

# The responsibility to respect human rights – where do Swiss companies stand?



## I. Introduction:

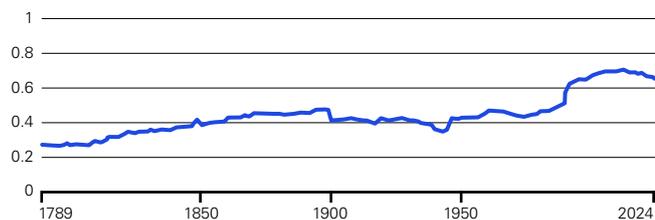
The **corporate responsibility for businesses to respect human rights** is a core element of the United Nations Guiding Principles on Business and Human Rights (UNGPs). It requires companies to exercise **due diligence** to avoid infringing on the rights of others and addressing adverse impacts they cause. In recent years, pressure on companies to meet these responsibilities has grown, partly due to an increase in binding legislation. This heightened attention has driven wider adoption of human rights due diligence processes, that are designed to systematically identify, assess and address potential and actual risks of human rights violations across a company’s value chain.

At the same time, **recent global developments** – including geopolitical instability, democratic backsliding, climate emergencies, and digital disinformation – have intensified **threats to human rights** and created a polarized, fast-changing landscape. In this environment, companies face complex decisions as they balance heightened expectations to respect human rights with the need to respond to evolving geopolitical risks to their business operations.

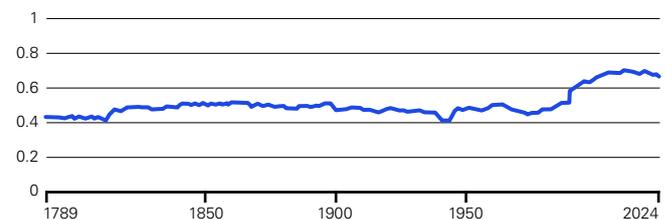
Regulatory compliance sets a baseline, but transformative change and meaningful progress require **embedding values and voluntary action into decision-making**. Businesses must clearly define which principles and values guide their operations, prioritize stakeholder interests and consider long-term impacts. Peer-learning, best practices and multi-stakeholder collaboration are essential for distributing risks and sharing benefits.

## Passing the Zenith?

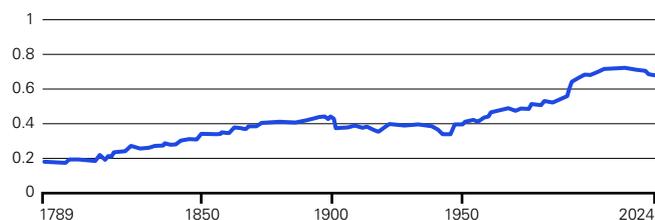
### Human rights overall



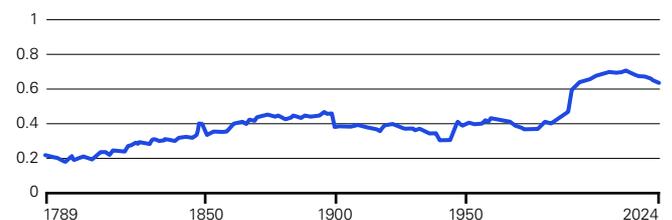
### Physical integrity



### Private civil liberties



### Political civil liberties



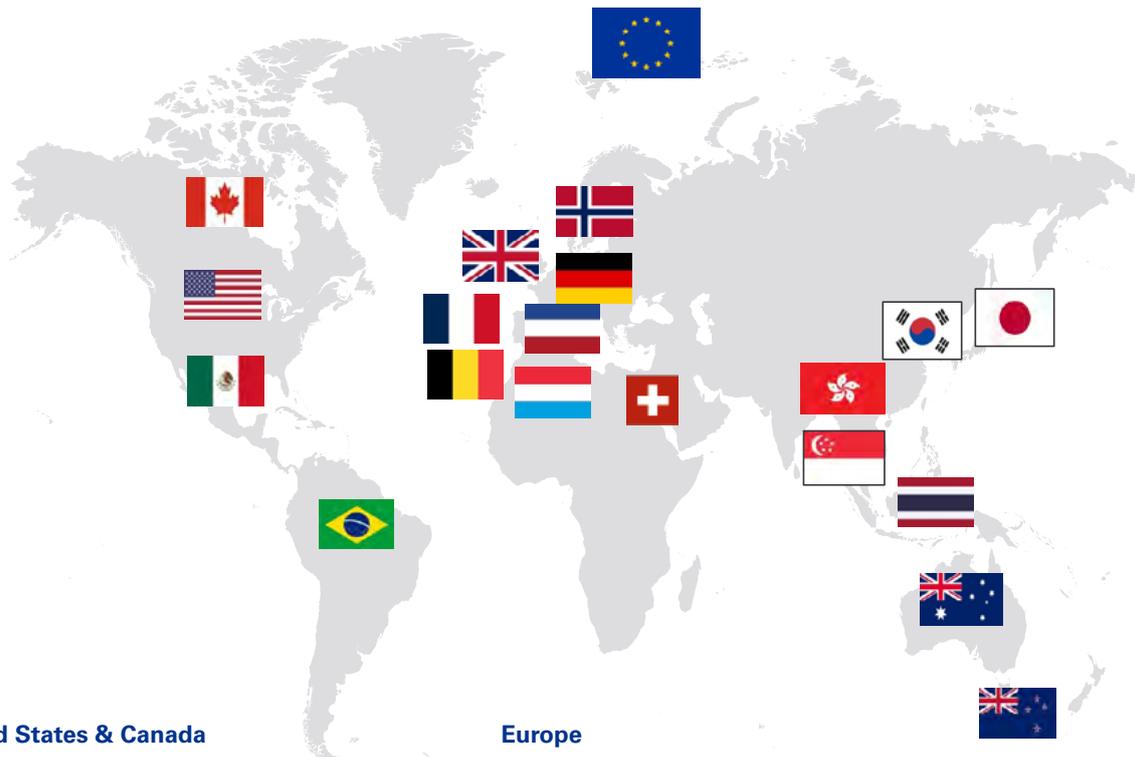
Quelle: Varieties of Democracy (V-Dem) project.

## II. Regulatory Update

Recent regulatory developments in business and human rights are marked by **increasing complexity and fragmentation across jurisdictions**. In Europe, the EU is shifting its approach towards deregulation, while Asia is accelerating its adoption of human rights frameworks and laws, particularly among key supplier nations such as Thailand, Vietnam, South Korea and Indonesia. Major

European regulations, including the CSDDD, CSRD, EU Taxonomy or EUDR remain in flux. In Switzerland, the Federal Council set out a timeline to decide by spring 2026 how Swiss sustainability reporting and due diligence rules in the Code of Obligation as well as the Ordinances on Conflict Minerals and Child Labour should align with the current evolving EU rules.

## Overview Human Rights & Environmental Due Diligence Laws



### United States & Canada

- US:** 1930 Tariff Act Section 307
- US:** 2010 California Transparency in Supply Chains Act
- US:** 2010 Dodd-Frank Act on conflict minerals
- US:** 2012 Strengthening Protections Against Trafficking in Persons in Federal Contracts
- US:** 2021 Uyghur Forced Labor Prevention Act
- Canada:** 2023 Fighting Against Forced Labour and Child Labour in Supply Chains Act

### Latin America

- Mexico:** 2023 Forced Labor Regulation
- Mexico:** 2020 Draft Law on Corporate Sustainability and Due Diligence
- Brazil:** 2022 Draft Bill on Mandatory HRDD

### Europe

- UK:** 2015 UK Modern Slavery Act
- France:** 2017 Duty of Vigilance Law
- NL:** 2019 Child Labour Due Diligence Bill
- Norway:** 2021 Transparency Act
- Germany:** 2021 Supply Chain DD Act
- Switzerland:** 2022 Ordinance on Due Diligence regarding Minerals and Metals from Conflict-Affected Areas and Child Labour
- EU:** 2016 Conflict Minerals Regulation
- EU:** 2023 (and beyond): CSRD/CSDDD/Taxonomy (Omnibus), Deforestation Regulation, Critical Raw Materials Act, Forced Labor Regulation, Batteries Regulation, Ecodesign for Sustainable Products Regulation
- Belgium:** 2021 Draft Due Diligence in Supply Chains
- Luxembourg:** 2022 Draft Duty of Vigilance Law

### Asia-Pacific

- Singapore:** 2014 Act Prevention Human Trafficking
- Hongkong:** 2017 Modern Slavery Bill
- Australia:** 2018 Modern Slavery Act
- Japan:** 2022 Guidelines for Respecting HR in Responsible Supply Chains
- South Korea:** 2023 Draft Act HR & Environ. Protection for Sustainable Business Management
- New Zealand:** 2023 Draft Modern Slavery Act
- Thailand:** 2025 Draft Supply Chain DD Law

This fragmentation is creating a **compliance ‘rollercoaster’ for companies**. In this heterogeneous environment, it is essential to remember that the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct remain the **internationally recognized foundation for corporate Human Rights Due Diligence**. Since most national laws and regulations draw on these standards, companies that align their HRDD processes with them are well positioned to meet diverse legal requirements across jurisdictions.

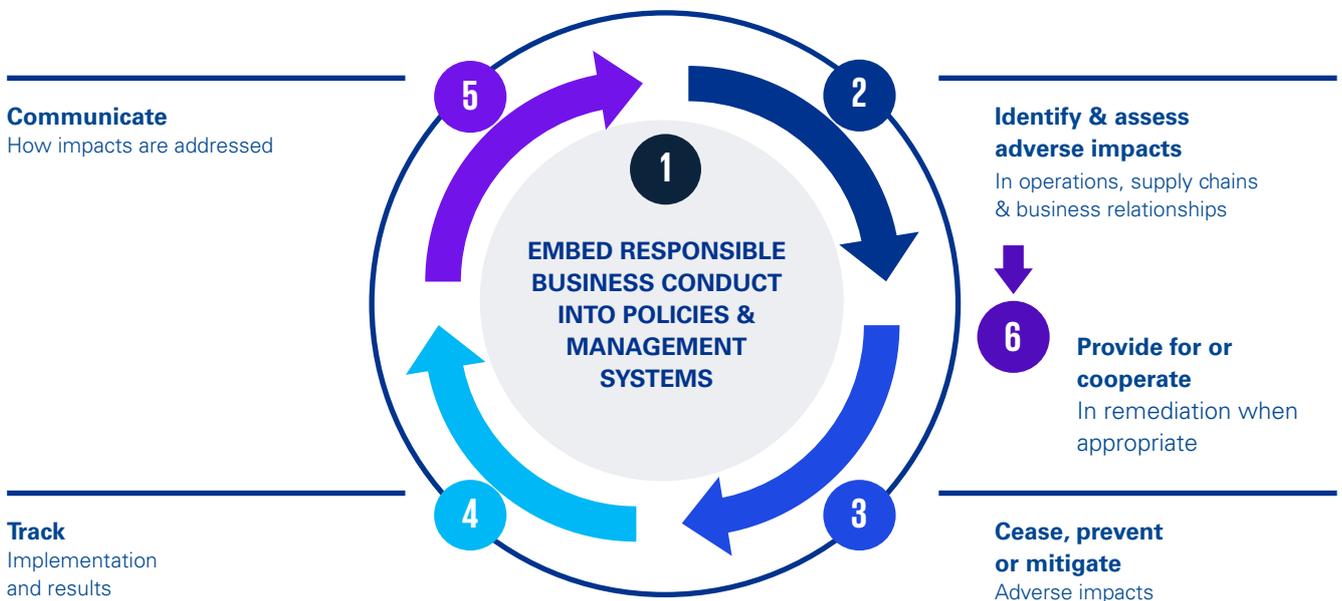
In light of the above, companies should first make sure they have implemented a robust **social compliance management system** to meet regulatory requirements effectively. **Voluntarily adopting a risk-based approach** on human rights due diligence aligned with the **UNGPs and OECD Guidelines** further helps minimize and address potential risks and negative impacts.

By **embedding human rights into their governance and business strategy** as well as leveraging **peer learning and best practices**, businesses can

- address supply chain complexity
- mitigate human rights risks and
- engage stakeholders in a meaningful way.

## Human Rights Due Diligence according to international standards

Figure 1. Human Rights Due Diligence (HRDD) Process & Supporting Measures



Note: Human Rights Due Diligence (HRDD) is presented here in accordance with the OECD Guidelines for Multinational Enterprises. The concept is reflected very similarly in the UN Guiding Principles on Business and Human Rights.

### III. Market observations

To understand how Swiss companies are addressing the above challenges and meet current and emerging human rights regulatory expectations, KPMG Switzerland assessed the maturity of the human rights engagement at selected companies across various industries and sizes.

Trends emerged in how companies structure human rights governance, conduct risk and impact assessments, adopt corrective actions and remediation measures or engage with stakeholders across their value chain.

#### III.1. Key challenges businesses face across industries and sizes:

##### Biggest challenges & what is needed



## 1. Complex and Multi-Tiered Supply Chains

Global supply chains are often highly fragmented, spanning multiple tiers and regions, which makes it difficult to obtain accurate and timely data. This lack of transparency creates blind spots for companies trying to identify human rights risks beyond their direct suppliers. This issue is worsened by a lack of digital tools that can be fully integrated into business operations, making monitoring and traceability even harder.

**What is needed:** clear mapping of the value chain as a basis for further activities. Advanced, interoperable digital solutions that enable better visibility and traceability beyond Tier 1 of the supply chain. Leveraging technology for supplier mapping, reliable real-time data collection and automated risk assessments that are individually tailored to a company's needs.

## 2. Lack of Legal Clarity and Fragmented Regulations

The regulatory landscape for human rights due diligence remains fragmented, with no globally unified approach. Businesses face uncertainty about compliance requirements across jurisdictions, which increases complexity and costs. This lack of clarity often leads to inconsistent implementation and slows down progress on human rights commitments.

**What is needed:** greater regulatory certainty and harmonization across regions to reduce complexity and level the playing field. Use of the UNGPs and OECD Guidelines as a compass for harmonization efforts to ensure consistency in how human rights risks are identified and addressed.

## 3. Insufficient Stakeholder Engagement

Engagement with stakeholders, particularly affected rightsholders, is often limited to high-level discussions or proxies. Typically, companies engage primarily with their own workforce, clients, consumers and investors. Reaching out to stakeholders further down the value chain – such as affected communities or workers – is difficult because communication channels are weak, trust is limited and engagement entails significant costs. Without meaningful dialogue, companies risk missing critical insights and failing to build trust with communities affected by their operations.

**What is needed:** inclusive engagement strategies that go beyond formal consultations and involve local representatives and experts. Building long-term relationships and incorporating stakeholder input into decision-making processes is key to an effective human rights risk mitigation strategy.



## 4. Actions Rarely Address Systemic Issues

Corrective action plans often focus on codes of conduct, policies, high-level risk assessments and general human rights trainings, which have only a limited impact to address root causes of human rights violations. These approaches often result in compliance-driven checklists rather than transformative change. Systemic issues such as forced labor, child labor, or lack of living wages are deeply embedded in global supply chains and cannot be resolved by individual companies alone. They require structural change in industry practices, including pricing models, purchasing practices, and a different power dynamic between buyers and suppliers. The role and responsibility of local governments and other stakeholders must also be considered.

**What is needed:** stronger cross-industry collaboration and multi-stakeholder initiatives to pool resources, share data and align expectations to tackle systemic challenges collectively. This includes coordinated advocacy for policy reforms, sector-wide standards and investment in capacity building for suppliers.

### III.2. Maturity of Human Rights Due Diligence:

Swiss companies are **increasingly aware of their responsibility to respect human rights**, guided by international frameworks such as the UN Guiding Principles and the OECD Guidelines as well as legal requirements in the Swiss Code of Obligation. This awareness is reflected in a growing trend to formalize human rights commitments through policies and governance structures. However, the degree to which these commitments are embedded into core business practices and decision-making varies significantly, which is most notably seen in the **different maturity level between multinational companies and those of smaller sizes**.



Most companies have developed formal **human rights policies**, while multinationals are leading in **integrating oversight at the board level**. They are more likely to embed human rights considerations into their governance structures and to address the topic at the highest levels of decision-making. In contrast, smaller companies often lag behind, with human rights less systematically included on leadership agendas and policies sometimes only partially **aligned with international standards**.



**Risk management practices also differ.** Multinationals tend to conduct deeper impact assessments aimed at the most severe risks across their operations and supply chains, while smaller companies typically focus on higher-level risk assessments. A notable share of multinationals still has not achieved thorough visibility into their value chain, despite greater financial or human resources.



**While corrective action plans** are becoming more common, but they often focus on general training, supplier audits and compliance activities rather than targeted measures for specific risks.



**Measuring the effectiveness of mitigation measures** remains a challenge for all. Very few use specific **human rights KPIs**, and those that do, regardless of size, still rely heavily on process indicators – such as the number of employees trained or suppliers audited – instead of outcome-based metrics that track behavioral change, knowledge gains and long-term impacts.



**Stakeholder engagement** is mostly limited to employees, clients, investors and consumers. Multinational companies are more likely to involve a broader set of stakeholders, but meaningful engagement with rightsholders further down the value chain – such as local communities or supplier workforce – remains limited. This is often due to communication barriers, trust issues and resource constraints.

In summary, **Swiss companies are making progress in formalizing their approach to human rights** due diligence, with multinationals clearly leading the way. Yet, there is **still considerable room for improvement** to systematically embed these practices into governance, conduct deeper impact assessments, implement targeted action plans, measure long-term outcomes and engage more effectively with all relevant stakeholders across the value chain.





### III.3. Collaboration as a Competitive Advantage:

Cross-sector and cross-industry **collaboration** is both a moral imperative and a **strategic business decision**. Multi-stakeholder initiatives and dialogue platforms let companies share costs, avoid duplicated efforts and achieve economies of scale in addressing systemic human rights risks. By pooling resources and aligning standards, businesses can lower compliance costs, streamline due diligence processes, and reduce exposure to legal and reputational risks.



These collaborations also accelerate access to best practices and innovative solutions, improving operational efficiency and resilience. Ultimately, investing in collective action protects brand value, strengthens stakeholder trust and creates a more resilient operating environment for long-term growth.

### IV. Conclusion

In conclusion, Swiss companies are navigating a dynamic landscape where human rights expectations and regulations are constantly evolving and global developments are increasing operational complexity. The **global human rights situation** has deteriorated in many regions, making it harder for companies to determine who they can responsibly engage with. This reality underscores the **need for thoughtful decision-making** and **enhanced due diligence** beyond mere regulatory compliance.

**Responsible business conduct will be defined not by formal policies and compliance, but by a willingness to adapt, learn, and collaborate.**

Companies that treat human rights not just as a compliance requirement but as an **opportunity for innovation and continuous improvement**, are better positioned to create value and manage emerging risks.

By integrating human rights considerations into core strategy, leveraging new technologies and fostering collaborative approaches, Swiss businesses can **transform challenges into opportunities** for meaningful impact and sustainable growth.



### How KPMG helps you tackle human rights challenges

KPMG supports companies in assessing their human rights due diligence processes and embedding human rights into governance and key business functions.

Our services include **gap analyses, the design of HRDD frameworks aligned with UNGPs and OECD Guidelines, risk and impact assessments, stakeholder engagement strategies, and digital solutions for monitoring and reporting.**

We also assist in setting up comprehensive social compliance management systems to be in line with relevant national and international standards such as the DDTro, CSDDD, EUT or CSRD, and provide assurance on HRDD processes with the goal to help companies turn commitments and legal requirements into measurable progress and long-term impact.

**Contact our experts to discuss your specific challenges or if you are interested in a more detailed conversation about our market observation results.**

## Contact our experts

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