

The Guiding Principles and the duty of vigilance

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Beyond Swiss law, Geneva companies are confronted with the United Nations Guiding Principles on Business and Human Rights, adopted in 2011. These establish the responsibility of companies to respect human rights and to exercise due diligence in their activities and business relationships.¹ The Principles, developed in the forums of International Geneva, have inspired the legislation on the duty of vigilance adopted in France, in Germany and in the European Union.

The European directive on corporate sustainability due diligence, adopted in 2024 and subsequently revised to reduce its scope, imposes on large companies active in the Union a duty of vigilance over their value chains, backed by civil liability.² Geneva traders and banks generating substantial turnover in the European Union could fall within its scope, irrespective of Swiss law. This extraterritorial dimension, comparable to that of sanctions and taxation, illustrates once again the financial centre's dependence on rules adopted elsewhere.

Banks are concerned in two respects: through their own activities and through the financing they provide. Expectations regarding due diligence in financing — refusing to finance projects or traders implicated in serious abuses, integrating human rights criteria into credit analysis — have grown stronger. Trade finance banks require information from their clients about their supply chains.

1 Notes

1. Guiding Principles on Business and Human Rights endorsed by the Human Rights Council in its resolution 17/4 of 16 June 2011 (ohchr.org). ↩

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2. Wikipedia (en), article “Corporate Sustainability Due Diligence Directive”: directive adopted by the Council of the EU on 24 May 2024 and published in the Official Journal on 5 July 2024, applicable to EU companies with more than 1,000 employees and EUR 450 million in worldwide turnover, transposition within two years, staggered application from 26 July 2027; Morrison Foerster, “EU Sustainability Omnibus I – ‘Detailed Omnibus’ Adopted”, 22 December 2025: compromise approved by the European Parliament on 16 December 2025; “CSDDD due diligence is limited to ‘very big’ companies with >5,000 employees and >€1.5 billion net annual turnover, with application deferred until July 2029”; removal of the harmonised civil liability regime and of the obligation to adopt a climate transition plan; CSRD limited to companies with more than 1,000 employees and EUR 450 million; transposition by 26 July 2028, application from 26 July 2029. ↩

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