

Greenwashing

We are conscious of our responsibility towards the environment, society and future generations. With our holistic approach, we are committed to underpinning our business with ethical principles as well as social and environmental responsibilities, thereby fostering sustainable and beneficial development. By doing so we create added value – for our stakeholder groups and for the environment.

General definition

Greenwashing describes an attempt by a company or organisation to present itself as more sustainable than it actually is. Suitable terms or images are used to give the impression of sustainable products, services or corporate practices. The aim of greenwashing is therefore to improve the image of a company and appeal to responsible consumers without actually taking appropriate measures. Tendencies towards greenwashing can be found in all areas of daily life. Targeted awareness-raising can enable both consumers and investors to identify misleading information and make informed decisions.

Greenwashing refers to the attempt by companies to present themselves as more sustainable than they actually are. This is often done by providing misleading or inaccurate information while failing to take the appropriate measures.

Greenwashing in the financial sector

Demand for sustainable financial products and services has risen significantly in recent years. Consequently, the number of financial products making reference to sustainability has also increased, along with the associated risk of greenwashing. In order to avoid this risk, the key sustainability features of an investment product must be presented in a transparent and comprehensible manner so that it can be shown that the claims in the marketing documents are being upheld. Furthermore, during the process of approval and supervision, the Swiss Financial Market Supervi-

sory Authority FINMA pays particular attention to the explanations of the advertised sustainability characteristics. It ensures that these are adequately disclosed and checks that investors are not misled about sustainable characteristics.¹

Levels of greenwashing

There are three levels of a bank's operations that are particularly exposed to the risk of greenwashing. They are defined by the Swiss Bankers Association as follows:

- **Company level:** Greenwashing occurs when a financial service provider positions itself as sustainable both internally and externally (for example, on social media or in its advertising, in statements of support, or in sustainability reports) but its internal practices contradict the image it is communicating.
- **Product level:** Greenwashing also occurs when false or misleading information is provided about a product's characteristics or composition. Financial market law already contains concrete principles that sanction false or misleading conduct.
- **Sales level:** Bank officers must ensure that environment, social and governance (ESG) criteria are incorporated into their advisory processes (such as by conducting regular customer preference surveys and providing in-house training for staff) and that customers' expectations regarding sustainability are appropriately met. Greenwashing can be a consequence if this is not ensured.

¹ FINMA Guidance 05/2021 on preventing and combating greenwashing

Regulatory measures in Switzerland

The integrity of financial products and financial services is of vital importance to the Swiss financial centre. At present, the Federal Council does not implement government regulation in the area of greenwashing. Rather, it welcomes the fact that each of the three industry associations – the Asset Management Association Switzerland (AMAS), the Swiss Bankers Association (SBA) and the Swiss Insurance Association (SIA) – uses self-regulation to take appropriate measures for the prevention of greenwashing.

The core element of their self-regulation includes the definition of a uniform minimum standard specifying the conditions under which selected investment products and financial services may be described as sustainable. To achieve this, these products must have, in addition to financial objectives, at least one of the following investment objectives:

- **Compatibility** with one or more specific sustainability goals: This would include, for example, the application of a positive screening approach, the use of themed investments or the implementation of a climate strategy.
- **Contributing** to the achievement of one or more sustainability goals: This would include stewardship as a component of the portfolio engagement strategy, and impact investing.

All investment funds of Zuger Kantonalbank fall into the category of compatible products.

Implementation

Zuger Kantonalbank rejects any form of greenwashing. It therefore takes great care to formulate and implement its ESG approach as transparently as possible. For this reason, a number of informative publications are published on the ESG website (sustainability reports, reports on stewardship activities, factsheets, etc.). Zuger Kantonalbank is also a member of the Asset Management Association Switzerland (AMAS) and the Swiss Bankers Association (SBA). It is therefore subject to each of these bodies' self-regulation, which it implements in accordance with the requirements.

Publications

Other publications on the subject of ESG can be found on our web page www.zugerkb.ch/en/esg.

We are signatories to or members of the following organisations:

Signatory of:



Contact

esg-investments@zugerkb.ch

Legal disclaimer

This document has been prepared for information and marketing purposes only and does not constitute an offer or an invitation by, or on behalf of, Zuger Kantonalbank (ZugerKB) to buy or sell financial instruments or banking services. It is addressed to recipients designated by ZugerKB with residence in Switzerland for personal use and may not be reproduced, in whole or in part, changed or distributed or disseminated to any other addressees without the written permission of ZugerKB. The information in this document is given as of a specific date and has been obtained from sources that ZugerKB believes to be reliable. Nevertheless, ZugerKB cannot make any representation that the information is accurate, complete or up-to-date. ZugerKB does not accept liability for any loss arising from an investment behaviour based on the information in this document. The prices and values of investments mentioned and any income resulting therefrom may fluctuate, rise or fall. A reference to past performance does not include statements about future results. This document does not contain any recommendations of a legal nature or regarding accounting or taxes. Nor should it in any way be construed as an investment or strategy that is appropriate for or tailored to the personal circumstances of the recipient. (V2025)

Certain information contained in this report (the «Information») originates from and/or is copyrighted by MSCI Inc., its subsidiaries («MSCI») or information providers (the «MSCI Parties») and may have been used to calculate scores, signals and other indicators. The information is intended for internal use only and may not be reproduced or redistributed in whole or in part without prior written permission. This information does not constitute an offer to buy or sell and should not be construed as an advertisement or recommendation for any security, financial instrument or product, or trading strategy, or as an indication or guarantee of future performance. Some funds may be based on or linked to MSCI indices, and MSCI may be compensated on the basis of fund assets under management or other key metrics. MSCI has established an information barrier between index research and certain information. None of the Information in and of itself can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided without warranty of any kind. The user assumes the entire risk of their own use of the Information or its use by a third party authorised by them. The MSCI parties shall not assume any warranty or guarantee for the authenticity, accuracy and/or completeness of the Information and expressly state that they disclaim any warranties of an express or implied nature. The MSCI Parties shall not be liable for any errors or omissions in connection with the information contained herein, nor for any direct, indirect or special damages, punitive damages, consequential or other damages (including lost profits), even if advised of the possibility of such damages.