

SWITZERLAND'S PROPOSED NEW FRAMEWORK FOR CORPORATE SUSTAINABILITY

On 2 April 2026, the Swiss Federal Council published the preliminary draft for a Federal Act on Sustainable Corporate Governance (*Bundesgesetz über die nachhaltige Unternehmensführung, NUFG*). The draft is a counterproposal to the "Corporate Social Responsibility Initiative 2.0" and is based on the European Union's rules revising the corporate sustainability framework within the European Union (the Omnibus I Package).

The NUFG would significantly reshape Swiss sustainability reporting and due diligence requirements, including the duties for companies, their subsidiaries, and business partners to comply with international provisions for the protection of human rights and the environment. New civil liability provisions would be introduced for large companies failing to meet their due diligence obligations relating to human rights and the environment. Furthermore, a new oversight authority would be established to supervise companies' compliance with their due diligence and reporting obligations.

The Corporate Social Responsibility Initiative 2.0

On 29 November 2020, the Corporate Social Responsibility Initiative, launched by a coalition of human rights and environmental organisations, was narrowly rejected in favour of a counterproposal establishing new sustainability reporting requirements for Swiss companies, which were implemented in art. 964a ff. of

the Swiss Code of Obligations (CO). On 7 January 2025, the same coalition launched a revised Corporate Social Responsibility Initiative 2.0 (Initiative) with the objective of introducing due diligence obligations for large Swiss companies regarding their business practices. The central provisions proposed by the Initiative are as follows:

- Due diligence obligations for large Swiss companies and for companies subject to statutory audit requirements in high-risk sectors, particularly commodity companies, regarding compliance with international provisions for the protection of human rights and the environment in Switzerland and abroad.
- Establishment of an effective and independent supervision authority to ensure compliance with these obligations.
- Civil liability for damage caused due to a violation of the abovementioned obligations.
- Obligation to establish and execute plans for the continuous reduction of greenhouse gas emissions in line with the Paris Climate Accords.

According to the Initiative, these obligations would generally apply to Swiss companies exceeding the thresholds of 1,000 full-time equivalents (annual average) and worldwide revenue of CHF 450 million. Additionally, obligations for smaller companies in sectors with heightened environmental or human rights related risks could potentially be imposed by the Swiss parliament.

An independent oversight authority would be established. Such authority would enforce compliance with the abovementioned obligations and could issue pecuniary sanctions based on the revenue of the companies in scope.

For further information, please consult our legal insight of [September 2025](#) [LINK].

The New Federal Act on Sustainable Corporate Governance

With the draft NUG, the Federal Council substantially follows the demands set out in the Initiative. Additionally, the NUG would align the sustainability reporting rules and due diligence obligations for large companies with the corresponding rules of the European Union in accordance with the Omnibus I Package.

DUE DILIGENCE OBLIGATIONS REGARDING HUMAN RIGHTS AND PROTECTION OF THE ENVIRONMENT

Scope

For a small number of particularly large companies, the NUG would introduce due diligence and additional reporting obligations concerning human rights and environmental protection. These obligations would apply to Swiss companies that, together with their controlled entities, exceed any of the following thresholds in two consecutive financial years: (a) 5,000 full-time equivalents and worldwide revenues of CHF 1.5 billion; or (b) worldwide revenues from licence or franchise agreements of CHF 75 million and worldwide revenues from independent third parties of CHF 275 million, provided these agreements establish a unified brand, business model and standard business practices.

Foreign companies would also be subject to these provisions if they - together with their controlled entities in one financial year - exceed the abovementioned financial thresholds in the Swiss market. These thresholds are aligned with the EU's revised Corporate Sustainability Due Diligence Directive (CSDDD).

Companies that comply with an equivalent, internationally recognised standard on due diligence (such recognised standards to be named by the Federal Council) may be exempt from the implementation procedures of the NUG.

According to the Regulatory Impact Assessment commissioned by the Federal Department of Justice and the State Secretariat for Economic Affairs (SECO), approximately 30 large companies or corporate groups would be directly subject to these due diligence obligations.

Due Diligence Reporting

Those companies subject to due diligence obligations would have to publish a due diligence report electronically within six months after the end of the respective financial year.

The due diligence report would be subject to a limited external assurance by an audit firm licensed under the new provisions of the Audit Oversight Act (AOA). Additionally, the report would have to be filed electronically with the independent oversight authority. This authority could, however, request a reasonable external assurance instead of a limited assurance.

Civil Liability

To enforce compliance, the NUG would introduce an explicit fault-based liability regime for violations of the human rights and environment due diligence obligations. Companies subject to the due diligence obligations that intentionally or negligently violate their obligations would be liable for damages they have caused abroad.

It is worth noting that companies would not be liable for the conduct of business partners – liability would be limited to the

company's own actions and those of its controlled entities. Where multiple companies would be liable for the same damage, they would be jointly and severally liable.

The NUG suggests a relative limitation period of five years from the date on which the injured party gained knowledge of the damage and the identity of the liable person, and an absolute limitation period of 20 years from the date on which the harmful conduct occurred or ceased. These periods would be considerably longer than the general tort limitation periods under Art. 60 CO (three years relative, ten years absolute).

Procedural Matters

Should plaintiffs bring legal action in Swiss courts based on the NUG, the NUG would provide them with a specific mechanism for the disclosure of evidence (*Offenlegung von Beweismitteln*). Plaintiffs may require the defendant company to disclose evidence if the claimant makes a prima facie case for the asserted claim and demonstrates the necessity and relevance of the evidence sought. The court would have to limit disclosure to what is necessary and take appropriate measures to protect the legitimate interests of the opposing party and third parties. This mechanism would go beyond the current document production regime under Swiss civil procedure law.

Disputes under the liability chapter of the NUG would be subject to mandatory conciliation proceedings before a special cantonal conciliation authority. The cantons would have to designate a single special conciliation authority, as well as a single court instance with jurisdiction over liability claims under the NUG.

SUSTAINABILITY REPORTING

Reduced Scope of Application

In addition to the counterproposal to the Initiative, the NUG represents a fundamental revision of the current rules on non-financial reporting in art. 964a ff. CO. Under the proposed new regime, Swiss companies would have to prepare an annual sustainability report if, together with their controlled entities, they exceed the thresholds of 1,000 full-time equivalents (annual average) and worldwide revenue of CHF 450 million in two consecutive financial years. This constitutes a significant change to the current regime that only requires companies of public interest (large listed companies and large FINMA supervised companies) to report on non-financial matters. However, under the new act, the thresholds would become significantly higher, placing only about 100 companies in scope of the sustainability reporting. The new thresholds deliberately track the EU's revised Corporate Sustainability Reporting Directive (CSRD).

Swiss entities controlled by a foreign company and Swiss branches of foreign companies would have to issue a sustainability report if they, together with their controlled entities, generate revenues of more than CHF 450 million in the Swiss market in each of the two preceding financial years.

Companies that: (i) issue an equivalent report under foreign law or (ii) are controlled by companies that issue a Swiss sustainability report or an equivalent report under foreign law, or (iii) are

holding companies are excluded from the scope of sustainability reporting.

Content Requirements

As today, the report would have to cover four sustainability dimensions: environmental factors, social factors, human rights and governance. One of the key changes proposed to current law is that affected companies would have to report on a timeline that they have set for achieving their sustainability goals.

In addition, while the existing law does not prescribe a binding standard for sustainability reporting, the NUGF would require the sustainability report to comply with a standard used in the European Union (i.e., the European Sustainability Reporting Standards, ESRS) or an equivalent standard that is recognised by the Federal Council.

Formal Requirements

The sustainability report would also have to be subjected to a limited external assurance and, in addition, the approval of both the board of directors and the shareholders' meeting. Immediately thereafter, the report would have to be published electronically. To address uncertainties that have emerged in practice under the current rules, the new act would specify that the vote of the shareholders' meeting must be binding, and that in case of rejection by the shareholders' meeting, the published report would have to be labelled accordingly. In addition, the report would be filed electronically with the Oversight Authority.

SUPERVISION AND SANCTIONS

Role of the New Oversight Authority

One of the most consequential structural innovations of the NUGF is the introduction of government supervision over compliance with sustainability due diligence and reporting obligations.

The new oversight authority's key functions would include: maintaining a public register of supervised companies; collecting and publishing sustainability and due diligence reports, as well as the corresponding audit reports; verifying the formal correctness of reports; and conducting risk-based reviews of compliance with due diligence and transparency obligations. The oversight authority could act on its own initiative or act based on complaints.

Administrative Measures and Pecuniary Sanctions

The oversight authority would have at its disposal an extensive catalogue of enforcement measures. Those extend to the transfer of corporate bodies' functions to a third party and compelling the company to reorganise or dissolve the non-compliant controlled entities. The oversight authority could also issue declaratory rulings, order disgorgement of profits, and - for serious or repeated violations - bar companies from public procurement for up to five years.

In addition, the oversight authority could impose pecuniary administrative sanctions of up to 3% of worldwide revenue. For serious violations, the oversight authority could also publish its enforceable rulings.

Criminal Provisions

The criminal provisions in the NUGF would replace the current Art. 325^{ter} of the Swiss Criminal Code. Identical to the current rule, any person who intentionally makes false statements in due diligence or sustainability reports, or reports regarding conflict minerals or child labour, or who fails to file such reports or to retain reporting records, would face a fine of up to CHF 100,000. Criminal liability for negligence would be abolished.

Key Differences between the proposed NUGF and the Initiative

While the NUGF substantially reflects the proposals of the Initiative, the Swiss Federal Council suggests that the NUGF is primarily to align the Swiss framework with the rules in the European Union. The key differences between the proposed NUGF and the Initiative are:

- The NUGF focuses mostly on large companies aligning with the revised increased thresholds in the European Union. In contrast, the Initiative was aligned with the previous version of the CSDDD which featured lower thresholds. In addition, the Initiative would also enable the Swiss parliament to establish similar regulations for smaller companies in sectors with heightened risks.
- Under the NUGF, the oversight authority would be able to issue sanctions only due to violations of the due diligence or the sustainability reporting obligations. By contrast, the Initiative would apply sanctions for any violation of the new obligations. This would also include the failure of a company to comply with its self-defined timeline for the reduction of its greenhouse gas emissions.
- To support potential claimants under the NUGF, the proposed new act provides claimants with certain relief measures for the disclosure of evidence. Meanwhile, the Initiative would leave room for the parliament to establish a stricter liability regime, which could include shifting the burden of proof for intentional or negligent behaviour (or the lack thereof) to the accused company.

Next Steps

The proposal of the Federal Council is subject to a consultation process that runs until 9 July 2026. Thereafter, the Federal Council is expected to prepare a revised draft for presentation to the parliament by 27 November 2026. It is yet to be seen whether there will be a popular vote on the NUGF and it is difficult to estimate the earliest date on which the new law could come into force. We will update interested readers along the way.

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