

BRIEFING JUNE 2023

NEW SWISS CLIMATE AND INNOVATION ACT – IMPLICATIONS FOR COMPANIES

On June 18, 2023, Swiss voters approved a new Federal Act on Climate Protection Targets, Innovation and Strengthening Energy Security (the ‘Climate and Innovation Act’), which is an important step for Switzerland’s climate protection efforts. This briefing summarises the key provisions of the new law that is expected to enter into force in January 2025, and provides an overview of its implications for Swiss companies.

ANOTHER INDIRECT COUNTERPROPOSAL

The new Swiss Climate and Innovation Act is once again the result of an indirect counterproposal of the parliament to an initiative raised by citizens, the so-called ‘Glacier Initiative’ (with respect to the indirect counterproposal to the Responsible Business Initiative and the new Swiss due diligence and reporting obligations for companies on ESG matters see our [earlier briefing](#) and related [update](#)). The Glacier Initiative had been more far-reaching, including complete bans of fossil fuels, but was withdrawn by the initiative committee after the counterproposal (i.e., the current Climate and Innovation Act) had been passed by the parliament. The vote on the counterproposal was required because a referendum had been raised against the new act.

PURPOSE OF THE NEW ACT IN LINE WITH THE PARIS AGREEMENT

The main goal of the Climate and Innovation Act is for Switzerland to become climate neutral (net zero) by 2050,

mainly by gradually reducing its consumption of mineral oil and natural gas by a shift to renewable energy sources. The net zero target is not new: Switzerland had already committed to it by ratifying the Paris Agreement in 2016, based on which the Swiss Federal Council in 2019 decided on a net zero target for 2050, and adopted a long-term climate strategy for Switzerland with the same goal in 2021. However, this is the first time that this target, including interim targets and certain more specific measures, are prescribed by a formal act which is legally binding.

HIGH-LEVEL DIRECTIONAL ACT WITH DETAILS TO BE ELABORATED

The Climate and Innovation Act establishes that the net zero goal shall be met to the extent possible by reducing Switzerland’s greenhouse gas emissions, and supplemented by using negative emissions technologies in Switzerland and abroad. It also includes some directional guidance on measures that shall be taken, e.g., supporting new technologies and processes by means of grants and other funding instruments.

In particular, the Climate and Innovation Act provides the legal basis for the government to grant subsidies to homeowners for switching from fossil fuels to more climate-friendly heating systems or to improve insulation of buildings. The aim is to replace oil and gas heating systems to the greatest extent possible by 2050.

However, the new act is mostly a framework for Switzerland’s climate protection efforts, and it serves as a mandate to the

federal and cantonal governments to elaborate how these goals can be achieved and to develop further legislation establishing concrete measures and further details.

COMPANIES MUST BE CLIMATE NEUTRAL BY 2050

The only obligation for Swiss companies included in the Climate and Innovation Act is that they must have net zero emissions by 2050 at the latest, taking into account direct and indirect emissions. In order to achieve this target, companies and sectors may – but not must – draw up roadmaps. The government shall provide companies or sectors that draw up such roadmaps by 2029 with basic principles, standards and expert advice. It may consider internationally recognised

standards. However, such guidance is not yet available. Furthermore, companies with roadmaps to achieve net zero emissions may profit from financial assistance from the federal government for the application of novel, climate-friendly technologies, and processes until 2030.

The act sets out some interim greenhouse gas reduction goals (by 2040) for the buildings, transport and industry sectors. Otherwise, the Climate and Innovation Act does not contain any specific rules or obligations for Swiss companies which would be relevant now or in the near future. Nevertheless, we expect that there will be more specific measures defined either by the federal or the cantonal governments, including certain obligations for companies, over the next couple of years.

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