

# SSPA Sustainability Transparency Guidelines

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## I. Introduction

### Art. 1

- 1 Sustainability takes into account environmental, social and corporate governance (**ESG**) factors and is also a key aspect in the financial sector. Financial investments can help to achieve sustainability goals.
- 2 The awareness of sustainable financial investments is growing, and thus the demand for and supply of financial instruments that take sustainability aspects into account is increasing.

### Art. 2

- 3 As part of a voluntary self-regulation, the Swiss Structured Products Association SSPA (**SSPA**) has issued these guidelines. With these guidelines, the SSPA aims to set a minimum standard for structured products that are classified as sustainable, so that structured products can be better assessed for their sustainability.

### Art. 3

- 4 Currently, there is no common and generally accepted definition of ESG factors and no common and generally accepted methodology and metrics for assessing and determining the sustainability of financial investments in Switzerland. Therefore, these guidelines cannot and do not intend to provide qualitative or quantitative guidance on ESG factors and cannot and do not intend to introduce a methodology and metrics for assessing and determining the sustainability of structured products.
- 5 It is the responsibility of the respective issuer and producer, respectively (together the **Issuer**) of the structured product to apply a Sustainability Framework (as defined in Art. 12 below) when manufacturing and issuing structured products classified as sustainable, and it is the responsibility of the respective financial service provider to have and apply a sustainability framework when investing in or recommending structured products classified as sustainable in relation to its investment advisory and portfolio management services.

### Art. 4

- 6 The legal and regulatory framework in the area of sustainable financial investments is currently evolving significantly and various industry organizations have issued or plan to issue guidelines, recommendations, standards or rules related to sustainable financial investments. The SSPA is monitoring these developments and will adapt these guidelines to current legal and regulatory developments and market conditions in the area of sustainable financial investments.

## II. Purpose, scope and nature of the guidelines

### Art. 5

- 7 The purpose of these guidelines is, among other things, to define a minimum standard to be applied in connection with the manufacturing, issuing, offering, advertising and the use of structured products classified as sustainable in order to (i) create transparency when offering structured products and (ii) integrate client's ESG-preferences when providing investment advice or portfolio management services.
- 8 These guidelines only provide a minimum standard. Requirements that go beyond such minimum standard may be freely adopted.

### Art. 6

- 9 These guidelines apply to structured products offered in Switzerland and the members of the SSPA commit themselves to comply with these guidelines.

### Art. 7

- 10 These guidelines do not create any civil or regulatory obligations on the members of the SSPA and do not exempt, release or discharge them from complying with and fulfilling any applicable civil and regulatory obligations.

## III. Product classification

### Art. 8

- 11 Only those structured products may be classified a sustainable (**Sustainable Structured Products**) when such classification is supported in a material way by evidence of sustainability characteristics, themes or objectives in accordance with and pursuant to the applied Issuer Sustainability Framework and/or Distributor Sustainability Framework, as applicable.

### Art. 9

- 12 A structured product is classified as sustainable when the structured product's offering or marketing documentation refers to (i) a sustainable investment approach or (ii), subject to the following paragraph, terms such as "ESG", "sustainable", "ecological", "green", "social", "ethical", "good corporate governance", "impact" or any other terms referring to "ESG" or "sustainability".
- 13 If in the structured product's offering or marketing documentation the term "ESG", "sustainable", "ecological", "green", "social", "ethical", "good corporate governance", "impact" or another term referring to "ESG" or "sustainability" is used when referring to the underlying of the structured product and forms part of the name of such underlying and the use of such term in the name of such underlying is not within the direct or indirect control of the Issuer of the structured

product, such use shall not by itself result in the structured product being classified as sustainable.

#### Art. 10

- 14 Advertising and other information intended for investors in Sustainable Structured Product must not be inconsistent with the information provided in the prospectus, key information document and similar documents for such structured product and any ESG and sustainability elements or aspects set out in such advertising or other information shall be presented in a balanced and non-misleading manner.

### IV. Minimum requirements for the Issuer and the transparency

#### Art. 11

- 15 The Issuer of a Sustainable Structured Product must adhere to the UN Principles for Responsible Banking and / or the UN Principles for Responsible Investments and / or equivalent principles with regard to their own sustainability.
- 16 The principles to which the Issuer adheres may be issued at group level if the Issuer is a group company.
- 17 The Issuer shall publish or refer to these principles on its website or, if the Issuer is a group company, the website of the group or the website of the distributor or they may be made available by the Issuer or distributor in electronic form.

#### Art. 12

- 18 The classification of a structured product as sustainable should be made by the Issuer of such product by applying its sustainability framework (the **Issuer Sustainability Framework**).
- 19 The Issuer Sustainability Framework may be issued at group level if the Issuer is a group company.
- 20 The Issuer may apply the Issuer Sustainability Framework of a third party, provided that this is disclosed in the product documentation of the relevant product.

#### Art. 13

- 21 The Issuer Sustainability Framework shall explain in an understandable way how the classification of a structured product as sustainable is assessed and determined by the Issuer.
- 22 The Issuer Sustainability Framework shall, in particular, address the following aspects in respect of Sustainable Structured Products:

1. The methodology used to assess and determine the sustainability of a Sustainable Structured Product, in particular the criteria used to classify structured products as sustainable (ESG strategy)
2. Use of the proceeds raised with a Sustainable Structured Product, as may be applicable to the particular Sustainable Structured Product
3. Relevant process and data source used to classify structured products as sustainable
4. Internal governance structure in respect of the classification of structured products as sustainable

#### Art. 14

- 23 The Issuer Sustainability Framework must be made publicly available on the website of the Issuer, or, if the Issuer is a group company, the website of the group or the website of the distributor or may be made available by the Issuer or distributor in electronic form or the Issuer will make available information with respect to the Issuer Sustainability Framework as it applies to the relevant Sustainable Structured Product upon request.

#### Art. 15

- 24 Investors should be informed in the product documentation for a Sustainable Structured Product that the sustainability assessment of a structured product is made when the structured product is issued and may change thereafter.

### V. Minimum requirements for the Products

#### Art. 16

- 25 ESG criteria may not be applied to a structured product with a net short exposure at inception and may only be applied to the "long exposure" / the "long" position of a structured product.

### VI. Minimum requirements when providing Financial Services

#### Art. 17

- 26 Financial service providers that use structured products as part of their investment advisory or portfolio management services shall consider the "Guidelines for the financial service providers

on the integration of ESG-preferences and ESG-risks into investment advice and portfolio management" issued by the Swiss Bankers Association (SBA).

#### Art. 18

- 27 Distributors may independently of the Issuer classify a structured product as a Sustainable Structured Product, in which case articles 8 through 10 and articles 18 through 21 apply.
- 28 If a distributor qualifies a structured product as a Sustainable Structured Product, such classification should be made by the distributor (**Distributor**) by applying the Distributor's sustainability framework (**Distributor Sustainability Framework**).
- 29 The Distributor Sustainability Framework may be issued at group level if the Distributor is a group company.

#### Art. 19

- 30 Distributors must adhere to the UN Principles for Responsible Banking and / or the UN Principles for Responsible Investments and / or equivalent principles with regard to their own sustainability.
- 31 The principles to which the Distributor adheres may be issued at group level if the Distributor is a group company.
- 32 The Distributor shall publish or refer to these principles on its website or, if the Distributor is a group company, the website of the group or they may be made available by the Distributor in electronic form.

#### Art. 20

- 33 The Distributor Sustainability Framework shall explain in an understandable way how the classification of a structured product as sustainable is assessed and determined by the Distributor.
- 34 The Distributor Sustainability Framework shall, in particular, address the following aspects in respect of Sustainable Structured Products:
1. The methodology used to assess and determine the sustainability of a Sustainable Structured Product, in particular the criteria used to classify structured products as sustainable (ESG strategy)
  2. Relevant process and data source used to classify structured products as sustainable
  3. Internal governance structure in respect of the classification of structured products as sustainable



Art. 21

- 35 The Distributor Sustainability Framework must be made publicly available on the website of the Distributor, or, if the Distributor is a group company, the website of the group or the Distributor may make available information with respect to the Distributor Sustainability Framework as it applies to the relevant Sustainable Structured Product upon request.

VII. Entry into force

Art. 22

- 36 These guidelines were approved by the Board of the SSPA and enter into force on June 1, 2023.

VIII. Transitional period and grandfathering

Art. 23

- 37 A transitional period of 12 months from the date of the entry into force of these guidelines applies and these guidelines must be complied with as from the end of such transitional period.

Art. 24

- 38 Structured products issued prior to the entry into force of these guidelines are exempt from these guidelines.

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