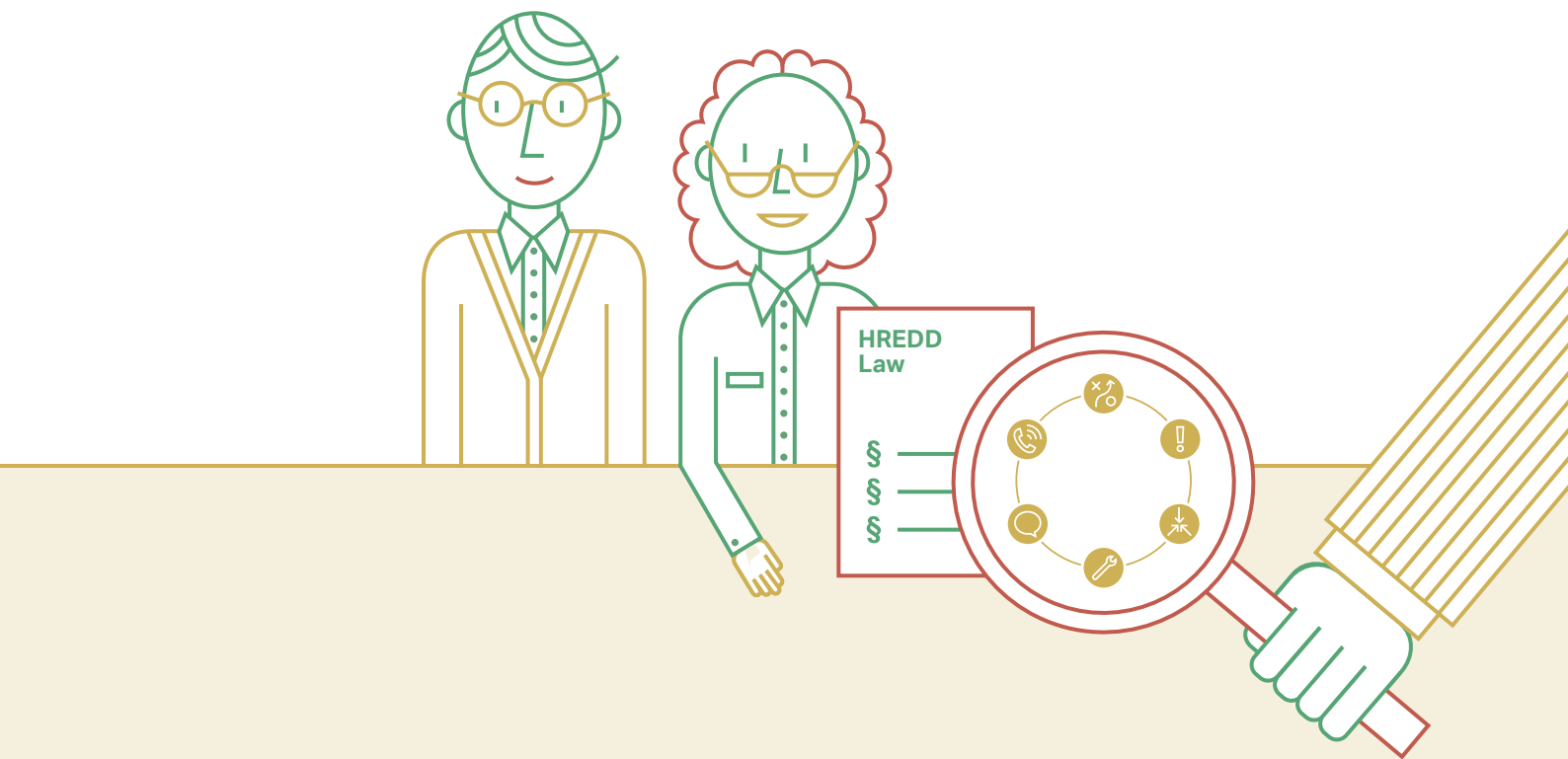


Mandatory Human Rights & Environmental Due Diligence:

GUIDANCE FOR SWISS COMPANIES ON NAVIGATING LEGAL UNCERTAINTY



Legal requirements for human rights and environmental due diligence (HREDD) have evolved rapidly in recent years. Many countries have introduced laws on responsible business conduct, but some have faced backlash and revisions lately – amongst others the EU Corporate Sustainability Due Diligence Directive (CSDDD) under the [EU Omnibus package](#). This has created a climate of legal uncertainty, leaving many companies unsure about how to act upon these mandatory due diligence requirements.

This Q&A provides Swiss companies with an overview of key HREDD laws, along with practical guidance on navigating legal uncertainty. It particularly emphasizes the importance of implementing HREDD management systems in alignment with international standards such as the [UN Guiding Principles on Business and Human Rights \(UNGPR\)](#).

This Q & A answers the following key questions that Swiss companies are currently facing:

1. Which HREDD-related laws apply to us as a Swiss company?
2. What obligations arise for our company from these laws?
3. Some of these laws are currently under review – how can we manage this legal uncertainty?
4. What does it mean to implement HREDD according to international standards?
5. How does implementing due diligence help us meet reporting obligations?
6. What consequences do we face if we do not comply with HREDD laws?
7. We are not in scope of a HREDD law – why should we still conduct due diligence?
8. How do we start with the implementation of due diligence processes?

1. Which HREDD-related laws apply to us as a Swiss company?

Legal expectations regarding responsible business conduct have increased significantly in recent years and many laws related to HREDD have emerged on a global level. The illustration below highlights the growing number of countries adopting mandatory due dili-

gence laws. In parallel, countries across all continents have implemented voluntary National Action Plans (NAPs) on Business & Human Rights, which often translate into hard law over time.



Status June 2025. To find out more about the legal developments in business and human rights in each country, [visit the map](#).

If your company conducts its business in Switzerland and exceeds certain thresholds, the Swiss [Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour \(DDTrO\)](#) is potentially applicable. If your business activities extend beyond Switzerland, your company might also be affected by additional HREDD laws in two

ways: directly, if you fall within the scope of the law, or indirectly, through limited market access or increased customer requirements.

The table below provides an overview of selected HREDD-related laws that might be relevant for your company, outlining the scope and the date of application.

Overview of selected HREDD laws

Law	Country	Scope for Swiss Companies ¹	First application ²
Ordinance on Due Diligence and Transparency (DDTrO) & Swiss Code of Obligations (CO)	Switzerland	<p>Child labour: Large companies with reasonable grounds to suspect child labour, if two of the criteria apply: ≥ CHF 20M balance sheet; ≥ CHF 40M sales revenue; ≥ 250 employees</p> <p>Conflict minerals: Companies importing/ processing tin, tantalum, tungsten or gold from conflict-affected and high-risk areas (above certain annual quantities)</p> <p>Non-financial reporting: Public-interest entities with ≥ 500 FTEs; and ≥ CHF 20M balance sheet or ≥ CHF 40M sales revenue</p>	Financial year 2023
Act on Corporate Due Diligence Obligations in Supply Chains (LkSG)	Germany	Companies with an office in Germany with ≥ 1'000 employees	2023
Duty of Vigilance Law	France	Companies with an office in France that employ ≥ 5'000 people in France or ≥ 10'000 globally	2017
Corporate Sustainability Due Diligence Directive (CSDDD)	EU	Companies with: <ul style="list-style-type: none"> • ≥ €450M turnover in the EU or • franchising or licensing agreements with royalties ≥ €22.5M and ≥ €80M turnover in the EU 	2028
Corporate Sustainability Reporting Directive (CSRD)	EU	Companies with an office in the EU with ≥ €150M turnover	Financial year 2024
EU Batteries Regulation	EU	Companies that place relevant batteries on the EU market or put them into service (due diligence requirements only for companies with ≥ €40M turnover in EU)	2024
EU Conflict Minerals Regulation	EU	Importers of tin, tantalum, tungsten, and gold into the EU above certain quantities	2021
EU Deforestation Regulation (EUDR)	EU	Companies that place or make relevant products available on the EU market or export them from the EU market	2025
EU Forced Labour Regulation (EUFLR)	EU	Companies that place or make products available on the EU market or export them from the EU market	2027
Modern Slavery Acts in: <ul style="list-style-type: none"> • Australia • Canada • UK 	Australia, Canada, UK	Companies that do business in: <ul style="list-style-type: none"> • Australia with ≥ A\$100M revenue • Canada if two apply: ≥ C\$20M assets, ≥ C\$40M revenue; ≥ 250 employees • UK with annual turnover ≥ £36M 	<p>Australia: Financial year 2019–20</p> <p>Canada: Financial year 2023</p> <p>UK: Financial year 2015</p>

- 1 Key criteria for the scope of application for Swiss companies as evaluated by focusright in June 2025. Proposals under the EU Omnibus package that were not yet adopted at this time, are not considered in this document. More detailed information can be found in the text of the relevant laws.
- 2 First year of potential application for companies in scope (as of June 2025). The detailed information about entry into application can be found in the text of the relevant laws.

2. What obligations arise for our company from these laws?

While the obligations arising from HREDD-related laws differ widely, they can broadly be clustered in **due diligence obligations** and **reporting obligations**:

- **Due diligence obligations** require your company to conduct HREDD (obligation to act). While the material scope of these obligations varies amongst the different laws, the integration of due diligence processes to assess and address adverse impacts is a core requirement in all due diligence obligations.
- **Reporting obligations** require companies to report on their efforts related to due diligence (obligation to disclose). While there are again significant differences in the scope of the laws, the core requirement of all these obligations is to ensure transparency in HREDD-related activities.

The table below outlines the types of obligations and key requirements under selected HREDD laws. It also shows that all HREDD-related laws include corresponding reporting obligations.

Overview of obligations arising from selected HREDD laws:

Law	Country	Due diligence obligation	Reporting obligation	Key Requirements ¹
Ordinance on Due Diligence and Transparency (DDTrO) & Swiss Code of Obligations (CO)	Switzerland	x	x	Due diligence and reporting obligations related to conflict minerals and child labour Non-financial reporting
Act on Corporate Due Diligence Obligations in Supply Chains (LkSG)	Germany	x	x	Extensive HREDD and reporting obligations
Duty of Vigilance Law	France	x	x	Extensive HREDD and reporting obligations
Corporate Sustainability Due Diligence Directive (CSDDD)	EU	x	x	Extensive HREDD and reporting obligations
Corporate Sustainability Reporting Directive (CSRD)	EU		x	Annual reporting on HREDD under European Sustainability Reporting Standards (ESRS)
EU Batteries Regulation	EU	x	x	Various obligations related to HREDD, sourcing, usage and recycling of batteries
EU Conflict Minerals Regulation	EU	x	x	Due diligence on human rights and conflict related to tin, tantalum, tungsten or gold
EU Deforestation Regulation (EUDR)	EU	x	x	Due diligence to ensure legal compliance and non-deforestation; Due diligence statement & annual report on due diligence
EU Forced Labour Regulation (EUFLR)	EU		x	Disclosure of forced labour due diligence efforts to authorities to prevent investigation or reverse product bans
Modern Slavery Acts in:	Australia, Canada, UK		x	Annual modern slavery statements outlining due diligence process Canadian law includes child labour
• Australia				
• Canada				
• UK				

¹ Key requirements under the assessed laws as evaluated by focusright in June 2025. More detailed information regarding legal requirements can be found in the text of the relevant laws.

3. Some of these laws are currently under review – how can we manage this legal uncertainty?

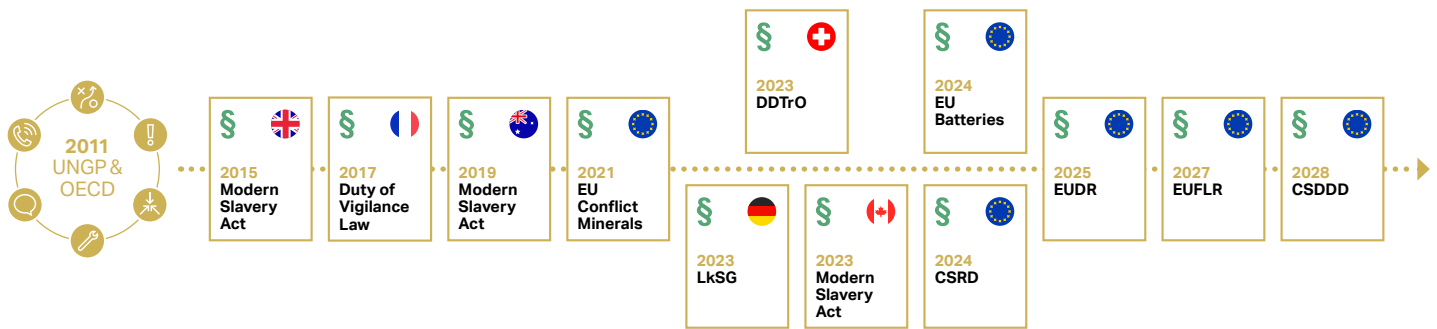
Efforts are being made to reduce administrative and economic burdens for companies particularly under Germany's LkSG and the EU's CSDDD and CSRD – the latter two with amendments proposed in the [EU Omnibus](#). However, while the proposed amendments involve changes to the timelines or the scope of application, the concept of due diligence as foundation for responsible business conduct is not being challenged – due diligence is here to stay.

In 2011, two widely accepted due diligence standards were developed – the [United Nations Guiding Principles](#)

on Business & Human Rights ([UNGP](#)) and the [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#) ([OECD Guidelines](#)). This concept of human rights and environmental due diligence has been integrated in many laws since 2011, with many explicitly referencing the international standards.

Thus, implementing a HREDD management system guided by these international standards is a no-regret move for your company and ensures that you are prepared for existing and upcoming HREDD laws.

International Standards as starting point for international due diligence laws*



* The year indicated refers to the first (financial) year of potential application for companies in scope. More detailed information about the date of application can be found in the text of the relevant laws.

IMPLEMENTING HREDD ALIGNED WITH INTERNATIONAL STANDARDS IS A NO-REGRET MOVE AND PREPARES YOUR COMPANY FOR EXISTING AND UPCOMING OBLIGATIONS.

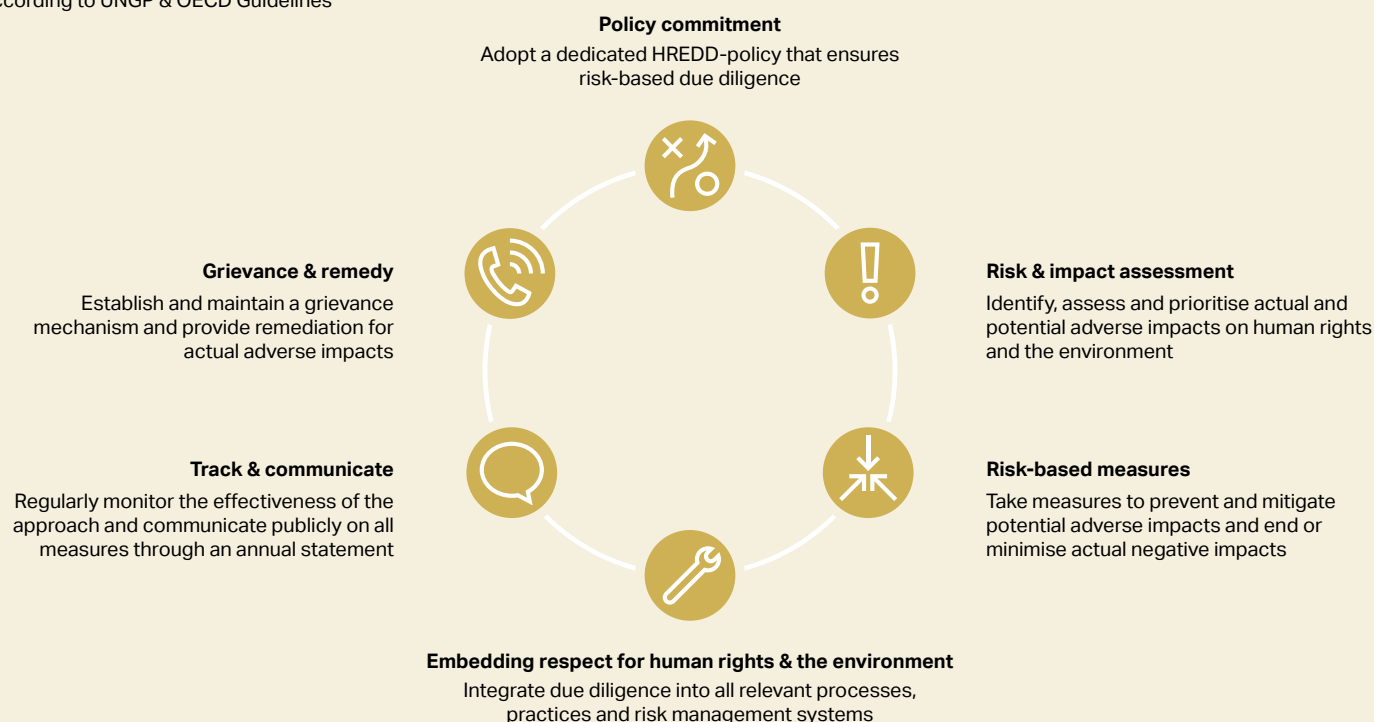
4. What does it mean to implement HREDD according to international standards?

HREDD is a management system that aims at identifying and addressing actual and potential adverse impacts on human rights and the environment along the whole value chain. It is an ongoing and risk-based process, that requires continuous improvement of your

company's practices to identify and manage your impacts on human rights and the environment. According to the international standards – the UNGP and the OECD Guidelines – implementing due diligence requires the following aspects:

Key elements of HREDD

According to UNGP & OECD Guidelines



5. How does implementing due diligence help us meet reporting obligations?

Laws such as the CSRD and the Modern Slavery Acts set requirements for companies to transparently and regularly communicate about their human rights and environmental performance – and about their approach to due diligence.

Under the CSRD and its detailed [European Sustainability Reporting Standards \(ESRS\)](#), companies must report not just on outcomes such as carbon emissions

or human rights violations, but also on governance, strategy, risk management, and due diligence processes – across environmental, social, and governance (ESG) topics.

By implementing HREDD, your company has substantial content to report on, while minimizing the risks of reporting gaps, reputational damage, and legal exposure.

6. What consequences do we face if we do not comply with HREDD laws?

There are different types of enforcement mechanisms foreseen, such as court injunctions or the exclusion from public tenders. However, the most widespread consequences your company might face are monetary

sanctions, civil liability and product-specific sanctions such as product bans. The table below gives an overview of the most relevant consequences in case of non-compliance with HREDD laws.

Overview of enforcement mechanisms under selected HREDD laws:

Law	Country	Monetary sanctions	Civil liability	Product bans ¹	Other sanctions ²
Ordinance on Due Diligence and Transparency (DDTrO) & Swiss Code of Obligations (CO)	Switzerland	Fines up to CHF 0.1M (Art. 325 ^{ter} StGB)			
Act on Corporate Due Diligence Obligations in Supply Chains (LkSG)	Germany	Fines up to 2 % of global turnover (Art. 24)			Exclusion from public tenders (Art. 22)
Duty of Vigilance Law	France	Penalty payments based on court orders (Art. 2)	Damages from civil liability (Art. 2)		
Corporate Sustainability Due Diligence Directive (CSDDD)	EU	Penalties up to 5 % of global turnover (Art. 27)	Damages from civil liability (Art. 29)		Penalties defined by EU member states (Art. 27)
Corporate Sustainability Reporting Directive (CSRD)	EU				Penalties defined by EU member states (Art. 51 of Directive 2013/34/EU)
EU Batteries Regulation	EU			Product prohibition, withdrawal & recall (Art. 83)	Penalties defined by EU member states (Art. 93)
EU Conflict Minerals Regulation	EU				Rules applicable to infringements defined by EU member states (Art. 16)
EU Deforestation Regulation (EUDR)	EU	Fines up to 4 % of EU turnover (Art. 25)		Product prohibition & confiscation (Art. 25)	Penalties defined by EU member states (Art. 25) Exclusion from public tenders, grants and concessions (Art. 25) Publication of list with EUDR violations (Art. 25)
EU Forced Labour Regulation (EUFLR)	EU			Product ban, withdrawal, and disposal (Art. 23 & 24)	Penalties defined by EU member states (Art. 37)
Modern Slavery Acts in: <ul style="list-style-type: none"> Australia Canada UK 	Australia, Canada, UK	Canada: Fines up to C\$0.25M (Art. 19)			Canada: Liability of directors, officers, agents, and mandataries (Art. 20) Australia: Publication about failure to comply with request (Art. 16A) UK: High Court injunctions (Art 54)

¹ Includes not only the prohibition of products, but can also include product withdrawal, disposal, confiscation, and recall.

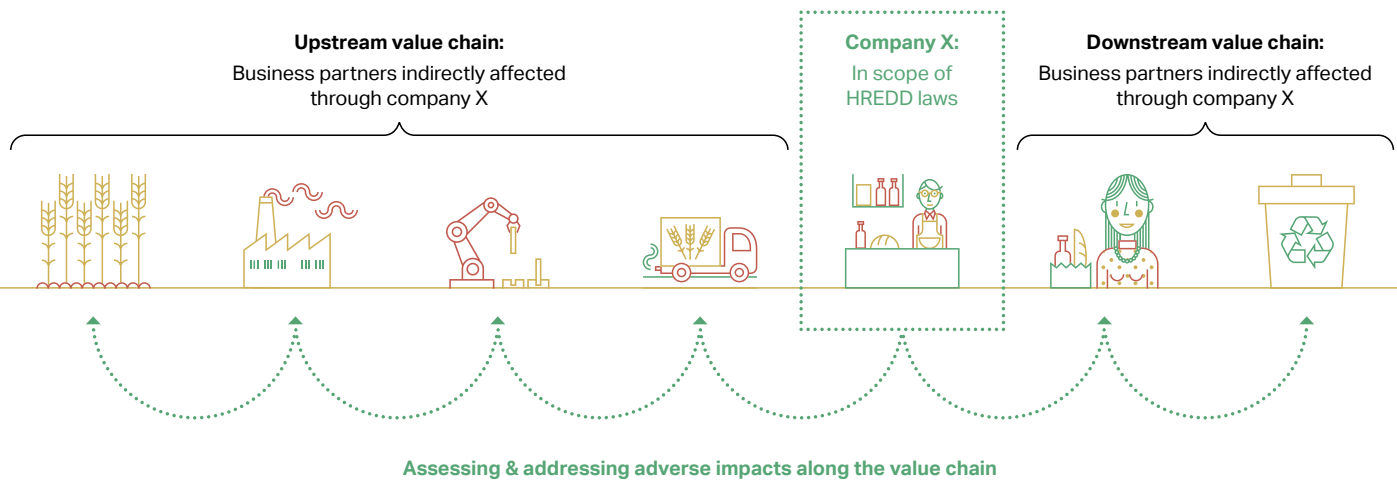
² Includes court injunctions, exclusion from public tenders, public disclosure of failure to comply with request and liability of management personnel. Further potential sanctions can be found in the text of the relevant laws.

7. We are not in scope of a HREDD law – why should we still conduct due diligence?

You might be indirectly affected by HREDD laws, for example if direct or indirect business partners are in scope. The international standards, and therefore also some of the obligations, require in-scope companies to address adverse impacts in collaboration with their

business partners. This led to many companies passing on some of the due diligence obligations to their business partners, for example by requesting contractual commitments to a code of conduct and asking for disclosure of the supply chain.

Indirect effects of legal requirements



Even if your company is not directly affected, you should start the HREDD journey now to prepare for indirect effects of HREDD laws – and to demonstrate the credibility of your company's values and commitments. Most likely, your company's values and commitments, such as a company code of conduct, describe

your responsibility to treat people and the environment in your value chain with respect. Implementing HREDD helps your company to live up to these values and thus to strengthen stakeholder trust and employer branding, improve ESG ratings, and protect your reputation.

IMPLEMENTING HREDD ENABLES YOUR COMPANY TO CREDIBLY DEMONSTRATE YOUR COMMITMENT TO HUMAN RIGHTS, BUILD STAKEHOLDER TRUST, AND SAFEGUARD YOUR REPUTATION.

8. How do we start with the implementation of due diligence processes?

Your company likely has existing processes and systems that can serve as a foundation for an HREDD management system. This typically includes areas such as occupational health and safety, responsible supply chain management, human resources processes, and

the enterprise risk management system. Building on those processes can save your company a lot of time and effort. You should therefore consider taking the measures below.

How to start your HREDD journey:



Detailed overview of selected HREDD-related laws

Law	Country	Scope for Swiss Companies ¹	First application ²	Due diligence obligation	Reporting obligation	Key Requirements ³	Monetary sanctions	Civil liability	Product bans ⁴	Other sanctions ⁵
Ordinance on Due Diligence and Transparency (DDTrO) & Swiss Code of Obligations (CO)	Switzerland	Child labour: Large companies with reasonable grounds to suspect child labour, if two of the criteria apply: ≥ CHF 20M balance sheet; ≥ CHF 40M sales revenue; ≥ 250 employees Conflict minerals: Companies importing/processing tin, tantalum, tungsten or gold from conflict-affected and high-risk areas (above certain annual quantities) Non-financial reporting: Public-interest entities with ≥ 500 FTEs; and ≥ CHF 20M balance sheet or ≥ CHF 40M sales revenue	Financial year 2023	✖	✖	Due diligence and reporting obligations related to conflict minerals and child labour Non-financial reporting	Fines up to CHF 0.1M (Art. 325 ^{ter} StGB)			
Act on Corporate Due Diligence Obligations in Supply Chains (LkSG)	Germany	Companies with an office in Germany with ≥ 1'000 employees	2023	✖	✖	Extensive HREDD and reporting obligations	Fines up to 2 % of global turnover (Art. 24)			Exclusion from public tenders (Art. 22)
Duty of Vigilance Law	France	Companies with an office in France that employ ≥ 5'000 people in France or ≥ 10'000 globally	2017	✖	✖	Extensive HREDD and reporting obligations	Penalty payments based on court orders (Art. 2)	Damages from civil liability (Art. 2)		
Corporate Sustainability Due Diligence Directive (CSDDD)	EU	Companies with: <ul style="list-style-type: none">≥ €450M turnover in the EU orfranchising or licensing agreements with royalties ≥ €22.5M and ≥ €80M turnover in the EU	2028	✖	✖	Extensive HREDD and reporting obligations	Penalties up to 5 % of global turnover (Art. 27)	Damages from civil liability (Art. 29)		Penalties defined by EU member states (Art. 27)
Corporate Sustainability Reporting Directive (CSRD)	EU	Companies with an office in the EU with ≥ €150M turnover	Financial year 2024		✖	Annual reporting on HREDD under European Sustainability Reporting Standards (ESRS)				Penalties defined by EU member states (Art. 51 of Directive 2013/34/EU)
EU Batteries Regulation	EU	Companies that place relevant batteries on the EU market or put them into service (due diligence requirements only for companies with ≥ €40M turnover in EU)	2024	✖	✖	Various obligations related to HREDD, sourcing, usage and recycling of batteries			Product prohibition, withdrawal & recall (Art. 83)	Penalties defined by EU member states (Art. 93)
EU Conflict Minerals Regulation	EU	Importers of tin, tantalum, tungsten, and gold into the EU above certain quantities	2021	✖	✖	Due diligence on human rights and conflict related to tin, tantalum, tungsten or gold				Rules applicable to infringements defined by EU member states (Art. 16)
EU Deforestation Regulation (EUDR)	EU	Companies that place or make relevant products available on the EU market or export them from the EU market	2025	✖	✖	Due diligence to ensure legal compliance and non-deforestation Due diligence statement & annual report on due diligence	Fines up to 4 % of EU turnover (Art. 25)		Product prohibition & confiscation (Art. 25)	Penalties defined by EU member states (Art. 25) Exclusion from public tenders, grants and concessions (Art. 25) Publication of list with EUDR violations (Art. 25)
EU Forced Labour Regulation (EUFLR)	EU	Companies that place or make products available on the EU market or export them from the EU market	2027		✖	Disclosure of forced labour due diligence efforts to authorities to prevent investigation or reverse product bans			Product ban, withdrawal, and disposal (Art. 23 & 24)	Penalties defined by EU member states (Art. 37)
Modern Slavery Acts in: <ul style="list-style-type: none">AustraliaCanadaUK	Australia, Canada, UK	Companies that do business in: <ul style="list-style-type: none">Australia with ≥ A\$100M revenueCanada if two apply: ≥ C\$20M assets, ≥ C\$40M revenue; ≥ 250 employeesUK with annual turnover ≥ £36M	Australia: Financial year 2019–20 Canada: Financial year 2023 UK: Financial year 2015		✖	Annual modern slavery statements outlining due diligence process Canadian law includes child labour	Canada: Fines up to C\$0.25M (Art. 19)			Canada: Liability of directors, officers, agents, and mandataries (Art. 20) Australia: Publication about failure to comply with request (Art. 16A) UK: High Court injunctions (Art 54)

¹ Key criteria for the scope of application for Swiss companies as evaluated by focusright in June 2025. Proposals under the EU Omnibus package that were not yet adopted at this time, are not considered in this document. More detailed information can be found in the text of the relevant laws.

² First year of potential application for companies in scope (as of June 2025). The detailed information about entry into application can be found in the text of the relevant laws.

³ Key requirements under the assessed laws as evaluated by focusright in June 2025. More detailed information regarding legal requirements can be found in the text of the relevant laws.

⁴ Includes not only the prohibition of products, but can also include product withdrawal, disposal, confiscation, and recall.

⁵ Includes court injunctions, exclusion from public tenders, public disclosure of failure to comply with request and liability of management personnel. Further potential sanctions can be found in the text of the relevant laws.

For more information on human rights and environmental due diligence and related legal requirements, please feel free to reach out to:

Sibylle Baumgartner
sibylle.baumgartner@focusright.ch

Matthias Leisinger
matthias.leisinger@focusright.ch

Disclaimer: This document is provided for informational purposes only and does not constitute legal advice. The information on HREDD laws reflects focusright's interpretation as of 30 June 2025 and may not be exhaustive. For authoritative and up-to-date information, please consult the applicable legal texts.

Imprint

Concept and content	Dominic Rietmann, Carina Waser, Sibylle Baumgartner and Matthias Leisinger, focusright Ltd., focusright.ch
Design	Joël Walser. ArtWork., joelwalser.com
Illustrations	Natalia Gianinazzi, natalia-gianinazzi.ch
Publication	July 2025
Editor and copyright	focusright Ltd., focusright.ch



focusright makes human rights tangible for business. We work with companies and organisations from different sectors to strengthen their management systems, identify human rights risks and define effective measures – both in their own operations and extended value chains. focusright advises organisations on embedding relevant policies, designing human rights and environmental due diligence processes, managing supply chain risks and structuring remediation measures in

line with international standards and evolving legal frameworks, such as the Corporate Sustainability Due Diligence Directive (CSDDD) in the EU and the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO). We recommend measures to address systemic human rights issues and conduct human rights impact assessments in high-risk contexts.

focusright.ch