

## The European duty of vigilance and its effects on Geneva

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The European directive on corporate sustainability due diligence, adopted in 2024, imposes on large companies of the Union, and on third-country companies generating substantial turnover in the Union, due diligence duties regarding human rights and the environment across their chains of activities, backed by civil liability and sanctions. Its thresholds and timetable were raised and postponed by the simplification package of 2025.<sup>1</sup> Several Geneva traders exceed the thresholds through their European turnover and will be subject to the directive, whatever the fate of the Swiss initiative. Their banks and their European clients are already asking them for the corresponding information.

This de facto extraterritoriality, which Part K described for other fields, reduces the significance of the Swiss debate for the largest houses while preserving it for the medium-sized ones, which fall below the European thresholds. It has a strategic consequence: the Geneva financial centre has an interest in Swiss law converging with European law, so as to spare its companies two divergent regimes, which is what the Federal Council's counter-proposal aims to achieve. It also has a consequence for reputation: a financial centre whose companies apply the European duty of vigilance without being compelled to do so by Swiss law can turn this into a selling point, as the previous section suggested.

## 1 Notes

1. Directive (EU) 2024/1760 on corporate sustainability due diligence; “Omnibus I” package of the European Commission of 26 February 2025 proposing the postponement of transposition to July 2027 and of application to July 2028, the limitation of due diligence to direct partners and the raising of the thresholds; Mayer Brown, “European Commission Presents ‘Omnibus’ Simplification Package”, mayerbrown.com, February 2025. ↩

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