

Turning point

ETHOS NEWSLETTER ON GOVERNANCE AND SUSTAINABILITY



EDITORIAL : When good governance is sent to Mars ?

Just before the heatwave scorching Europe began – a heatwave which even led to [the cancellation of a conference](#) in London about adapting to extreme heat [sic] – another event had set June alight: the IPO of SpaceX, the space venture of trillionaire Elon Musk. An IPO that made many investors' eyes spin and went to their heads.

However, from a governance perspective, SpaceX is a textbook example of almost everything an investor should avoid: A dual-class share structure that guarantees the founder over 80% of the voting rights for just 42% of the share capital; a dual role as CEO and chairman that gives him full control of the rocket; and limited recourse for investors wishing to take legal action against directors or to table shareholder resolutions on governance issues. Documents relating to the IPO also indicate that Elon Musk's removal as CEO would require his own consent!

Even worse, Elon Musk already holds voting rights on shares he may receive under long-term incentive schemes, subject to performance criteria – shares that he therefore does not yet own. This is unprecedented in Ethos's experience. Not to mention the controversies surrounding the company's activities, starting with the environmental impact of rocket launches.

For Ethos and all corporate governance experts, such a concentration of power clearly poses an enormous risk to minority shareholders. In practice, they find themselves without any real countervailing power. They can neither remove a failing executive, nor hold the board of directors to account, nor assert their rights in court or through resolutions. Should a decision prove to be contrary to their interests, be it a transaction with a company linked to the founder, for example, excessive remuneration, or a costly and uncertain strategic gamble, such as data centres in space, they would have no choice but to accept it or sell their shares.

Despite all these bright red warning lights, the company can count on a shareholder base of individual investors who are committed to the entrepreneur's cause and prepared to invest whatever the cost. As for passive funds, which simply track indices – and which are favoured by institutional investors such as pension funds – they have little choice but to invest in SpaceX, particularly as the company is expected to be included in the Nasdaq's flagship indices very soon.

The Nasdaq has, in fact, amended its rules to allow highly valued technology companies to enter the major benchmark indices swiftly and tap into the deep pockets of these funds. Nevertheless, those who board the rocket will now do so with full knowledge of the facts. While the take-off promises to be spectacular, no one knows where or in what condition the craft will eventually land. Ethos, like others, will at least have the merit of highlighting the turbulent zone before the great leap into the unknown.



LATEST NEWS

In early June, Swiss Sustainable Finance (SSF) published [its annual report](#) on the sustainable investment market in Switzerland. These investments have grown by 3% year-on-year to reach 1'940 billion francs, a level similar to the peak seen in 2021. Around half of the assets under management in Switzerland incorporate ESG criteria without being marketed as sustainable. According to SSF, this reflects a certain reluctance to communicate publicly about these commitments ('greenhushing') and the fact that the sector acts more than it communicates.

At a time when Europe was suffering a record-breaking heatwave, the annual report [Banking on Climate Chaos 2026](#), published for the past 17 years by a group of NGOs including Reclaim Finance, revealed that major international banks remain addicted to fossil fuels. In 2025, for the second year running, funding for oil and gas companies rose to 906 billion US dollars, an increase of 8% year-on-year. Nearly 508 billion US dollars was spent on oil and gas expansion (+27%). The United States accounts for most of the funding for new oil and gas projects, while China accounts for funding for coal-related projects.

[A Share Action study](#) focusing on the insurance sector reveals that the major players in the sector are still doing too little to address current environmental and social challenges. For example, 33% of the 40 insurers analysed still impose no underwriting restrictions on coal mining or coal-fired power stations. As for the expansion of conventional oil and gas activities, it remains almost entirely insurable, with 73% of insurers imposing no restrictions on new projects.

Meanwhile, in Brussels, lobbying by the oil majors appears to have borne fruit. On 24 June, the Council of the EU unveiled its position on the revision of the Sustainable Finance Disclosure Regulation (SFDR). Unlike the European Commission, the Council wishes to allow 'transition' funds – intended to finance the transformation of companies that are major greenhouse gases (GHGs) emitters – to invest in the fossil fuels sector, subject to two conditions: companies must devote 20% of their capital expenditure (capex) to activities aligned with the taxonomy, and must have made verified commitments to reduce their GHG emissions (scopes 1 and 2).

However, according to [an article \(behind a paywall\)](#) by Responsible Investor, TotalEnergies has increased its efforts to ensure that transition funds can continue investing in companies that, like itself, are continuing to expand their fossil fuel operations. This is all the more alarming given the current heatwaves and their impact on the natural world. We must now await the European Parliament's position on the text revision. More than 600 amendments have been tabled by members of the European Parliament and will need to be discussed by 15 July.

The [CDP has announced](#) a significant investment from the private equity firm Permira, as well as a restructuring that will split the organisation into two: a commercial entity providing environmental data and disclosure services, and a charitable entity responsible for promoting its strategic principles. Founded in 2000, CDP manages a global system for the disclosure of environmental information, used by investors to assess organisations' environmental performance in key areas of environmental sustainability. By 2025, more than 22'000 companies had disclosed data via CDP.

The Science Based Targets initiative (SBTi) has published version 2.0 of its '[Corporate Net-Zero Standard](#)', the benchmark for assessing and certifying companies' climate commitments. The main change is a 'best efforts' framework that allows companies to remain compliant even if they do not meet their targets, provided they use 'all available levers to promote emissions reductions' and are transparent about the obstacles to implementation and mitigation measures.

EFRAG [estimates](#) that the number of non-European companies subject to the CSRD will fall by around 88%, from 10'000 to 1'200, following the 'Omnibus' simplification reforms. It has resumed its work on the sustainability reporting standards applicable to these companies, with a consultation scheduled for July. The raising of the thresholds significantly reduces their obligations, while the new standards will focus on sustainability impacts rather than the broader approach (impacts, risks and opportunities) required of EU companies. It plans to finalise its technical advice and submit it to the European Commission by January 2027.

GOOD NEWS

As we have written here on several occasions, salvation may well come from the courts in the face of the anti-ESG movement spearheaded by the US administration. This is precisely what happened on 15 June, when the [US Court of Appeals](#) dismissed the administration's appeal against the annulment of the presidential executive order freezing the granting of federal permits and leases for wind power projects. As a result, the administration withdrew its appeal and abandoned its attempt to block these projects across the United States. Democratic states see this as one of the most significant legal victories in response to the White House's campaign against the energy transition. The legal action was initiated in May 2025 by a coalition of attorneys general from 17 states and Washington D.C., led by New York's attorney general. The court upheld the 8 December ruling that declared the executive order unlawful, stating that the blanket ban on wind farm projects was 'arbitrary and capricious' and exceeded the president's powers.

Meanwhile, ten Republican lawmakers have spoken out against the anti-ESG backlash sweeping through their own ranks, arguing that political interference in investment decisions threatens the free market. In [a letter](#) to the House of Representatives leadership dated March, but only recently made public, they urged the party leadership to defend 'freedom to invest' in the face of federal and state measures influencing capital allocation, notably the ever-increasing number of anti-ESG laws in Republican-led states. 'When the government dictates to investors which risks they can take into account, it is not protecting the market, it is distorting it,' said Pat Harrigan in [a press release](#).



PROXY SEASON UPDATE

Although our annual study of the AGM season in Switzerland had already been finalised (see below), Interroll published the voting results from its AGM. These results would certainly have featured in the ranking of the year's most contested meetings. Ten agenda items received less than 90% support. The remuneration report was narrowly approved with 50.6% of the votes, while the sustainability report received only 82.4% of the votes. It should be noted that Ethos had recommended voting against both of these agenda items.

ENGAGEMENT UPDATE

The revision of the European Union Emissions Trading Scheme (EU ETS) is being negotiated intensively in Brussels, ironically under a blazing sun. On 10 June, 49 institutional investors representing 13'100 billion euros in assets – including Ethos, members of EEP International and clients of Ethos Engagement Services – called on European leaders to preserve a robust and predictable EU ETS. Published ahead of the July review and the European Council meeting on 18–19 June, their [statement](#) calls for the carbon market to be maintained as a credible long-term investment signal.

The investors point out that the ETS has reduced emissions in the covered sectors by around 50%. They are calling for the next phase to strengthen the price signal and ensure a clear long-term carbon pathway, in order to give companies the certainty they need to invest in electrification, industrial transformation and clean technologies. The investors also advocate the better use of ETS revenues (250 billion euros since 2013), of which less than 10% has been allocated to industrial decarbonisation. They wish to see this imbalance corrected during the next review.

In the United States, the entirely virtual AGM of Palantir, a company specialising in surveillance software, lasted no more than 20 minutes. 'A good way for the company – one of whose main clients is the US government and its security agencies – to avoid awkward questions,' Novethic points out in [an article \(behind a paywall\)](#). Several investors had indeed questioned Palantir about the human rights risks posed by the use of its technologies. Of the three shareholder resolutions on the agenda, two specifically addressed this issue. The third, tabled by the City of New York's pension fund, focused on the company's funding of political parties. All three resolutions were, however, rejected by the shareholders.

Finally, [a post](#) published on the Harvard Law School Forum on Corporate Governance examines the specific context of the 2026 AGM season in the United States. For the past 15 months, the Trump administration has been waging a coordinated offensive that erodes shareholders' rights and climate transparency mechanisms. This has involved scrapping the SEC's disclosure rule, weakening proxy advisers, and making it easier to exclude ESG resolutions. Against this backdrop, voting in favour of climate-related resolutions is no longer merely an act

The response from industry swift. Four major European companies – steelmakers ArcelorMittal, ThyssenKrupp, Voestalpine, and chemicals firm BASF – wrote to the President of the European Council demanding an immediate freeze on the ETS. They deem the ETS ‘unbearable’ for an industry already weakened by high energy prices. Their argument is that the EU is acting alone on climate change, with carbon prices at nearly 75 euros per tonne, while the US and China are pulling back. They are calling for an overhaul of the system and an extension of the Carbon Border Adjustment Mechanism (CBAM); failing that, they are threatening factory closures and job losses.

However, [an article \(behind a paywall\)](#) in Politico highlights a contradiction: these same companies have benefited massively from free allowances (3.8 billion euros for ArcelorMittal in 2023, 1.8 billion euros for ThyssenKrupp and 795 million euros for Voestalpine), even though ArcelorMittal alone accounts for a third of the European steel industry’s emissions. An internal Commission report is even said to forecast an additional €4 billion in free allowances between 2026 and 2030.

of long-term financial risk management; it is also a political signal to regulators that investors intend to safeguard their rights and the financial materiality of climate-related issues.



FIGURE OF THE MONTH

According to [a study](#) by the London Stock Exchange Group (LSEG), the market capitalisation of all ‘green’ companies worldwide has recently exceeded 10’000 billion dollars, making it the third-largest sector, ahead of healthcare and just behind technology and industry.

As shown in the press review below, there has been a wealth of news concerning Ethos during June 2026.

On 23 June, Ethos published its [annual study](#) on the annual general meeting season for companies listed in Switzerland. This covered voting results, the level and structure of remuneration, the composition and independence of boards of directors, and the quality and transparency of sustainability reports. In total, Ethos scrutinised 172 companies in the SPI index for which voting recommendations had been issued as at 31 May 2026. As in recent years, the picture is mixed: while progress is evident, it remains insufficient and confirms that practices only change in a sustainable manner when supported by a legal framework and when pressure from shareholders and engaged investors is combined.

At a press conference held in Zurich on the same day, Ethos took presented its [position paper](#) as part of the consultation process being conducted by the Federal Council until 9 July on its draft federal act on sustainable corporate governance (an indirect counter-proposal to the popular initiative for responsible multinationals 2.0). Ethos welcomes the significant progress made in the areas of sustainability reporting and the introduction of a duty of care for companies of a certain size. Ethos is also pleased that the draft has incorporates one of its proposals: formalising the rejection of a sustainability report by shareholders, thereby making the vote at the general meeting de facto binding. Ethos is, however, concerned about the proposed revision of the thresholds, which would mean that a significantly smaller number of companies than at present would be subject to sustainability reporting obligations. To enable investors to continue incorporating sustainability information into their investment processes and to assess the full range of risks in their portfolios, it is essential that listed companies remain obliged to publish sustainability indicators. Ethos proposes, however, that the law provide for differentiated reporting obligations based on company size.

The other development at Ethos this June was [the update](#) to its sector-specific exclusion criteria. More specifically, it was decided to formally exclude fossil fuels from its investment solutions (funds and indices). This forms part of the climate strategy adopted in 2022 and enables Ethos to align its practices with the new European regulations on responsible investment. It should be noted that most of the companies concerned were already excluded due to their involvement in major ESG controversies.

Finally, on 17 June, the Ethos Foundation and Ethos Services held [their respective annual general meetings](#) in Bern. The members of the Foundation and the shareholders of the public limited company approved all items on the agenda. In particular, Mr Christian Petit was newly elected as a member of the Ethos Services board of directors.

PRESS REVIEW

- [The new scam of the profiteers](#) (SonntagsZeitung, 28 June 26)
- [Swiss companies not sustainable enough](#) (SRF, 26 June 26)
- [Switzerland: CEO+salaries up by 29%](#) (SRF, 26 June 26)

- [The Novartis CEO earns in one day what the average Swiss person earns in a year](#) (Tribune de Genève, 24 June 26)
- [“There has been a normalisation of excesses,” says the head of Ethos on the salaries of Swiss top executives](#) (NZZ, 23 June 26)
- [Salaries of top Swiss executives have soared by 30% in five years](#) (RTS, 23 June 26)
- [Ethos: A pre-emptive defence to limit the damage](#) (finews.ch, 23 June 26)
- [Ethos excludes companies banking on the expansion of fossil fuels](#) (L'Agefi, 16 June 26)
- [SpaceX's IPO smashes all records](#) (RTS, 12 June 26)
- [Time's up for Swatch?](#) (Financial Times, 06.06.26)
- [Ethos formally excludes fossil fuel companies after failure to effect change](#) (IPE, 12.06.26)

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The company **Ethos Services** conducts advisory mandates in the field of socially responsible investment (SRI). Ethos Services offers institutional investors a wide range of SRI-funds. The company also provides analyses of general meeting agendas including voting recommendations, shareholder engagement programmes, as well as sustainability and corporate governance ratings and analyses of listed companies. Ethos Services is owned by the Ethos Foundation and several of its members.

