

## Position Statement: Responsible Business Initiative

Geneva, 30 September 2020.

The Swiss Trading and Shipping Association (STSA) rejects the “Responsible Business Initiative”. The STSA recognises the importance of the issue, which is why it has been campaigning since the beginning of the debate for a valid counter-proposal. However, the initiative, as it is now being put to the vote, goes too far in some essential points and thus endangers Switzerland's attractiveness as a business location.

Adoption of the so-called Responsible Business Initiative (RBI) would oblige Swiss companies and firms along their supply chain to be liable for damage caused abroad - unless they prove “that they exercised all due diligence to prevent the damage or that their diligence would not have prevented the damage from occurring”. Companies must therefore be able to prove that they have assumed responsibility for their foreign subsidiaries and suppliers, and that they have carried out all necessary checks.

**Swiss companies cannot assume the responsibility of other companies' activities overseas.**

This reversal of the burden of proof - or in other words: the presumption of guilt - would leave Switzerland with one of the strictest legislations in the world. Swiss courts would then be obliged to initiate legal proceedings for acts committed abroad.

**These are the internal affairs of the countries concerned and would certainly have severe political and diplomatic consequences.**

Finally, the RBI claims to be solely addressing multinational companies. **This is false:** its proposed text clearly states that all large companies - as well as SMEs active in so-called “high risk” sectors, such as commodity trading - are equally concerned.

**This initiative targets all Swiss companies.**

**Voting “NO” would lead to the adoption of the counter-proposal which the STSA always supported.**

The indirect counter-proposal, which only concerns companies with more than 500 employees, has the same objective as the initiative but aims to achieve it in a different way. It introduces transparency obligation on non-financial issues and requires a strict due diligence in the areas of child labor and minerals from conflict zones. The measures against child labor are inspired by the most rigorous solutions worldwide: the Dutch law on due diligence in child labor. The latter is based on the fundamental conventions of the International Labor Organization (ILO). **The counter proposal suggests to keep the already applicable Swiss law on civil liability and does not include the reversal of the burden of the proof.**

Economic upswing has been shown to be the best way to eradicate poverty. Many Swiss companies active in commodities trading have been making a significant contribution in this area for a long time. In order for them to be able to continue to do so in the future, they depend on a stable legal framework and conditions that do not weaken our companies in international competition. A rejection of the RBI would automatically lead to the adoption of the counter-proposal, which the STSA supports as a good compromise.

**STSA recommends to reject the “Responsible Business Initiative”.**