CENTRE DE DROIT
BANCAIRE ET FINANCIER

**Sustainable corporate governance**

# The Swiss *status quo* and European perspectives

Par Sonia De la Fuente le 30 April 2025

In its press release of 21 March 2025, the Federal Council reported on the results of the consultation procedure on the partial revision of the regulations on non-financial reporting and due diligence obligations for companies, which ended in October 2024.

The Federal Council reaffirms its commitment to bringing Swiss law into line with international standards. However, in view of recent legislative developments in the EU, Swiss companies will have to wait before they know what will happen to the draft revision of Articles 964a et seq. of the Swiss Code of Obligations. A deadline of spring 2026 has been set for the Federal Council to decide on the next steps for the preliminary draft.

### A. Preliminary draft and results of the consultation procedure

In June 2024, the Federal Council launched a consultation procedure on non-financial reporting requirements. The aim of this move was to bring Swiss law into line with international regulatory developments, particularly in Europe.

The main changes envisaged include the following :

- Extension of the scope of companies affected (i) by lowering the threshold for the number of full-time employees to 250 (currently 500) and (ii) by including all companies of public interest (e.g. listed companies, banks and collective asset managers), and removing any minimum threshold requirements in terms of employees or financial results (Art. 964a AP-CO) ;
- clarification of the content of the sustainability report and introduction of new topics such as the description of the main negative impacts (actual or potential) related to the company's activities and its value chain (Art. 964c AP-CO) ;
- abandonment of the comply or explain principle (current 964b para. 5 CO) ;
- requirement for an audit by an independent third party (auditing company or compliance assessment body) (Art. 964c bis AP-CO).

The results of the consultation procedure reflect contrasting views. Many participants agreed with the principle of revising the current legislation, but called for significant changes to the draft bill in order to make the proposed regime more flexible.

The arguments in favour of a lighter revision are mainly economic. Between the desire to spare

SMEs (which account for some 99 % of companies in Switzerland) and the rejection of any form of Swiss finish, opponents fear the creation of a competitive disadvantage. More broadly, the costs and benefits of the new regime are being questioned. This position is echoed by developments in the EU.

**B. European context**

Following the Draghi Report on EU competitiveness, published in September 2024, the European authorities decided to take measures to lighten sustainability regulations. According to the Draghi Report, sustainability reporting and due diligence requirements are hampering the growth and competitiveness of European businesses due to the excessive costs associated with these regulatory requirements.

As part of the Competitiveness Compass, the European Commission has therefore presented an omnibus legislative package aimed at simplifying three key sustainability regulations : the Taxonomy Regulation, the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Due Diligence Directive (CSDDD).

The first part, adopted in April, suspends the implementation deadlines pending consideration of the proposed amendments. The second part, concerning the fundamental revision of the texts, will be examined in 2025 for adoption in 2026.

**C. Sustainable management of Swiss companies**

The Omnibus Package affects Swiss companies directly or indirectly :

- Companies currently subject to the CSRD, CSDD or Taxonomy Regulation will see their reporting and due diligence obligations reduced. Some may even be exempted from CSRD obligations due to higher eligibility thresholds : 1,000 employees (instead of 250) and higher financial thresholds (turnover and balance sheet) for non-European companies.
- Swiss companies integrated into the supply chain of entities subject to the CSDDD could in future escape this legislation. This is because the revised Directive limits due diligence obligations, with some exceptions, to direct suppliers only and restricts the information required to that defined by the voluntary sustainability standards for unlisted SMEs (VSME).
- Switzerland’s sustainability strategy is closely linked to developments in Europe. The outcome of the Omnibus Package procedure will therefore influence the next steps for the draft bill. In particular, if Switzerland adopts the new CSRD materiality thresholds, many large Swiss companies would likely already be covered by this directive, rendering the Swiss requirements partially redundant.

In the short term, the changes initiated in the EU could weaken initiatives such as the Initiative 2.0 on responsible business.

However, we believe it is premature to conclude that the Omnibus Package signals the end of the EU’s or Switzerland’s sustainability ambitions. The draft revision certainly represents a significant readjustment of the European approach pursued to date. Less comprehensive and detailed, the new strategy focuses on large companies and provides for reduced reporting and due diligence requirements.

However, the European regulatory framework on sustainability remains considerably better defined than Swiss law. If Switzerland pursues its goal of harmonisation in the area of sustainability, we believe that the discussions surrounding the draft bill remain highly relevant.

---