

Insight

The Swiss Corporate Sustainability Act - Federal Council proposes milestone Swiss sustainability legislation

On 1 April 2026, the Swiss Federal Council initiated a public consultation on the draft Federal Act on Sustainable Corporate Governance (“**CSA**”).^[1] The new law is an indirect counterproposal to the second Responsible Business Initiative, which the Federal Council proposes to reject in favour of the CSA. We present the key changes the CSA would introduce and make a first assessment.

Key takeaway: *The CSA aligns Swiss sustainability reporting and supply chain due diligence to the EU directives (CSRD and CSDDD). The number of companies in scope will drop from ca. 230 to ca. 100 companies. On the other hand, the companies in scope (the largest Swiss companies, whether listed or not) will be subject to enhanced diligence and reporting standards, government supervision, a new sanctions regime and potentially increased liability.*

The Responsible Business Initiative 2.0 and its effects on Swiss law making

Five years ago, the first “*Responsible Business Initiative*” won the popular vote, but failed to secure a majority of cantons. This led to the entry into force of the counterproposal of the Swiss Parliament on 1 January 2022 (see our [24 May 2023 Insight](#)). The counterproposal introduced non-financial reporting and sectorial supply-chain due diligence into Swiss law.

Unsatisfied with the counterproposal, a coalition of 90 civil organizations successfully initiated a new **Responsible Business Initiative (“RBI 2.0”)** which proposes to introduce new due diligence obligations and clarify the liability of companies in Switzerland, along with the establishment of a new governmental supervisory body, equipped with enforcement and sanctioning authority.

As an alternative to the RBI 2.0, the Federal Council drafted the CSA and opened the public consultation process on 1 April 2026.

For the Swiss Federal Council, the draft ensures that large Swiss companies will respect human rights and protect the environment, while allowing them – and SMEs – to remain competitive on domestic and foreign markets.

CSA key points:

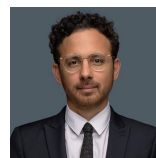
The scope is aligned to the EU Corporate Sustainability Due Diligence Directive (“**CSDDD**”) and the Corporate Sustainability Reporting Directive (“**CSRD**”):

- Swiss undertakings with globally more than 5,000 full-time employees and a turnover of more than CHF 1.5 billion are subject to human rights and

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environmental due diligence obligations. The ca. 30 largest Swiss companies will be in scope.

- Swiss undertakings with globally more than 1,000 full-time employees and a turnover of more than CHF 450 million are subject to sustainability reporting. Ca. 100 Swiss companies will be in scope.

New duties:

- Undertakings subject to the due diligence obligations are required to conduct a risk-based verification of their global operations, including business partners in their supply chain regarding actual or suspected negative impacts on compliance with international human rights and environmental protection rules. Required are a due diligence strategy, Code of Conduct, risk management system with risk assessment, risk treatment and remediation, a reporting system, support to SME supply chain business partners and continual monitoring.
- Undertakings in scope of the due diligence obligations must document their efforts and the Board of Directors must publish annual reports.
- For companies in scope of the sustainability reporting obligations, the current regulation in Art. 964a et seq. is transferred to the CSA. They must publish annual reports on the (current) matters: Environment, including net-zero target by 2050 at the latest, social/employees, human rights, governance/combating corruption. The specific duties are thus more detailed: Board sustainability competence, sustainability policy, salary incentives for the most senior officers, description of the negative impacts of the business, corrective actions and monitoring of their effectiveness, description of material risks and risk management, and KPIs.
- For sustainability reporting, the EU standards (ESRS) or equal standards must be applied.
- The sustainability reports are subject to mandatory external audit. Also, compliance with the new diligence and reporting obligations is supervised by the new Federal Audit and Sustainability Supervisory Authority ("**FASSA**").
- Sectorial due diligence and reporting obligations under Art. 964j-1 SCO and the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour are maintained but also transferred to the CSA.
- Parent company civil liability: Two options are presented. A first providing for an explicit liability rule in the CSA, under which a parent company would be liable for damage caused by one of its foreign subsidiaries if a breach of the parent's due diligence obligations is proven by the plaintiff. The second would be to include a reference to the SCO in the CSA, confirming the application of the general liability rules under Swiss law. In both alternatives, a conciliation procedure before a dedicated authority would be required prior to any proceedings on the merits.
- The CGA finally provides for sanctions. Criminal: Any person who intentionally makes false statements in the reports or fails to properly prepare, submit or archive them may be punished by a fine of up to CHF 100,000. Administrative: FASSA would notably have jurisdiction to impose pecuniary administrative sanctions reaching up to 3% of the company's worldwide annual turnover. It would also have authority to confiscate profits obtained in breach of the CSA, exclude companies from public contracts for up to five years, and publish its decisions.

Our assessment:

The CSA reflects a clear policy choice to align Swiss sustainability regulation with the EU framework. While the RBI?2.0 was drafted on the basis of the initially planned EU regulations, the CSA translates into Swiss law the EU regime after Omnibus I and II. In this sense, the counterproposal significantly reduces the risk of a regulatory “Swiss finish” compared to the RBI?2.0. As a result, Swiss and EU rules would be largely equivalent with respect to human rights and environmental due diligence obligations as well as sustainability reporting. For internationally active companies, this decreases the risk of diverging regulatory requirements and ensures a level playing field.

The CSA clarifies the civil liability framework for Swiss undertakings.

Overall, the draft CSA confirms that the Federal Council intends to strengthen international human rights and environmental standards and values transparency by way of corporate reporting on sustainability. The alignment with the EU reduces complexity for Swiss undertakings and provides more legal certainty, whilst safeguarding the competitiveness of the Swiss economy. For Swiss companies, we recommend:

- Stay engaged with regard to supply chain due diligence and sustainability: The consultation phase offers a window to shape the final regime. Companies affected directly or indirectly should review the draft and may consider participating in the consultation.
- If your company is in scope: Acknowledge the sharpening of duties and supervision.
- If your company is not in scope: The due diligence and reporting obligations for large undertakings will have an impact on all business partners in the up-stream and down-stream supply chains. You will need to be in a position to assist your clients in fulfilling their diligence and sustainability obligations.
- Prepare for increased compliance and litigation risks: Enhanced due diligence obligations, mandatory audits of sustainability reports, government supervision, and exposure to sanctions of up to 3% of global turnover materially raise compliance and litigation risk.
- Focus on governance and efficient compliance management systems: Robust internal controls, documented risk assessments, and credible remediation mechanisms will be central to limiting both liability and enforcement exposure.

Despite the political and market backlash against sustainability regulations over the few years, the ESG train remains on the legislative agenda. Swiss companies that plan ahead, invest in effective compliance systems, and treat sustainability as a core governance issue rather than a reporting exercise will be best placed to manage risk and remain competitive in this fast-evolving regulatory landscape.

LALIVE is a founding firm of the International Business and Human Rights Lawyers Association and a member of the United Nations Global Compact. Its ESG Focus Group assists companies in navigating these complex regulatory landscapes and achieving focused and efficient compliance with ESG rules, from governance to due diligence, allowing them to best capitalise on opportunities created by the green transition. Click [here](#) for more information on our ESG practice.

References

[1] Swiss Federal Council, Press Release, 2 April 2026, available at the following address:
https://www.news.admin.ch/fr/newsb/UDalr4CV5UX2_sLwdBHN.