaches and terms. It further leads to comparable transparency and makes the rules legally enforceable, thereby ensuring investor protection and strengthening the competitiveness of the Swiss Financial Centre.

Swiss regulation in an international context

The Swiss financial centre has strong international links, and many of its players are active beyond national borders. It is therefore essential that Swiss regulation on sustainable finance builds on internationally recognised concepts. The development of global standards by international bodies and the EU's extensive and rapidly advancing regulation on sustainable finance go far beyond the issue of greenwashing. In particular, it also

addresses the critical role the financial industry can play in realizing the net zero target as well as the Sustainable Development Goals (SDGs). A dialogue on related frameworks must also be lead in Switzerland to ensure that the Swiss financial centre keeps up its competitiveness and actively contributes to sustainability efforts both on a national and international level.

Kind regards,
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