

Recommendations on Sustainability Investment Compliance



Foreword

This document contains non-binding recommendations on Sustainability Investment Compliance for CISA institutions. Developed by an AMAS working group, it is intended as optional guidance and may be used voluntarily to support internal implementation of sustainability-related compliance practices.

The recommendations are not mandatory and may be adopted, adapted, or disregarded at the institution's discretion. AMAS assumes no responsibility or liability for their application, interpretation, or consequences.

1 Purpose and Scope of Application

1.1 Purpose of the Recommendations

- 1 These Recommendations aim to assist the CISA Institution in developing a Sustainability Investment Compliance approach that is appropriate to its business model and risk profile.
- 2 The term „CISA Institution“ refers to those institutions described in recital 4 of the AMAS Specialist Recommendation on Risk Management.
- 3 The implementation of the following Recommendations should be reflective of the CISA Institution's business model and type of investments made.

1.2 Scope of Application

- 4 These Recommendations complement the “Self-regulation on transparency and disclosure for sustainability-related collective assets”, as well as the Specialist Recommendation on Risk Management produced by the Asset Management Association Switzerland (AMAS).
- 5 These Recommendations are provided by AMAS for the Swiss fund and asset management industry. The Swiss Financial Market Supervisory Authority (FINMA) has not formally acknowledged or recognized it as a minimum standard in accordance with FINMA Circular 2008/10 “Self-regulation as a minimum standard”. Within the scope of its powers under supervisory law, FINMA may impose additional or different requirements on institutions it supervises.

1.3 Used references

- 6 The term “Free Self-regulation” is used from here on in this document when referring to the AMAS „Self-regulation on transparency and disclosure for sustainability-related collective assets“. The term “Specialist Recommendation” is used when referring to the AMAS “Specialist Recommendation on Risk Management”.

1.4 Related Documents

- 7 • Specialist Recommendation on Risk Management, Asset Management Association Switzerland, 7 September 2018.
- Sustainability Risk Management Recommendations, Asset Management Association Switzerland, 25 March 2024
- Self-regulation on transparency and disclosure for sustainability-related collective assets, Asset Management Association Switzerland, 29 April 2024 (Version: 2.0)

2 General Remarks**2.1 References to Definitions**

The definitions of Sustainability Risks according to Recitals 8-16 of the “Sustainability Risk Management Recommendations” apply.

2.2 Investment Compliance

Investment Compliance within the meaning of these Recommendations means that investments are monitored and checked in accordance with the adopted sustainable investment approaches and investment restrictions as defined in product and client related contractual documents. Regulatory requirements and internal guidelines support the Investment Compliance function to perform these tasks. The Investment Compliance function determines how the investment restrictions are to be checked.

2.3 Applicability and Scope

The following recommendations are applicable when material and relevant. Materiality is given if e.g. Sustainable Investment Approaches according to Appendix 1 of the Free Self-regulation (or equivalent) are stipulated in contractual documents.

These recommendations do not assert that a task must necessarily be performed by a specific function within the CISA institution. The implementation should be adapted to specific business needs and institutional setup within the CISA institution.

The CISA institution defines which function in- or outside the organization is responsible for performing the Sustainability Investment Compliance tasks in accordance with the recommendations in this document.

3 Governance and Organization / Roles and Responsibilities**3.1 General remarks**

Internal guidelines and processes for Sustainability Investment Compliance should be established in accordance with the CISA institution’s relevant policies and procedures, considering applicable regulatory requirements.

Sustainability Investment Compliance tasks can be integrated into regular Investment Compliance activities using existing resources or supported by a dedicated independent team with expertise in sustainability.

- 15 Breaches should be handled like any other breach detected by the Investment Compliance function with appropriate timeline for remediations. Different portfolios may require specific timelines for remediations, e.g. depending on the liquidity of the investments.

3.2 Processes and Inputs

3.2.1 Quantitative and Qualitative Investment Compliance

- 16 Sustainability Investment Compliance should ensure that its tasks are tailored to the specific asset class and may require different processes, data, and metrics compared to or in addition to those specified in these recommendations.
- 17 Compliance with sustainable investment restrictions defined in the contractual documents should be assessed with a quantitative approach whenever possible.
- 18 A qualitative approach may be appropriate if data availability or reliability is not given or if the checks focus on the processes themselves. Qualitative checks are characterized by the fact that they require manual processing (e.g. for engagement checks or illiquid investments). These qualitative checks may be performed by the Investment Compliance function or referred to another independent team.

3.2.2 Data

- 19 Contractual documents and/or related internal guidance should broadly define which data is relevant for Sustainable Investment Compliance tasks. The data may be processed and provided by the operating unit to the Investment Compliance function or independently obtained or processed for the purpose of Sustainability Investment Compliance tasks. Multiple internal or external functions could be involved in the preparation of the Sustainability data used by the Investment Compliance function. The CISA institution itself determines which function is responsible for quality and data provider due diligence (one possible department to be tasked with this is the data management function).
- 20 The Sustainable Investment Compliance may utilize both modified and unmodified data from the operating unit, provided that a data strategy encompassing sustainability data is in place. The Investment Compliance function, or another designated function within or outside the CISA institution, should verify that qualitative reviews and due diligence processes of the data strategy and processes are performed. This verification can be conducted either by the Investment Compliance function itself or by another designated function within or outside the CISA institution. No data quality check of the sustainability data sets is required by the Investment Compliance function.
- 21 The Investment Compliance function may utilize the definitions and computation logic for metrics provided by the operating unit or another source, to ensure alignment and consistency in principles used, if deemed adequate, to perform Sustainable Investment Compliance tasks.

3.2.3 Frequency of Compliance Checks

- 22 Frequency of Sustainability Investment Compliance checks should be determined by the obligations according to contractual documents or internal guidelines, if available.
- 23 If no frequency has been defined in contractual documents, the Investment Compliance function may determine the frequency of Sustainability Investment Compliance checks as deemed appropriate given the task and required data. It must be ensured that sustainable investment approaches and investment restrictions are monitored with the same stringency and accuracy as any other Investment Compliance task.

4 Publication Date

- 24 These Recommendations were published on 5 May 2025.

5 Imprint

- 25 The Asset Management Association Switzerland (AMAS) is the representative association of the Swiss asset management industry. It aims to strengthen Switzerland's position as a leading center for asset management with high standards of quality, performance, and sustainability. To this end, it supports its members in developing the Swiss asset management industry and adding value for investors over the long term. The Asset Management Association Switzerland is an active member of the European Fund and Asset Management Association (EFAMA) and the International Investment Funds Association (IIFA). Founded in Basel in 1992, the Asset Management Association Switzerland currently has around 180 members.
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