

# Swiss Referendum: Insights into the Responsible Business Initiative

Michael von Luehrte, MVL coffee

4C Online Seminar “Upcoming Due Diligence Requirements and Their Implications for Coffee Supply Chains ”  
26 November 2020



# Swiss Referendum - Responsible Business Initiative - November 29th, 2020



**Switzerland is one of the most important trading hubs for commodities**

- Swiss-based coffee trading and procurement companies account for 50+ % of globally traded coffee
- The Swiss government fostered the roll out of the UNGPs together with the Swiss commodity trading sector since 2018
- Swiss coffee traders are vertically integrated and are committed to sustainability principles (OECD SDGs)
- Consumers are demanding responsible production and sourcing of raw materials

# Swiss Referendum - Responsible Business Initiative

## What do the initiators want? What is the vote all about?

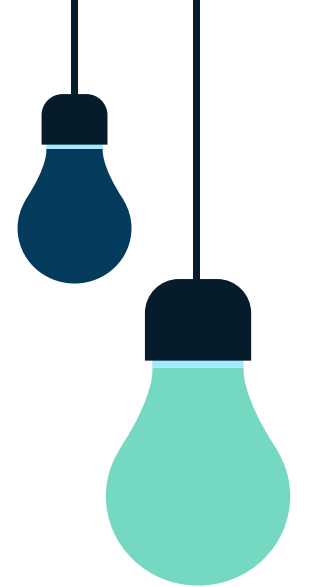
- **Since 4 years NGOs are pushing for stricter human rights and environmental standards with legal liability for Swiss companies**
  - The first proposal focused on companies with a balance sheet of 40bn CHF, more than 80 MM annual revenue and 500 permanent employees
  - Amended in June 2020:  
**“all companies operating in countries with a sensitive human rights and environmental protection law are responsible for their affiliates and their entire supply chain”**
- **Stricter/tougher liability rules would impact now an estimated 80.000 companies up from 3000 corporations**
- The counterproposal by the Swiss government foresees also tighter due diligence rules for Swiss companies (would be aligned to OECD standards and the EU due diligence proposal)

# Swiss Referendum - Responsible Business Initiative

## What are the issues with a potential YES vote?

- **The details and ramifications are still unknown** leaving the entire economy in limbo for 2-3 years
- The reversal of the “**burden of prove**” principle is outside the legal norm
- Swiss companies are already liable for their subsidiaries under current law – full control of entire the supply chain down to producer level is not realistic
- Administrative burden on all Swiss companies would be in no relation to the benefits
- The proposed legislation is **a transfer of the Swiss legal system and standards to other countries**
- (“Neo-colonialism” is already being mentioned by Southern Hemisphere producing countries)
- **The enforcement and control mechanisms are not clear** and would be costly
- The tighter liability rules would be unique in the world and outside the OECD norms and would put Swiss companies at a competitive disadvantage

# Swiss Referendum - Responsible Business Initiative



## The position of the Swiss Commodity Sector

**The Swiss commodity sector endorses the counter-proposal of the Swiss government (“NO” parole for the referendum) and ...**

- **The coffee sector agrees to the adherence of the human rights and to operate in an ecologically and environmentally conscious way across the supply chain**
- Many efforts and investments are being made in the sustainability area by the sector players, but also the Swiss government (SECO/DEZA)
- Public/Private partnerships with measurable goals/KPIs are the best way to address sustainability challenges
- **The legal framework needs to be clear and fair within the context of global competition and applicable international law – same level playing field**
- Switzerland should not unilaterally “export” legal standards to other countries



...

# Many thanks for your attention!

Michael von Luehrte, MVL coffee  
26 November 2020