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Swiss Climate Transition Reporting: Key Developments

On 1 January 2025, the Swiss Climate and Innovation Act ("CIA") and its implementing regulation, the Climate Protection Ordinance ("CPO"), will enter into force, formalizing Switzerland's long-term climate protection goals. Among other measures, the new framework mandates that Swiss companies achieve net-zero greenhouse gas emissions by 2050. Notably, the CIA and CPO provide essential guidance for the development of transition plans, which are set to become a central element for companies subject to mandatory climate reporting requirements.

Published: 20 December 2024

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1. The Swiss Net-Zero 2050 Target under the CIA and CPO

The Climate and Innovation Act ("**CIA**"), approved by the Swiss electorate on 18 June 2023, serves as a framework law for Switzerland's climate goals and regulations. It formally establishes Switzerland's net-zero greenhouse gas emissions target for 2050, alongside intermediate milestones: a 64% reduction for 2031–2040, a 75% reduction by 2040, and a 89% reduction for 2041–2050, on average (compared to 1990). Together with the revised CO_2 Act, CO_2 Ordinance, and the revised Energy Ordinance, the CIA and its implementing ordinance, the Climate Protection Ordinance ("**CPO**"), provide an **overarching framework** to guide the climate transition, combining regulatory measures, incentives, and support mechanisms. These texts will enter into force on 1 January 2025.

Most notably, under CIA and CPO, all Swiss companies – regardless of size or stock exchange listing, or regulatory status – must achieve net-zero emissions by 2050, with the exception of companies in the agricultural sector. This requirement applies to:

- Scope 1 emissions: Direct emissions from sources owned or controlled by the company.
- Scope 2 emissions: Indirect emissions from the generation of purchased electricity, steam, heat, and cooling.

Scope 3 emissions, which include indirect emissions across a company's value chain (e.g., from suppliers or customers), are not mandated but may be included in reduction efforts at this stage.

2. Climate transition plans

2.1. Guiding principles

To support their net-zero efforts, the CIA and CPO encourage Swiss companies to develop "roadmaps", which effectively serve as climate transition plans. While not mandatory under the CIA or CPO, these roadmaps are highlighted as valuable tools to guide and structure climate strategies.

However, under the Climate Reporting Ordinance, large Swiss public interest companies (e.g., large listed and/or FINMA-regulated companies) subject to mandatory sustainability reporting pursuant to Articles 964a et seq. of the Swiss Code of Obligations are required to prepare and publish, for the first time in 2025, a transition plan along with other mandated climate disclosures. These plans must align with Switzerland's climate targets, as outlined in the CIA.

Although the Climate Reporting Ordinance makes clear that a transition plan is a key component of a company's strategy to address climate-related risks and opportunities, it provides little specific guidance regarding the plan's content or format. Instead, it refers to the Task Force on Climate-related Financial Disclosures (TCFD) Guidance on Metrics, Targets, and Transition Plans (2021 version) for further direction on effective transition planning.

As a result, companies required to publish a transition plan under the Climate Reporting Ordinance need to refer to the CIA and CPO for additional detail. These regulations provide critical guidance on what transition plans – or roadmaps – should include. The Climate Protection Ordinance specifically mandates the following elements:

1. **Calculation of emissions**: A comprehensive calculation of all Scope 1 and Scope 2 emissions, and, where feasible, Scope 3 emissions.
2. **Facilities and processes**: A description of climate-impacting facilities and processes.
3. **Emission reduction solutions and NETs**: An assessment of available emission reduction solutions and negative emission technologies (NETs), their applicability, and the measures to be implemented on this basis.
4. **Reduction trajectory**: A roadmap or trajectory for reducing scope 1 and scope 2 emissions, which should follow a linear progression where technically feasible, including intermediate targets.
5. **NET roadmap**: A plan for utilizing NETs to offset emissions that cannot otherwise be reduced.

Several sector initiatives and organizations have issued guidance to support the development of credible climate-related targets, scenario analyses, and transition plans, such as the Disclosure Framework developed by the Transition Plan Taskforce (TPT). The Climate Protection Ordinance permits professional sector associations to develop roadmaps for their members. Additionally, the Swiss federal government, under CIA, is expected to provide companies with guidance, support, and advice for companies establishing roadmaps by 2029. As a result, more guidance on transition planning is anticipated to emerge in the near future.

2.2. Substantiation obligation – anti-greenwashing law

Effective 1 January 2025, a new provision under the Unfair Competition Act ("**UCA**") will specifically address claims related to climate impact. Article 3(1)(x) UCA requires companies to substantiate such claims with objective and verifiable evidence. This provision imposes a direct obligation on companies to ensure that claims included in climate transition plans, roadmaps, reports, public statements or advertisements are substantiated prior to publication. While companies are generally not required to make supporting evidence publicly available, the UCA mandates that all claim be clear and not misleading. In some cases, additional information may need to accompany the relevant statements to meet this standard. In the context of transition planning, this requirement is particularly relevant when describing emission reduction solutions or planned reduction measures.

Failure to comply with the substantiation obligation could lead to **civil and criminal consequences**. Companies unable to provide robust evidence or relying on methods without objective and widely recognized standards of measurement should therefore refrain from making such claims.

3. Upcoming revision of the Climate Reporting Ordinance and specificities for the financial sector

On 6 December 2024, the Swiss Federal Council issued a draft proposal for the revision of the **Climate Reporting Ordinance** ("**CRO**"). The consultation process for the draft will run until 25 March 2025, with the potential for the revision to take effect as early as **1 January 2026**, depending on the consultation outcomes.

The revised draft of the Climate Reporting Ordinance introduces two key changes:

1. **Broadened reporting standards**: It expands the range of acceptable reference standards for climate reporting beyond the TCFD's recommendations to include internationally recognized standards, such as the Sustainability Disclosure Standards of the International Sustainability Standards Board (ISSB) or the European Sustainability Reporting Standards (ESRS); and
2. **Enhanced alignment with the CIA and CPO**: It explicitly links climate disclosures to the requirements of the CIA and CPO by specifying that companies subject to mandatory reporting must include a transition roadmap (or plan) in their reporting. This roadmap must comply with the reduction targets and minimum content requirements outlined in the CIA and CPO. Further, the roadmap must include all material business divisions.

In addition, the revised draft of the Climate Reporting Ordinance provides detailed guidance for the **transition plans of financial institutions**, in line with the CIA's requirement to align finance flows with Swiss climate goals (Art. 9 CIA). When preparing their transition plans, financial institutions will need to (1) build on scenario analyses and (2) incorporate the following key elements:

1. **Specific reduction targets**: Institutions must set specific reduction targets for material Scope 1, Scope 2, and Scope 3 emissions. These targets should, where feasible, be tailored by asset class and sector. Crucially, the targets must encompass group-wide and global emissions of investee, financed, or insured companies (for own account investments/financing) and cannot be confined to emissions within Switzerland.
2. **Implementation measures**: The plans must outline the measures to be implemented to achieve the established targets.

Financial institutions must align with FINMA's expectations for managing climate- and nature-related financial risks. These risks must be integrated into the management of credit, market, liquidity, operational, legal, and reputational risks, potentially influencing the institution's own transition plan. FINMA has codified these expectations for banks and insurance companies in its newly released **Circular 2026/01** on Nature-Related Risks, issued on 17 December 2024. The Circular will be implemented gradually, beginning on 1 January 2026 with climate risks for institutions in supervision categories 1 and 2. This regulatory development underscores the growing importance of climate risk within FINMA's supervisory framework.

4. Outlook

Recent developments in the Swiss regulatory landscape, including the CIA, CPO, and the upcoming revision of the Climate Reporting Ordinance, underscore the growing importance of credible climate transition plans. These changes align with recent EU legislative developments, notably the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), which place transition planning at the heart of companies' sustainability efforts.

Swiss companies must prepare for a more stringent and detailed sustainability reporting framework, with transition planning as a central element. This will demand significant effort and resources. Companies not currently subject to these requirements may wish to begin preparing roadmaps proactively, as the scope of sustainability and climate reporting rules is expected to expand soon (see our 1 July 2024 Insight).

Moreover, transition plans are expected to face increased scrutiny for their credibility, objectivity, verifiability, and alignment with climate neutrality objectives. This intensifies legal and reputational risks, while also posing challenges for business operations. The stakes are especially high for sectors heavily exposed to climate risks and impacts, where business partners – such as banks or insurers – may evaluate these plans as part of their own risk management processes, including during credit, financing or insurance coverage decisions.

Please do not hesitate to contact us in case of any questions.

Legal Note: The information contained in this Smart Insight newsletter is of general nature and does not constitute legal advice.

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