

## Media information

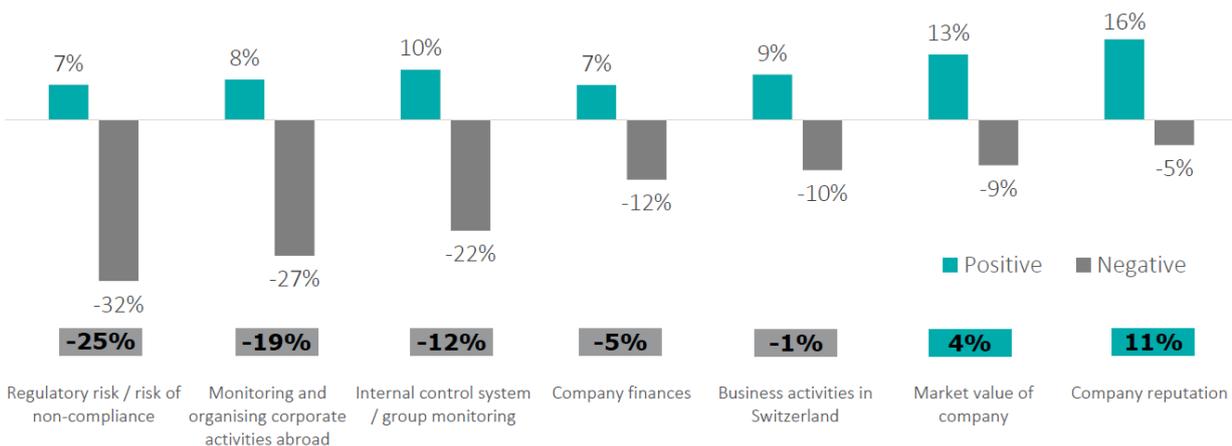
Zurich/Geneva 14 October 2020

### One in two companies do not believe the Responsible Business Initiative will have an impact on their business

Companies in Switzerland are relatively relaxed about the Responsible Business Initiative which the Swiss will be voting on this November according to a [recent Deloitte survey](#). Almost half of the CFOs surveyed do not expect it will have any substantial implications on their companies. However, they do believe that these implications will rather be negative than positive. Around a third of companies assume that they would need to adjust their risk management, strengthen internal controls and adapt the way they cooperate with suppliers. Whether or not the Swiss will vote for the initiative, companies will need to consider some of these measures. At the same time, companies need to emphasis greater transparency and a more systematic approach to reporting.

A Deloitte survey of 112 CFOs conducted in September shows that Swiss companies are not too concerned about the implications of the Responsible Business Initiative if it were to pass next month. The initiative does not affect most of them (46%) or at least not negatively (61%). Nonetheless, at least 40 percent of companies believe that the initiative will have adverse effects on their organisations if the initiative is adopted. On average, the respondents also cited almost twice as many negative effects as positive ones.

Companies are most worried that they might not be able to comply with the new regulations. Almost a third (32%) of those surveyed cited regulatory risks as the greatest negative impact. Over a quarter (27%) are saying that they need to monitor their international business activities more closely. And just over a fifth (22%) see the need to strengthen internal controls as a negative impact. However, a significant number of companies see the impact of the initiative in these areas as positive, indicating that companies have already initiated appropriate measures and are prepared for possible future regulations. (See graphic 1)



**Chart 1:** Which impact would the adoption of the Responsible Business Initiative (Konzernverantwortungsinitiative) have on the following areas of your company?

#### No panic in the boardrooms

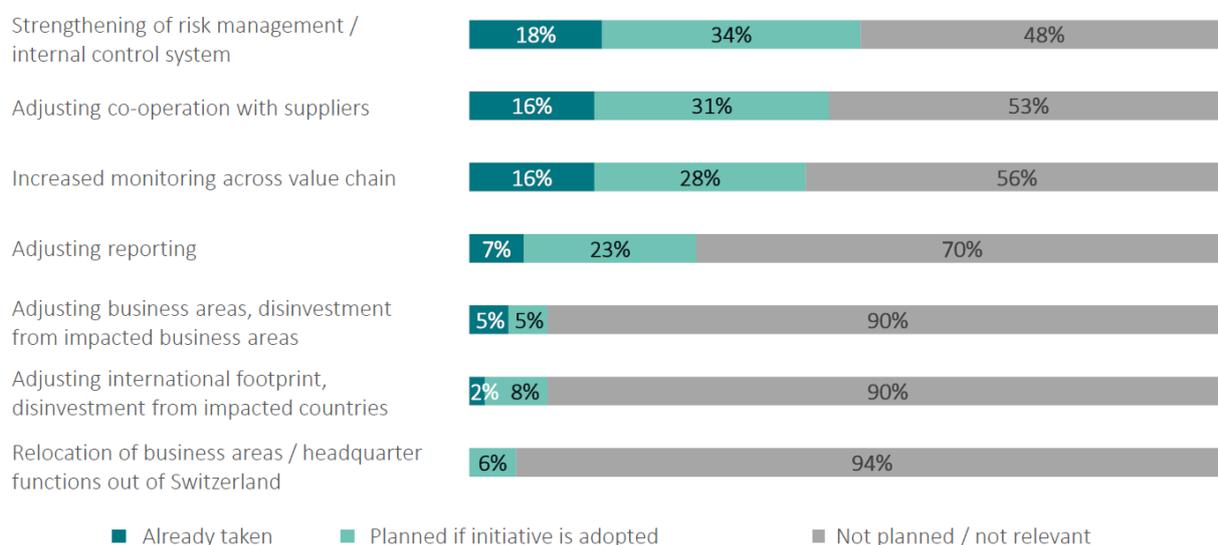
"Even if there are still uncertainties about which companies will be affected, the Responsible Business Initiative is not causing any panic in the boardrooms of Swiss companies. According to the CFOs, however, the negative effects far exceed the positive ones. Many of them are aware that changes would be necessary to issues such as compliance, international activities or suppliers. A considerable number of companies also recognise positive effects. Thanks to the initiative, they would be able to strengthen their reputation or even increase their market

value," explains Reto Savoia, CEO of Deloitte Switzerland. "A relaxed attitude to the initiative is not a bad thing, provided a company has done its homework. There is no room for complacency, however."

Adopting the initiative would undoubtedly involve costs. However, only 12 percent of CFOs expect negative effects on corporate finances if the initiative is adopted. In comparison, 7 percent believe the effects will be positive. The survey also showed that most believe that the initiative would have little or no impact on production sites or jobs in Switzerland and that positive and negative effects on domestic business activities would more or less balance out. In two of the seven possible impacts surveyed, the positive answers exceed the negative ones. Above all, companies believe that the initiative will have positive effects in terms of reputation. Besides, some CFOs see the initiative as an opportunity to increase the value of their company.

### Hardly any action planned

When asked about the measures necessary if the initiative is adopted, only a minority of the CFOs surveyed saw a specific need for action. The three areas CFOs are focusing on are improvement in risk management and the internal control system (52%), adjustments in cooperation with suppliers (47%) and greater monitoring across the entire value chain (44%). Almost half of the respondents stated that they had already taken measures or would do so in the event of the initiative being adopted. On the other hand, hardly any companies are already planning to sell entire business units or production facilities in specific markets or even to relocate their headquarters abroad. (See graphic 2).



**Chart 2:** Which actions have you already taken or would take in case the Responsible Business Initiative would be adopted?

"Our survey shows that many companies regard the concerns of the Responsible Business Initiative campaign as justified, and some of them have already started to implement measures. In any case, companies need to manage their risks more actively in the current business environment and improve their internal control systems - as was shown not least by the pandemic. Inconsistencies in the supply chain can do a lot of damage to a company's reputation. The influence of consumers and investors is growing rapidly," explains Reto Savoia.

### Need for greater transparency in reporting

The topic of corporate reporting is often the responsibility of the CFOs surveyed, and almost a third of them say that acceptance of the popular initiative would require adjustments. However, one thing must not be forgotten: regardless of whether the initiative is accepted or the parliamentary counter-proposal comes into force, public reporting on sustainability will, in any case, become significantly more important for Swiss companies.

"The target groups of corporate reporting and their expectations are becoming more and more diverse, and after the vote in November, rules for more transparency will be enshrined in Swiss law for the first time. This is a positive development, as there is still a lot of catching up to do when it comes to reporting on sustainability. Without internal incentives, however, it will remain difficult to incorporate sustainability into companies, which is why sustainability criteria should be relevant when calculating bonuses. What's more, in future sustainability reports will have to meet the same quality criteria as financial reports," explains Marcel Meyer, Head of Sustainability at Deloitte Switzerland.

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#### **About the report**

The questions on the Corporate Responsibility Initiative are part of Deloitte Switzerland's CFO survey, which has been conducted regularly since autumn 2009. The current 40th CFO survey in Switzerland was carried out online from 31 August to 25 September. A total of 112 CFOs from all key industries and from listed and non-listed companies took part. The full results will be published at a later date.

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