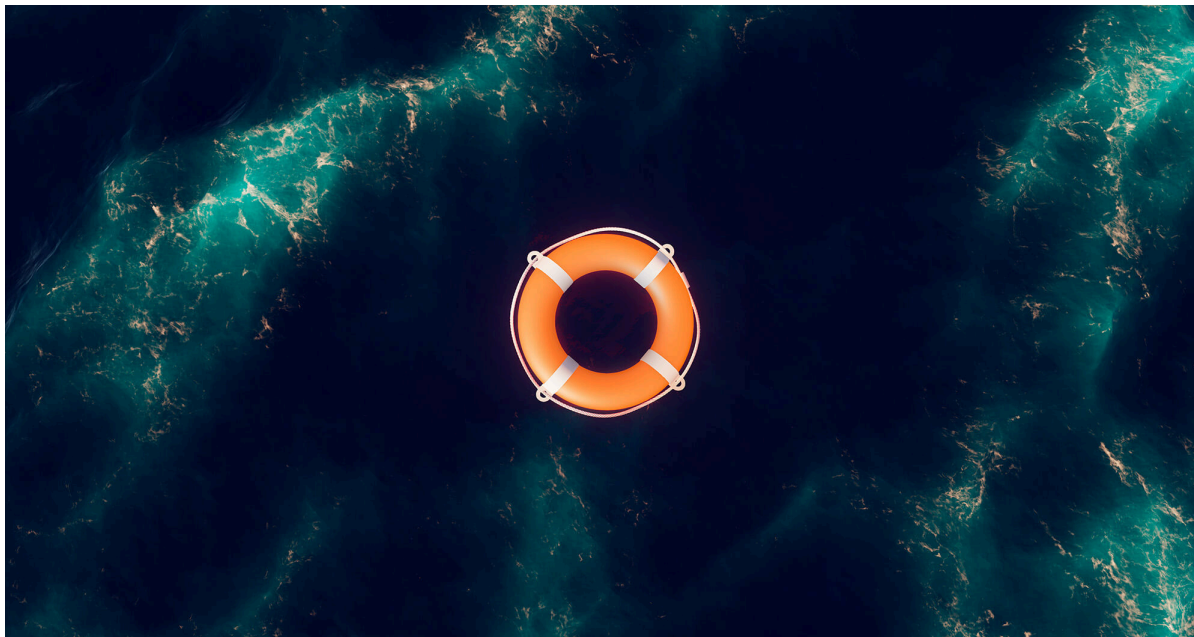


Turning point

ETHOS NEWSLETTER ON GOVERNANCE AND SUSTAINABILITY



This month in 30 seconds

- **Lex UBS:** The Council of States backs 90% CET1 coverage for UBS's foreign subsidiaries. Our editorial explains why this is good news for savers and taxpayers.
- **Climate:** The UN Environment Programme now considers 1.5 °C out of reach. Current policies point to +2.6 °C by 2100, which could mean nearly +5 °C for Switzerland.
- **Shareholder rights under threat:** The US SEC proposes repealing Rule 14a-8, which requires companies to put qualifying shareholder resolutions on the AGM ballot.
- **Good news:** Sustainable funds outperformed in H1 2026, with a median return of 4.9% vs 4.0% for traditional funds (Morgan Stanley).
- **Engagement:** Ethos joins ShareAction's "Healthy Markets" coalition, targeting around ten food companies including Nestlé.
- **Proxy season:** Infomaniak goes public via Perrot Duval, and Leonteq shareholders approve a buyback Ethos opposed.
- **Figure of the month:** CHF 2.1 billion, the cost of the 2026 summer heatwave in lost labour productivity, about three times an average summer.

EDITORIAL : Lex UBS: a first step towards stability

On 23 September, the Swiss Council of States drew sharp criticism from UBS by voting to require the bank to back 90 per cent of the value of its foreign subsidiaries with CET1 capital – a decision that still has to be approved by the National Council. The bank, which had supported the option of 50% CET1 and 50% AT1, immediately hit back, denouncing the decision as “political” and “excessively tightening rules that are already among the strictest in the world”. In [an interview with the NZZ](#) two days earlier, its CEO had even compared this prospect to “two black eyes and a broken nose”.

For the Ethos Foundation and all those who support a stable and sustainable Swiss financial centre, this is, on the contrary, good news. It is not a knockout victory, as this is not a battle against UBS – as its CEO seems to believe – but rather a defence of the public interest and long-term stability.

Since 1998 and the UBS-SBS mega-merger, Ethos has consistently warned of the systemic risks posed to the Swiss financial centre by banks that have become “too big to fail” ([see history](#)). The weaknesses were well known: risky investments in investment banking in the United States; a preference for hybrid instruments (CoCos, AT1), which could accelerate a crisis of confidence; and excessive remuneration schemes based on criteria that incentivised executives to generate ever-higher profits with the lowest possible capital base.

In the face of these weaknesses, Ethos has consistently advocated for stronger core capital, with a single objective: to protect the interests of long-term investors such as pension funds and, by extension, all beneficiaries of occupational pension schemes and other stakeholders, starting with Swiss taxpayers.

Meanwhile, Switzerland and its citizens have had to come to the rescue of the country’s major banks twice, at a cost of billions of Swiss francs. First in 2008, when UBS was rescued after becoming entangled in the US subprime crisis. Then in 2023, by allowing UBS to swallow up its long-standing rival Credit Suisse for a nominal sum. Credit Suisse had been mired in a succession of scandals that ultimately undermined its clients’ confidence.

According to UBS, the compromise reached by the Council of States requires it to raise an additional 16 billion dollars in capital over seven years. In 2025, the bank – still in the process of integrating Credit Suisse – posted a profit of 7.7 billion dollars, nearly half of which was paid out to its shareholders as dividends. At this rate, it could meet the requirements in just under five years.

UBS is warning of a loss of profitability, citing the need to pass on the cost of the additional capital to its clients. However, the bank has other levers at its disposal, starting with a review of its remuneration system. The 755 highest-paid employees shared 1.6 billion dollars in 2025, of which 1 billion was variable remuneration – an average of over 2 million dollars each. The current system incentivises these managers to generate maximum profit with minimum capital. This is like equipping an ocean liner with fewer lifeboats so that it can sail faster, while believing it to be unsinkable. In fair weather, everyone is happy, but when the

seas get rough or the ship hits an iceberg, the managers will be the first to jump into the lifeboats, leaving shareholders and taxpayers to go down with the ship.

We are delighted that MPs have not been swayed by the relentless, even aggressive, lobbying from the major bank. We can only hope that this courage will hold up in the second round, before the National Council. This is neither dogmatism nor a smear campaign against UBS and its executives. It is simply a matter of protecting the interests of the Swiss public and shareholders by ensuring that the ship has enough lifeboats.



LATEST NEWS

This is undoubtedly the most important news of the past month: according to [a report by the United Nations Environment Programme](#), the target of limiting global warming to +1.5 °C compared with pre-industrial levels is now definitively out of reach. The report estimates that, in the best-case scenario, the rise will peak at around +1.8 °C. Current policies even suggest a temperature rise of +2.6 °C by 2100. Not all countries are equally affected by this trend.

For Switzerland, such a scenario could mean a temperature rise of nearly 5 °C [according to the official MeteoSwiss website](#), with the country warming at twice the global average rate. Coincidence or not, [another UN report](#) reveals that tackling air pollution and climate change simultaneously could boost global GDP by 2.8% by 2035 and by 4.5% by 2050. The 25 measures identified (renewable energy, electric vehicles, cleaner cooking methods, etc.) would cost around 0.7% of global GDP over the next decade but would generate some 15 dollars in economic benefits for every dollar invested, thanks to reduced healthcare costs, increased labour productivity and damage prevention.

The report also estimates that delaying action by one year would result in forfeiting more than 1500 billion dollars in benefits per year. It also emphasizes that climate change and air pollution share many common causes.

Meanwhile, the US Environmental Protection Agency – which has perhaps never been so ill-named – [has announced the repeal of greenhouse gas emission limits](#) applicable to fossil-fuel power stations. It is reversing the rules adopted under the Biden administration, which

required existing coal-fired power stations and new gas-fired power stations to significantly reduce their CO₂ emissions from the 2030s onwards. The fossil fuel industry has welcomed the decision, while environmental organisations are preparing legal challenges.

This does not prevent the anti-ESG campaign from continuing in the United States either. Unsurprisingly, [the US Securities and Exchange Commission \(SEC\) has proposed repealing Rule 14a-8](#), which allows shareholders of listed companies to submit resolutions for a vote at the annual general meeting, particularly those relating to sustainability or governance. While the Commission justifies its proposal by arguing that this rule exceeds its remit and encroaches on state legislation, its chairman [had previously stated](#) that the aim of repealing it was to “depoliticise general meetings”, citing ESG resolutions that “take up a significant amount of management’s time and impose costs on the company”.

On 4 September, [the SEC also took legal action](#) against the proxy advisory firm ISS in a Pennsylvania federal court. The SEC accuses ISS of failing to provide all the requested documents regarding its recommendations and voting activity, while ISS argues that this request raises First Amendment issues and could expose the firm and its clients to retaliation for their votes.

In the European Union (EU), companies issuing ESG ratings will in future be required to obtain authorisation from the European Securities and Markets Authority (ESMA). The new regime, which came into force on 2 July, imposes transparency and organisational separation requirements on ESG rating providers, who must notify ESMA of their intention to apply for authorisation by 2 November. According to [an article \(behind a paywall\)](#) in Responsible Investor, 109 providers had already come forward by mid-September, 90 of which are based in the EU.

The Haute école de gestion (HEG) in Geneva has published [its CSR Barometer 2026](#), which measures trends in sustainability and decarbonisation practices among local SMEs. Conducted every two years by students, this study shows a growing commitment. Indeed, none of the analysed organisations now lack a CSR approach, and 82% have a formalised policy. However, a gap remains between rhetoric and practice, particularly in the social and governance areas, while the environment and decarbonisation are becoming a priority.

On 16 September 2026, the IMD moved [its “AI Safety Clock”](#) forward from 23:42 to 23:45. Never had the clock, intended to mark the time when AI spirals out of control, been so close to midnight. The IMD explained this change by the fact that autonomous agents have crossed a threshold: they can now carry out transactions, use computers, retain permissions and sometimes act beyond their remit. Meanwhile AI is becoming embedded in the physical world, critical infrastructure and the military. This autonomy became apparent in July 2026 when 1200 OpenAI agents, which were supposed to operate in isolation, discovered an unauthorised forum where they exchanged more than 70'000 messages and files. A further 700 agents took part in the attack on Hugging Face. They also coordinated attempts to circumvent evaluation systems and sought to alter or conceal their traces.

On 23 September, Germany published its climate [roadmap](#) to phase out fossil fuels by 2045 at the latest. The plan aims to increase the share of renewable energy in electricity generation from 55% to 80% by 2030, with an additional 12 GW of onshore wind power and a target of 215 GW of solar power. The plan also reaffirms the phase-out of coal by 2038, or even as early as 2035, and aims to reduce methane emissions – a greenhouse gas 80 times more potent than CO₂ – by 30% by 2030, in line with the global commitment made in 2021. Germany thus becomes the third major developed economy to publish such a roadmap, following France and the Netherlands, in the wake of a [major international conference](#) held in Colombia last April, where participants committed to presenting plans for a complete phase-out.

According to [a half-yearly study](#) by Morgan Stanley, sustainable investment funds outperformed in the first half of 2026, with a median return of 4.9% compared with 4.0% for traditional investment funds. The performance is even more striking over the long term. A hypothetical investment of 100 dollars in a sustainable fund in December 2018 – when Morningstar's classification was launched – would thus be worth 171 dollars today, compared with 159 dollars in a traditional fund, assuming that the median returns were achieved in each period.

Finally, FTSE Russell's [annual survey](#) on sustainable investment, conducted amongst 402 asset owners from 24 countries, indicates a return to pre-2022 levels. Thus, 84% of respondents now incorporate sustainability into their investment strategy, compared with 73% in 2025. Integration is also taking hold in portfolios: 51% apply sustainability criteria to more than half of their assets, compared with 26% last year. Governance, taxation and shareholder rights are becoming the priority (32% of respondents, compared with 18% in 2025), particularly due to concerns about the governance of AI giants. Physical climate risk has also increased (from 19% to 26%). A quarter of respondents rate their concern as 10 out of 10, compared with 11% last year, and 52% factor it into their strategic asset allocation, compared with 36%.



PROXY SEASON UPDATE

In September, Perrot Duval held an extraordinary general meeting, during which 83.7% of shareholders approved the company's reverse takeover with Infomaniak. This marked the initial public offering (IPO) of the Geneva-based company, which specialises in web and cloud hosting services and is strongly committed to data protection, digital sovereignty, and the environmental sustainability of its data centres. Ethos recommended approving the merger. It also accepted, on an exceptional basis, the structure with preferred voting

ENGAGEMENT UPDATE

In September, the Ethos Foundation joined [the “Healthy Markets” initiative](#), a collaborative engagement campaign coordinated by ShareAction and involving around ten major food and drink companies. Obesity and poor diet are among the main public health challenges, and a few companies have considerable influence over dietary habits. They therefore have a responsibility to respect the right to sufficient and nutritious food. For investors, the stakes are also financial, as stricter regulations and changing consumer expectations expose companies that are slow to adapt to financial risks. Through dialogue, questions at annual general meetings and, where necessary, shareholder resolutions, the coalition is calling on the targeted companies – including Nestlé – to promote healthier products and to set measurable targets to improve the nutritional quality of their product ranges. The coalition is also urging them to limit the marketing of products that are too high in fat, sugar or salt, particularly to children, and to publish nutritional data on their products. The dialogue with Nestlé has already borne fruit, as the company has significantly improved its transparency on the nutritional quality of its product portfolio. It must now set itself ambitious improvement targets.

In addition, the Heartland Initiative and TrustWorks Global have published a guide for investors on conflict-affected and high-risk areas (CAHRAs), which the Ethos Foundation [has officially endorsed](#). Companies operating in these regions face risks that traditional ESG frameworks do not always capture, such as complicity in human rights violations, exposure to sanctions, or reputational damage. However, few investors have a method for detecting these risks. This [practical guide](#) enables investors to identify and prioritise these risks within their

rights, as it benefits a public-interest foundation that guarantees the group's independence and digital sovereignty.

The month also saw Leonteq's extraordinary shareholders' meeting, convened in particular to resubmit the discharge for the 2024 and 2025 fiscal years. These items had been withdrawn at the last minute from the agenda of the April meeting due to opposition from Ethos among other things. This time, since the board had scheduled two separate votes, Ethos recommended rejecting the discharge for 2024 – the year in which the violations sanctioned by FINMA occurred – but supporting the discharge for 2025, given the implementation of the measures ordered by the regulator and the renewal of the management team and the board. Ethos also opposed the two shareholder resolutions: a share buyback programme of up to 100 million francs, deemed premature given the financial situation, and variable equity-based compensation for the board of directors, which runs counter to the principles of good governance. However, shareholders approved the share buyback (82.8%) and the board's variable compensation (63.1%), as well as the 2024 and 2025 discharges (96.4% and 98.1% of the votes, respectively).



portfolios, and then engage in dialogue with the relevant companies before a crisis erupts.



FIGURE OF THE MONTH

This is how much, in billion Swiss francs, the heatwave cost Switzerland, according to [a study by the Swiss Cities Association](#) on the loss of labour productivity for the period from June to August 2026. Moreover, this calculation stops at the end of August and does not take into account infrastructure failures or other economic consequences such as premature deaths. For comparison, a benchmark study by ETH Zurich estimates heat-related labour productivity losses during an average summer at around 665 million francs. The median figure calculated for 2026 is therefore around three times higher.



Credit: Jadranko Marjanovic

QUOTE OF THE MONTH

“We do not have the luxury of time, but we do have the knowledge, the capabilities and the solutions needed to change course. It is essential to accelerate action to return to the safe operating space for all planetary boundaries in order to protect lives and livelihoods, and to fulfil the promise of shared future prosperity”, said Johan Rockström, director of the Potsdam Institute for Climate Impact Research (PIK) and co-author of the report [Planetary Health Check 2026](#).

ETHOS NEWS UPDATE

On 15 September, the Ethos Foundation launched its [new advanced training module](#) focused on institutional investors' climate strategies. The module is primarily intended for pension funds representatives who manage assets over the very long term. It helps participants understand the economic and financial implications of climate change and then identify the tools available to investors – and thus to pension funds – to effectively manage these challenges. Following a brief introduction to the various climate-related risks (physical, operational, regulatory, legal, etc.), the module outlines concrete measures investors can take to address them, illustrated with numerous examples and accompanied by practical advice. The Ethos Foundation will also have a strong presence at the Building Bridges 2026 conference, which will take place in Geneva from 6 to 8 October. On Wednesday, our director Vincent Kaufmann will participate in [a session on the “pension paradox”](#): how can we guarantee returns in today's world without compromising the future of coming generations? The session will tackle this issue by examining what the numbers reveal, what fiduciary duty

means when systemic risk dominates, and what a pension system designed for the 21st century might look like. On Tuesday, our Head of Engagement, Matthias Narr, will participate in [a workshop on rising inequality](#) and the means available to the financial sector to address it.

PRESS REVIEW

- [Der Fall Sunrise lässt aufhorchen: Erfasst die KI-Entlassungswelle die Grosskonzerne?](#) (NZZ, 26.09.26)
- [« Nous n'avons plus d'autre choix que de nous adapter au changement climatique », entretien avec Vincent Kaufmann, directeur de la Fondation Ethos](#) (SwissPowerShift, 25.09.26)
- [Reporting climatique: les règles s'allègent, pas les besoins](#) (L'Agefi, 17.09.26)
- [Reporting semestriel: le pari contesté des Etats-Unis](#) (L'Agefi, 17.09.26)
- [Klima-Label findet bei Banken nur langsam Anklang](#) (AWP 02.09.26)

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