



Elements of the new Legal Framework for Sustainable Enterprises

Creation of a voluntary opt-in 'Sustainable Enterprises' category in the law

The new legal framework should enshrine the concept of Sustainable Entrepreneurship in Swiss law, by creating a novel category of Sustainable Enterprise, available (but not mandatory) to any for-profit legal figure, and having the following characteristics:

1

As a fundamental principle, it should be clarified that the pursuit of profit does not necessarily, or at least not solely, mean the maximization of financial profits for their distribution to shareholders.

2

Introduction of an obligation, for boards of directors of all companies operating in Switzerland, to take into account the interests of other stakeholders when managing the company.

3

Formal incorporation, in the purpose of the organization, of a commitment to social and environmental goals, comprising the following 9 focus areas*:

Purpose and Governance | Ethical and Anti-Corruption Practices | Human Rights |

Climate Management | Environmental Management | Equal Opportunities

Fair Wages | Health & Well-Being | Community Engagement

Des objectifs élevés pour chacun des 9 domaines sont fournis en Annexe.

4

Mandatory third-party assessment on 1) progress vs. goals in the 9 Focus Areas, and 2) impact on stakeholders such as employees, consumers, suppliers, communities and territories.

5

Obligation to publicly publish, on an annual basis and as part of the annual management reports, the results of the evaluation carried out by a third party. Specific standards should be established taking into account the upcoming European sustainability reporting standards (ESRS), as well as other applicable Swiss and international standards.

6

A mandatory registration of the Sustainable Enterprise in the Swiss Commercial Register, prior to the exclusive use of the designation 'Sustainable Company'.

*These focus areas encompass well-established frameworks and widely recognized initiatives, which serve as reliable benchmarks for progress and excellence in sustainability practices, such as the 2030 Agenda, the principles and practices of the United Nations Global Compact, UNDP's SDG impact standards for businesses, OECD's guidance on due diligence for responsible business conduct, ILO's fundamental conventions, and the ISO 26000 guide on social responsibility. In addition, these areas incorporate valuable feedback that B Lab (Switzerland) has collected from standard-setting bodies and a diverse range of Swiss companies of different sizes and sectors.



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As part of our strategic initiatives, we plan to set up an in-depth consultation process with various stakeholders.

- This includes small and medium-sized enterprises (SMEs), representative economic organizations, and civil society groups.
- The aim of this consultation is to solicit their valuable perspectives and feedback.
- This wide consultation is in line with our commitment to inclusivity and our aspiration to incorporate the views of a broad range of businesses.

Incentives accelerating the transition to sustainable entrepreneurship.

Switzerland already grants tax incentives to companies for specific purposes. For instance, many cantons offer tax incentives for newly established companies or for expansion investments in order to improve their attractiveness as business locations.

Once a category of Sustainable Enterprises has been created, applying smart tax incentives and other incentives would establish a virtuous mechanism of attracting more and more companies to qualify. Examples of incentives include:

- The possibility to deduct the costs incurred in transitioning to Sustainable Entrepreneurship.
- Exemption from the issuance stamp duty, which would make raising capital easier.
- Tax reductions for dividends from Sustainable Enterprises from the income tax.
- Circular VAT or 'net-zero' VAT rates to be applied to goods and services of qualified sustainable enterprises.
- Privileged access, for Sustainable Enterprises, to public procurement contracts and to public training funds destined to digital and sustainability-related workforce upskilling and reskilling.
- Financial support to assist SMEs complying with the upcoming EU Corporate Sustainability Reporting Directive requirements.
- Possible tax incentives aiming at favouring investments in sustainable enterprises in general or at least enterprises which are pursuing specifically identified targets, such as SDGs which are considered as being a priority.
- Other, targeted funding schemes.

Some of these measures will likely require the review of current Swiss accounting norms and nomenclatures. Based on current Swiss accounting standards, for instance, most environmental and social costs are not integrated into SME's financial statements.



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Centralized platform for Sustainable Enterprises

An important element of the legal framework would be the creation of a single electronic platform presenting all relevant information on how to qualify for Sustainable Enterprise status, specific incentives available and eligibility criteria, and a list of registered Sustainable Enterprises for purposes of best practice-sharing and collective activation.

While not part of the Sustainable Enterprise framework, we also recommend that all companies operating in Switzerland should be mandated to consider not just the interests of shareholders but also the interests of other stakeholders - including, but not limited to, employees, suppliers, customers, the community and the environment - when managing the company. This requirement is consistent with current obligations in the UK and France and with the changes introduced in the new voluntary Swiss Code of Best Practice for Corporate Governance, and would complement the existing duty of the Board of directors to “safeguard the interests of the company in good faith” (Art. 717 of Swiss CO).

Furthermore, we see mandatory due diligence requirements regarding human rights, environmental and climate aspects for all businesses, as the basis for sustainable entrepreneurship as practiced by the most forward-looking businesses. As a consequence, our proposal is positioned as a complement to the call for mandatory due diligence requirements in line with the CSDDD.

This summary stems from the proposal developed within our white paper and relies on the expertise gained through a study developed by reputed lawyers.

[🔗 Comparative law study "Companies with a Sustainable Purpose", produced by the Faculty of Law at the University of Geneva](#)

[🔗 White Paper for a New Legal Framework For Sustainable Enterprises B Lab \(Switzerland\).](#)