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The Facts of the Matter Distilled

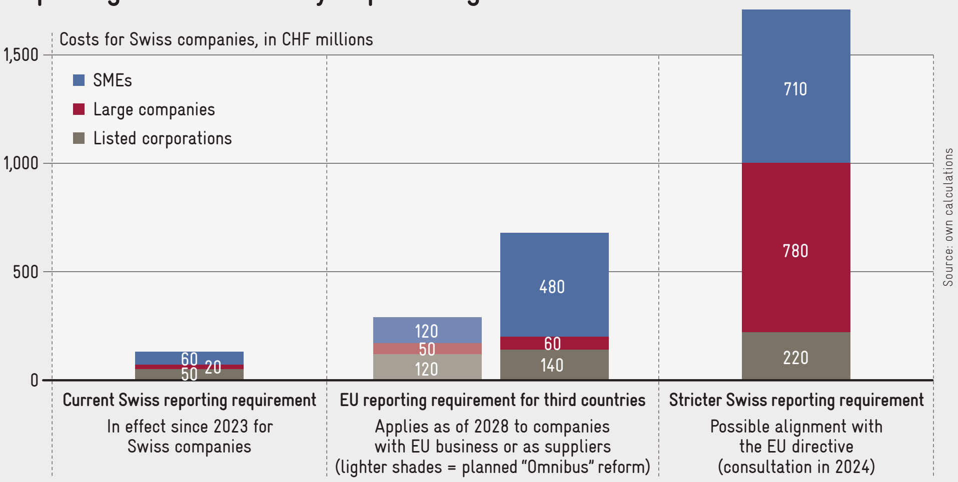
The High Price of Sustainable Bureaucracy

Switzerland's planned alignment of its ESG reporting rules with the EU's directive (CSRD) could cost Swiss companies billions, affecting not only large firms but also many SMEs.

Situation

The Federal Council is considering whether Swiss ESG reporting requirements (environmental, social, governance) should align with the EU's Corporate Sustainability Reporting Directive (CSRD). Switzerland's regulation only came into force in early 2024, yet an expansion is already being discussed: lower thresholds, hundreds of additional data points, and mandatory external audits. Meanwhile, the CSRD itself has been criticized within the EU, and reforms are already being discussed to ease the burden, particularly on SMEs.

Reporting on sustainability imposes high costs



If Switzerland were to adopt the EU sustainability reporting regime, Swiss companies would face annual costs of up to CHF 1.7 billion. Large companies would not be the only ones affected, many SMEs would also be impacted.

Facts

CHF 1.7 bn

If Switzerland were to adopt the EU directive, annual costs for Swiss companies could rise to as much as CHF 1.7 billion. In comparison: the current Swiss ESG regulation costs businesses around CHF 130 million per year.

Costs even without an alignment

Even without adopting the directive, Swiss firms with EU subsidiaries or supplying EU companies will incur significant costs: from 2028, roughly CHF 680 million per year. Planned EU "Omnibus" reforms could reduce that to about CHF 290 million.

Burden for SMEs

The directive's effects reach far beyond multinationals. Many Swiss SMEs integrated into EU value chains as suppliers or business partners would also be affected.

Questionable timing

While the EU is already debating a rollback, Switzerland is still considering full adoption, despite having no legal obligation to do so. Many EU member states have not implemented the regulation yet.

Unclear benefits

Transparency matters, but effectiveness counts more than the number of pages in a report. There is no evidence that stricter ESG obligations deliver measurable environmental or social benefits. No evaluation has been conducted, and more efficient alternatives have not been assessed.

Recommendations

The additional obligations would place a heavy burden on **export-oriented industries** that are already under pressure in a challenging global environment. Before tightening its ESG regime, Switzerland **should first assess the impact and effectiveness** of the regulation already in place. A complete adoption of the CSRD would generate costs in the billions **without delivering proven added value.** What is needed instead is pragmatism. Switzerland should acknowledge international standards but adapt them only where demonstrable benefits justify the costs. Where this is not the case, even the EU now recognizes, **cutting back bureaucracy** is the better way forward.

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