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Disclosure: Switzerland to Require Climate Reporting for Public Companies and Financial Institutions

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Disclosure

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The newly adopted "Ordinance on Climate Disclosures," effective on January 1, 2024, will require large Swiss public companies, banks, and insurance companies to report climate risks using a similar approach to the EU regulatory framework. This announcement follows a consultation that ran from March to July 2022 and is in line with the recommendations published by the Task Force on Climate-Related Financial Disclosures (TCFD). In its **press release** announcing the adoption of the rules, the Swiss Federal Council stated that "large companies' transparency on the climate impact of their activities is a key aspect for the markets to function well and for climate sustainability in the financial sector. To date, Switzerland has lacked clear and comparable climate-related disclosures. The Federal Council intends to make that possible with the new ordinance."

The newly announced Swiss rules will require "public companies, banks and insurance companies with 500 or more employees and at least CHF 20 million [$21 million] in total assets or more than CHF 40 million [$42 million] in turnover" to report publicly on climate issues and publish reduction targets for their direct and indirect greenhouse gas emissions and give details on how they intend to implement them.

Taking the Temperature: This development from Switzerland is in line with recent regulation or legislation—either planned or already implemented—in various jurisdictions across the globe. The UK has made TCFD reporting mandatory for large listed companies, with New Zealand and Singapore introducing TCFD-aligned reporting for large financial service companies. The TCFD therefore potentially may become the market-standard if the trend continues. Our prior in-depth discussion of the TCFD (and other leading disclosure frameworks) can be found in our prior article on the subject. It should be noted that the Swiss Ordinance is more limited than some comparable regulation. For instance, the EU's CSRD applies to social factors in addition to climate

factors. The double materiality principle remains a controversial topic—especially in the United States—where the SEC appears likely to adhere to the existing single materiality approach. As we have observed, however, there may be less of a distinction in practice between the single and double materiality standards.