

# Swiss Legislation on Non-Financial Reporting and Human Rights Due Diligence



In Switzerland, the Responsible Business Initiative (a coalition of NGOs) filed a popular initiative, which suggested amending the Constitution to impose non-financial reporting and human rights due diligence (HRDD) obligations for companies based in Switzerland. The initiative was rejected by popular vote, following which the milder version of the Parliament's indirect counter-proposal suggesting amendments to the Swiss Code of Obligations and Swiss Criminal Code has entered into force in January 2022.

## 1. Non-Financial Reporting

The reporting obligation applies to public companies and large financial institutions with at least;

- 500 employees and
- a balance sheet total of more than CHF 20 million in two consecutive financial years or
- a turnover of CHF 40 million in two consecutive financial years.



Reporting obligations cover all companies (either Swiss or foreign) that are under sole or collective control of the company subject to this obligation.

Companies are required to report annually on non-financial issues, more specifically concerning the following:

- environment,
- social issues,
- labour rights,
- human rights abuses, and
- anti-corruption.

The following elements should be included in reporting:



- A description of the business model and policies adopted including the due diligence applied



- Information on the measures taken to implement these policies and an assessment of the effectiveness of these measures



- Identification of significant risks from companies' own activities, business partners, products and services along the value chain



- Outcome of policies and key performance indicators

Reporting obligation is subject to a 'comply-or-explain' basis.



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business and human rights association



## 2. Human Rights Due Diligence (HRDD)

HRDD obligations apply to companies that have a registered office, central administration or principal place of business in Switzerland and;

- that carry out operations concerning minerals and metals in conflict-affected and high-risk zones (above certain import or processing quantities of tin, tantalum, tungsten or gold),



or

- that offer products or services for which there is "reasonable suspicion" that they were produced or provided using child labour.



HRDD obligations for conflict minerals and child labour risks require companies to:



- Adopt an HRDD policy for their supply chain



- Set up a monitoring system



- Identify and assess human rights risks throughout their supply chain



- Adopt a risk management plan

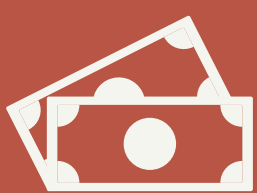


- Take measures to prevent or mitigate human rights risks

Superior management or the governing bodies are required to prepare and publish an annual report on compliance with the HRDD obligations.

### Exemptions from HRDD obligations:

- (1) Activities concerning import and processing of recycled metals
- (2) SMEs, unless they offer goods or services with a confirmed use of child labour
- (3) Companies that procure goods and services only from countries with a low risk of child labour (as per UNICEF's Children's Rights in the Workplace Index)
- (4) Companies that comply with the international standards on conflict minerals and child labour



Failure to comply with the non-financial reporting and/or HRDD obligations may result in a fine of up to CHF 100,000.



No reference is made to civil liability provisions for non-compliance with these obligations.