

## Change in the Code of Obligations (Transparency on Sustainability Aspects)

AFBS was involved in drafting the comments of SBA and economiesuisse which it fully endorses. AFBS would like to insist on a few points which are of particular concern to the foreign banks.

### Proportionality

Through thresholds of size and turnover, the draft legislation offers to exempt small firms from the reporting duty. This makes sense as the duty imposes a heavy burden on the individual company and the potential impact of small firms is minor. It thus surprises that such exemptions do not apply to financial intermediaries.

AFBS suggests extending the exemption thresholds offered to corporates to financial firms also. There is no reason for subjecting financial intermediaries to a stricter reporting regime than other companies. The so-called leverage a bank may exercise through its activity of financing a certain corporate's activity does not justify this, the more so as such leverage is heavily limited as the bank does not have full control of the usage a client makes of the loan and does not have any capacity on allocation of assets in an investment context.

It is understood that Art 964b offers exemption of group entities from preparing an independent reporting for the Swiss entity if the parent group already prepares an equivalent report. It is understood that this exemption also applies to entities which are included into the report of a company that holds the shares indirectly. That makes sense and is welcomed. It avoids complexity of double reporting and potential contradictions arising.

### International equivalence

The draft specifically mentions the standard of the EU and standards equivalent to it. The reference to standards of foreign jurisdictions should be more open and go beyond the EU thus allowing the Swiss marketplace to remain as flexible and open as possible. Especially for foreign banks it is of great importance to have international standards being recognised by the Swiss regulation. Therefore, AFBS supports SBA's suggestion to open up the formulation.

To offer sufficient flexibility in adapting requirements, the legislator should delegate to the Federal Council the identification of recognised standards. The latter should be entrusted with identifying and updating the list through Ordinance.

### Transition

Transition is very short. It is particularly challenging for those firms that are newly subject to the reporting requirements as they may have to set up a complete set of processes and procedures for collecting, preparing, aggregating and presenting data in an adequate manner. This requires time. It particularly requires time in the case of foreign banks which depend on their foreign parent entity both for processes and for data availability.

Therefore, transition should be extended to 4 years.