

SwissHoldings Update

July 2020

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SwissHoldings, the association of industrial and service companies in Switzerland, comprises 59 of the largest groups in Switzerland, which together account for approximately 71 percent of the total market capitalization of the SIX Swiss Exchange. Our member companies employ around 1.7 million people globally, around 200,000 of whom work in Switzerland. Through the numerous service and supply contracts they award to SMEs, Switzerland's multinational companies employ - directly and indirectly - more than half of all employees in Switzerland.

Law Department

Competition Law

Revision of the Cartel Act

<p>Current status</p>	<p>On 12 February 2020, the Federal Council instructed the Federal Department of Economic Affairs, Education and Research (WBF) to prepare a draft for public consultation. The Federal Council's main aim is to modernize merger control. It states in detail that the change from the current qualified market dominance test to the Significant Impediment to Effective Competition Test (SIEC test) will adjust the test standard of the Competition Commission (COMCO) to international experience. The fundamental difference between the market dominance test applied in Switzerland and the SIEC test to be introduced is the level of the intervention hurdle. The SIEC test could prohibit mergers or impose appropriate conditions if they led to a significant obstacle for competition. Under the current test standard, this would only be possible to completely eliminated effective competition through a merger. Two studies commissioned by the State Secretariat for Economic Affairs (SECO) would show that positive effects on competition in Switzerland could be expected from such a change.</p> <p>Additionally, in accordance with the parliamentary decision of 5 March 2018, the Federal Council intends to include two requests of Motion Fournier 16.4094 "Improving the situation for SMEs in competitive processes" in the revision. The Federal Council states that, on the one hand, regulatory deadlines would be introduced for the competition authorities and courts in order to speed up administrative procedures. On the other hand, the Motion Fournier demands compensation for parties in all phases of the administrative procedure under competition law, and now also for proceedings before the Competition Commission (WEKO).</p> <p>According to the Federal Council, two further technical elements from the 2012 revision of the Cartel Act, which was rejected by parliament, are also to be dealt with. On the one hand, the civil anti-trust law should be strengthened and, on the other hand, the opposition procedure should be improved (see the media release including the mentioned studies in detail under the following link).</p>
<p>Outlook</p>	<p>The consultation period is still scheduled to open in the fourth quarter of 2020 (as was planned when the press release was issued), although a slight delay is to be expected due to Covid-19. SwissHoldings will participate in the consultation process and continue to promote the interests of its member companies.</p>

Popular initiative "Stop the high-price island - for fair prices" and indirect counter-proposal by the Federal Council

<p>Current status</p>	<p>The federal popular initiative "Stop the high-price island - for fair prices" was formally launched in January 2018. It aims to incorporate various elements of previous parliamentary proposals to combat the so-called "price island of Switzerland" by means of competition law (KG and UWG) into the Constitution. These are to include measures to ensure the non-discriminatory procurement of goods and services abroad and to prevent restrictions of competition caused by unilateral behaviour by companies with strong market power. Broad sections of the business community, but also the WEKO, reject the initiative as system threatening and not useful. Critical voices can also be heard from the WBF.</p> <p>In August 2018, the Federal Council proposed that the "fair price" initiative be confronted with an indirect counter-proposal and opened a consultation procedure on this. With the concept of "relative market power", both aim to facilitate purchasing opportunities for Swiss companies abroad and thus reduce production costs.</p> <p>SwissHoldings took part in the consultation process and submitted a consultation response at the end of November 2018, which was clearly negative towards both the initiative and the indirect counter-proposal. From an economic point of view, it is unlikely that the initiative or the counterproposal will lower the general price level. Eliminating customs duties and removing trade barriers will have a more direct (and probably a more tangible) effect. By focusing on sealing off foreign markets and being compatible with international trade commitments, the counterproposal is less harmful than the initiative. However, where prices are not administered, it too stands in the way of price differentiation.</p> <p>Even after the review process, the Federal Council maintained its decision in favour of the indirect counterproposal already presented and adopted a corresponding dispatch on 29.5.2019.</p> <p>The National Council was then the first consultative body. The preliminary commission of the National Council (Commission for Economic Affairs and Taxes of the National Council; WAK-N) rejected the initiative. However, it agreed to the Federal Council's indirect counter-proposal and tightened the counter-proposal last year, which we regret. In the same direction, the National Council recommended the initiative for rejection this year but accepted the counter-proposal and tightened it.</p> <p>The proposal was then submitted to the Council of States (Commission for Economic Affairs and Taxation of the Council of States WAK-S) preliminary commission. On the 19th of May, 2020, this commission submitted a request to the Council of States to extend the deadline for discussion of the initiative in parliament until the 23rd of August, 2021 due to the standstill in connection with Covid-19. The Council of States also decided to do so.</p>
<p>Outlook</p>	<p>The next meeting of the WAK-S will probably take place on August 20th (and possibly additionally on the 27th) 2020. SwissHoldings will continue to lobby against the bill.</p>



Corporate and capital market law

Coronavirus - ban on events and general meetings

Current status / outlook

Amid the developments around Corona, the Federal Council had issued event bans. The first ban on events enforced a limit of 1000 persons, then a limit of 100 persons and finally it was stated that **public and private events were prohibited.**

This led to a conflict with the need for companies to hold their general meetings in the spring, in particular to allow the payment of dividends.

In order to solve the problem, the Federal Council then **issued the regulation according to which the organizer can order that participants can exercise their rights exclusively: a) in writing or in electronic form; or b) through the independent proxy appointed by the organizer** (cf. Art. 6f of the [Ordinance 2 on Measures to Combat Coronavirus](#); in previous versions of Articles 6a and 6b), which we very much welcome. In addition, a Q&A on the subject has also been published on the Federal Office of Justice's website (see [link](#)).

Coronavirus - no ban on dividend payments in the event of short-time working

Current status / outlook

The parliamentary discussions during the extraordinary session on Corona, a motion was discussed which would have prohibited dividend distributions in the event of short-time working compensation being paid as part of the Covid crisis (see [link to the motion](#)). SwissHoldings had already strongly opposed the motion at an early stage (see our [submission to the SGK-S](#) for our **arguments**). We **welcome the fact that the Federal Council then also rejected the motion and that the Council of States also rejected the motion**, although it had still found a majority in the National Council. **Therefore, it should be off the table.**

Coronavirus - Measures against bankruptcies - in particular, relief from the obligation to notify over-indebtedness and Covid 19 deferral

Current status / outlook

On the 8th of April, 2020, the Federal Council instructed the Federal Department of Justice and Police (FDJP) to propose suitable instruments in the law on capital protection (OR) and the law on restructuring and deferral (SchKG). The Federal Office of Justice (FOJ) had carried out a public consultation on this in advance.

As a result, the Federal Council adopted the corresponding ordinance at its meeting on the 16th of April, 2020 and it entered into force on the 20th of April, 2020. Both the consultation draft and the ordinance provide for temporary relief from the obligation to notify over-indebtedness (in deviation from Art. 725 para. 2 of the Swiss Code of Obligations) and the possibility of a temporary, unbureaucratic COVID 19 deferral, particularly for SMEs (see [link](#) to the media release including links to the ordinance and the explanations on the ordinance).

SwissHoldings was also invited to the public consultation and submitted a consultation response (see [link](#)). It stated - although it also raised critical

	points - that it supported the efforts of the Confederation to support SMEs as an important part of the Swiss economy; from this point of view, the proposals would make sense as temporary measures. Accordingly, SwissHoldings welcomes the adoption of the ordinance in its present form.
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Coronavirus - Consultation for the Covid-19 law

Current status	Last Friday the Federal Council opened the consultation process on the Covid-19 law . The bill intends to enact an urgent and temporary federal law for the emergency measures that are still necessary to deal with the Covid-19 epidemic (see link to the media release and consultation documents).
Outlook	The consultation period will last until the 10th of June, 2020 and SwissHoldings will study the documents in detail and will participate in the consultation .

Corporate Law Revision

Current status/	<p>Preliminary remark: "Draft 1" and "Draft 2": In the area of stock corporation law, two bills were debated in parliament. They were referred to as "Draft 1" and "Draft 2". The former (Draft 1) concerned the content of company law in accordance with the Federal Council's dispatch to parliament on the 23rd of November, 2016, while the latter (Draft 2) concerned the counter-proposal to the Corporate Responsibility Initiative. The present comments refer to "Draft 1".</p> <p>Message: On the 23rd of November, 2016, the Federal Council approved the proposal for the revision of the stock corporation law to the parliament. The aim of the revision of the company law was in particular to transpose the Ordinance against Excessive Remuneration - which the Federal Council had to enact five years ago as a result of the "rip-off" initiative ("Abzockerinitiative") - into law and the Swiss Code of Obligations.</p> <p>Discussions in the National Council: The National Council discussed the bill in a business-friendly manner. In particular, it passed its resolutions relatively close to the ordinance against excessive remuneration, which is an extremely important concern for the member companies. We were also able to bring SwissHoldings other concerns practically in their entirety into the parliamentary process. One exception was the Comply or Explain gender guidelines for the Board of Directors and the Executive Board, which SwissHoldings opposed. The National Council, like the Federal Council, was in favor of these values.</p> <p>Discussions in the Council of States: The bill was then submitted to the preliminary commission of the Council of States and the Council of States from summer 2018. Initially, the preliminary commission of the Council of States discussed the bill in a way that was extremely problematic from an economic perspective. However, intensive lobbying by SwissHoldings in coordination with the other business associations was able to get the bill back on track. After the deliberations in the Council of States, it then looked far more favorable for businesses than what would have been expected after deliberations of the preliminary commission of the Council of States in 2018. In line with our position, the decisions of the Council of States were made relatively close to the decisions of the National Council. In line with our recommendations, the deliberations were also - with exceptions - reasonably close to the ordinance against excessive remuneration. Finally,</p>
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	<p>the Council of States improved the draft submitted to the National Council also in certain points (e.g. elimination of a guarantee obligation of the Board of Directors for the solvency of the company). However, there were also negative points from SwissHoldings perspective. It regretted that the Council of States - like the Federal Council and the National Council before it - also spoke in favor of the Comply or Explain gender guidelines. As a result, since the National Council and the Council of States were in agreement, this decision could no longer be rectified in the differential settlement procedure (“Differenzbereinigungsverfahren”). In addition to the point concerning the gender guidelines, there were other aspects of the version of the Council of States that needed to be amended.</p> <p><u>Difference settlement procedure (“Differenzbereinigungsverfahren”) and final vote:</u> As of the 5th of July, 2019, the proposal was then subject to the difference settlement procedure. In this stage of the procedure, we again strongly advocated for our position - again in coordination with other associations (see also our various submissions under the following link). The National Council continued to discuss the differences in an economically acceptable manner. However, the Council of States largely adhered to its decisions. Finally, various compromises were proposed and found. The proposal was then adopted in the final vote.</p> <p><u>Overall view of the parliamentary deliberations</u></p> <ul style="list-style-type: none"> - SwissHoldings welcomes the fact that the revision has now been concluded in the interest of legal security. After the now very long history - which goes back far beyond the issuance of the message in 2016 - it is important that the revision has now finally come to an end. This will allow calm to the stock corporation law. The reform does now not contain many sensational changes but causing excitement need not be the goal of a revision of stock corporation law. - On the whole, the Parliament has deliberated relatively close to the ordinance against excessive remunerations. This is important and notable because during the parliamentary process, very substantial tightening of the VegüV had been discussed (led by parliamentarian Minder who is a member of the Council of States' preliminary commission). - The Parliament has also improved the bill in a number of technical, but practically relevant points. For example, the Federal Council's draft contained a provision which would have forced companies to hold general meetings earlier in the year, which would have led to significant practical problems. Also, a provision was originally envisaged according to which the calculation of the voting results in the general meeting should have been based on the votes cast instead of the votes represented. This could have led to distorted voting results. - However, the bill also contains problematic decisions by the Parliament. For example, the Parliament has also decided in favor of a provision on the secrecy of the independent shareholders' representative; although it has at least been attenuated in the procedure for settling differences (“Differenzbereinigungsverfahren”), it has not been completely disposed.
<p>Outlook</p>	<p>The ordinances are now being prepared. SwissHoldings will continue to lobby for the interests of the member companies also at this stage.</p>

Proposal for improving the framework conditions for blockchain/DLT

<p>Current status</p>	<p>In December 2018, the Federal Council adopted a report on the blockchain-legal framework and distributed ledger technology in the financial sector. On the 22nd of March 2019, it then opened the review process on the adaptation of federal law to developments in the technology of distributed electronic registers. The aim is to increase legal certainty, remove obstacles to applications based on the distributed ledger technology (DLT) and limit the risk of abuse. The proposal serves to further improve the regulatory framework for DLT in Switzerland, particularly in the financial sector. SwissHoldings took part in the consultation procedure and submitted a corresponding statement - practically identical to <i>economiesuisse</i>. To summarize, SwissHoldings has taken the following position:</p> <p>Distributed Ledger Technology (DLT) and blockchain technologies are among the potentially promising developments in digitization. SwissHoldings has a fundamentally positive attitude towards the proposal. It will enable Switzerland to improve and, above all, more legally secure use of the opportunities offered by these technologies. Therefore, it is not necessary to fundamentally adapt the legal framework on the basis of a specific technology which is still under development or to introduce a comprehensive, specific law. The Swiss legal framework already offers much flexibility and opportunities. Nevertheless, there are specific areas in the law where targeted adjustments are necessary to increase legal certainty, remove obstacles to DLT/blockchain-based applications and limit new risks. The Federal Council then issued its dispatch, in which it essentially met the concerns expressed by the business community. The preliminary commission of the National Council (WAK-N) and the National Council then spoke out in favor of the proposal and only made few adjustments.</p>
<p>Outlook</p>	<p>The preliminary advisory commission of the Council of States (WAK-S) is expected to discuss the bill further on the 2nd of July, 2020. SwissHoldings will continue to advocate the interests of its member companies in this draft.</p>

Amendment of the Money Laundering Act

<p>Current status/ Outlook</p>	<p>On the 1st of June, 2018, the Federal Council opened the consultation procedure on the amendment of the Anti-Money Laundering Act (see link to the media release and consultation documents). On the 26th of July, 2019, it then issued the statement (see link to the media release and the relevant documents). Afterwards, the preliminary commission of the National Council (Commission for Legal Affairs of the National Council, RK-N) as well as the National Council decided to reject the bill. The preliminary commission of the Council of States (RK-S) has now instructed the administration to submit three options to it which take account of the National Council's main points of criticism, and it will conduct the debate on admission or rejection of the bill ("Eintretensdebatte") at one of its next meetings - probably on the 11th of August, 2020.</p> <p>The aim of the proposal is to take the Federal Council's financial market policy strategy into account for a competitive Swiss financial center and the most important recommendations of the country report of the Financial Action Task Force (FATF). The SwissHoldings member firms are only marginally affected by the proposal. Accordingly, SwissHoldings had submitted only a brief response, whose selective concerns relating to the Federal Council's proposal were taken into account by the Federal Council and is now accompanying the</p>
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proposal from a distance.

The SIX consultation on the regulations of ad hoc publicity and further adjustments

Current status / outlook

In 2016, the SIX had already conducted a consultation on the revision of the regulations on ad hoc publicity, in which SwissHoldings had participated at the time.

The SIX then contacted the participants in the consultation process at the time and provided the following information: "Due to political negotiations (i.a. regarding exchange equivalence with the EU), dialogues with a range of regulatory bodies (mainly FINMA), and also, in particular, the complex legal and regulatory environment surrounding the ad hoc publicity regulations, further discussions and analyses have been taking place since that time, some of which pertain to recognized international standards" The participants in the consultation process at the time were consulted accordingly on various amendments to the Listing Rules, the Directive on Information Relating to Corporate Governance and the Directive on Ad Hoc Publicity.

In our statement, we voiced that we continue to support the direction of the approach, which largely refrains from the concept of certain "per se" facts. We have also stated that the proposal still requires various adjustments and what these adjustments consist of (see [link](#) to the detailed opinion).

Compliance

Compliance Specialist Group as a platform for the exchange of experience among the member companies - in particular on compliance management systems

Current status	The ever-increasing compliance burden, also for non-financial companies, forces them to constantly expand their company-wide compliance systems and check their efficiency. In Working Group Meetings in the English language the various Compliance Management Systems of the different member companies are presented and an exchange about them takes place. Current topics, such as Covid-19 and the new situation after the pandemic, are also discussed in these meetings.
Outlook	SwissHoldings will continue to promote the mutual exchange between the member companies

Revision of the Code of Civil Procedure - Collective redress – Legal professional privilege for in-house counsel

Current status	<p>In 2018, a consultation on the amendment of the Code of Civil Procedure was held. It particularly concerned the dismantling of cost barriers, the introduction of instruments of collective redress and the implementation of the parliamentary initiative Markwalder (16,409) for a legal professional privilege for in-house counsel .</p> <p>SwissHoldings submitted a response to the consultation on the 11th of June, 2018 and also supported our concerns through presentations and discussions and in coordination with the other associations. Essentially, SwissHoldings is opposed to the instruments of collective redress and explicitly and emphatically supports the intended provision regarding the legal professional privilege for in-house counsel (see link to the consultation response on the amendment of the Code of Civil Procedure of the 11th of June, 2018).</p> <p>On the 26th of February, 2020, the Federal Council presented its statement on the Code of Civil Procedure revision (see link to the press release, the dispatch and the Federal Council draft). It has decided to remove the instruments of collective redress from the draft and to treat this topic separately. It also decided to retain the provision on legal professional privilege for in-house counsel in the Federal Council's draft, which we very much welcome.</p>
Outlook	<p>Now the parliamentary process will begin. The bill will first be discussed by the Council of States and then by the National Council. As a first step, the preliminary commission of the Council of States will discuss the bill. Its first meeting about the bill is expected to take place on the 3rd of September, 2020.</p> <p>SwissHoldings will closely follow and supervise the deliberations and will continue to support the interests of its member companies in this area as well.</p>



Deferred prosecution agreement (DPA)

<p>Current status /Outlook</p>	<p>The Swiss Attorney General's Office would like to allow deals between the prosecuting authorities and the accused companies to follow the American model. The purpose would be to be able to prosecute the companies more effectively in the future and to counter the accusations of excessively heavy fines and excessively long proceedings in Switzerland, which are often voiced in the international arena. In its message on the revision of the law of criminal procedure of 28 August 2019, the Federal Council rejected the introduction of DPAs in Switzerland for the time being.</p> <p>SwissHoldings is tracking the current movements. While it would occasionally be useful for companies to be able to eliminate unwanted criminal proceedings at an early stage, the granting of new powers to the Public Prosecutor's Office would open up a dynamic that could rapidly increase the pressure on companies and would often be outside the usual judicial system.</p>
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Whistleblowing

<p>Current status / outlook</p>	<p>In 2015, a whistleblowing regulation in labour law (OR), which was quite limited in content, had been approved by parliament but then returned to the Federal Office of Justice for a "more readable reformulation". On 21.9.2018, the Federal Council adopted the new wording together with an additional message (essentially new Art. 321a to 321a septies OR). On 3.6.2019 and, unlike the subsequent Council of States, also on 5.3.2020, the National Council repeatedly rejected the bill and confirmed its rejection in its entirety (cf. transaction 13.094). The bill is thus buried.</p> <p>SwissHoldings is monitoring further developments of the topic of whistleblowing and will accompany any new Swiss proposals on the topic of whistleblowing which may arise from European and international developments.</p>
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Data protection

Revision of the data protection law

<p>Current status</p>	<p>In light of European developments, Switzerland must also revise its data protection law. On the one hand, to meet international expectations in accordance with the future revised Council of Europe Convention 108. On the other hand, to maintain the equivalence with the EU-DSGVO, which is very important for the economy.</p> <p>In September 2017, the Federal Council adopted a corresponding message to parliament, which is based on the level of protection provided by the DPA. First Council was the National Council. Although the SPK-N commission decided to intervene in January 2018, it proposed splitting the bill into a Schengen section to be discussed first then the rest later. The National Council and the State Council followed this approach and in June 2018 passed an interim "<i>Federal Act on the implementation of Directive (EU) 2016/680 on the protection of individuals with regard to the processing of personal data for the purpose of the prevention, investigation, detection or prosecution of criminal offences or the execution of sentences (further development of the Schengen acquis)</i>". With completing this first stage, Parliament only then started discussing the actual "large" DPA revision with the aim of comprehensive adaptation to the Council of Europe standard, namely the DSGVO.</p> <p>The deliberations on the second part in the SPK-N took another year and did not end until mid-August 2019. Currently, the revision in the settlement of differences is once again pending before the National Council. The SPK-N will probably continue with the settlement of differences on the 2nd or 3rd of July.</p>
<p>Outlook</p>	<p>After the meeting of the Council of States on the 2nd of June, three differences still remain:</p> <ul style="list-style-type: none"> • Specification of genetic data in Art. 4(3); • Period of use of data in credit assessments (Art. 27 para. 2 lit. C para. 3) • And the last big issue, profiling. It is still hoped that the compromise solution formerly decided by the National Council will finally prevail. The outcome on this issue has no influence on the EU adequacy assessment. However, it is important for our member companies that this law is passed quickly so that the conditions for the recognition of equivalence are improved. It is not yet entirely clear when the equivalence decision will be taken. The equivalence decision announced by the EU for 24 June 2020 has again been postponed for all third countries: the Commission would like to wait for the "Schrems 2" judgment of the European Court of Justice of 16 July 2020.



Taxation Department

Withholding Tax Reform

Current status

With the withholding tax reform, the Federal Council wants to strengthen the Swiss debt capital market and encourage Swiss groups (as well as foreign groups with important activities in Switzerland) to issue their bonds here if possible. In addition, these groups should greatly reduce their foreign financing structures and carry out their corresponding activities in Switzerland. According to the Federal Department of Finance, the reform has an "extremely advantageous cost-benefit ratio". As a precaution, the Federal Department of Finance estimates the cost of the reform at CHF 200 million.

After the Federal Council approved the parameters of the withholding tax reform in June and September 2019, the consultation process was launched at the beginning of April 2020. The draft contains widely accepted elements, such as the change to the paying agent principle for directly held Swiss bonds and other Swiss interest-bearing products. Resistance comes from the financial sector regarding the proposal on foreign funds and foreign structured products. Also for these products the Federal Council suggests implementing a tax deduction on interest income. The banks responded that they would not be able to make a day-to-day deduction for these products without timely information and/or a payment. In other words, they would not be able to implement the requirements of the Federal Council on many of those foreign products. Nor could the Swiss legislator require foreign funds to provide the necessary information in good time. The banks prefer a low-cost solution where as many paying agent functions as possible can be transferred to the custodian of securities and funds (e.g. SIX Group). Where this is not possible, the legislator should either accept a loophole in tax security or accept a reporting procedure limited to these foreign products. Without adjustments to foreign interest-bearing products, there is a considerable risk the withholding tax reform could fail.

From an industrial perspective, reform failure must be prevented. On February 11th, the OECD adopted new transfer pricing guidelines for financial transactions. The new guidelines deal with intra-group financing (guidelines for intra-group loans, cash pools, etc.). If Swiss groups are to be able to comply with the new guidelines, they must be able to carry out all their financing and issue their bonds from Switzerland (to the benefit of the Swiss tax authorities). The outdated withholding tax, which is detrimental to industry, banks and the tax authorities in the field of debt capital, must now be adjusted immediately. Without reform, companies will be forced to significantly strengthen their financing structures abroad with staff and functions. If the reform is successful, the Swiss tax authorities will be able to collect additional revenues from our companies. The new OECD guidelines also helps ensure the Federal Council achieve its aforementioned goals. If the withholding tax reform fails, however, reduced revenues for the Swiss tax authorities and job relocations abroad are inevitable.

In the future, enterprises will want to carry out their financing at the (Swiss) company headquarters or at the headquarters of the Swiss principal, where they can most easily comply with the new OECD guidelines. Companies

	<p>with numerous corporate functions are ideal. In many cases, these have investments in subsidiaries and are dependent on a well-functioning participation deduction. It is precisely here that the Swiss participation deduction has shortcomings in an international comparison. These deficiencies lead to double taxation (which the participation deduction should be avoided). Due to the uncertainty about the financial consequences for SMEs, the Federal Council, in its benchmark decision of September 2019, rejected our request to slightly adjust the participation deduction and to eliminate the double taxation that arises in connection with financing activities. Amid the new OECD guidelines, this decision is regrettable.</p>
<p>Outlook</p>	<p>The elimination of withholding tax obstacles for debt financing activities remains the most important purely domestic tax project for member companies in the midst of the AHV tax bill. Due to the new OECD transfer pricing guidelines, the importance and urgency of the reform has significantly increased for Swiss groups. For SwissHoldings, it is therefore crucial that failure of the withholding tax reform is avoided and that the reform is rapidly pushed forward. In order for the reform to succeed and to avoid protracted disputes, it is important that the business community adopts similar positions that are politically acceptable to a majority. If the various business sectors have different views (loophole or reporting procedure for foreign interest-bearing securities), the Federal Council should, nevertheless, move forward with the reform and submit sensitive topics to the Federal Assembly for decisions.</p> <p>SwissHoldings will work within the consultation process framework in order to ensure that business is as united as possible. To secure a political majority, a reporting procedure must be limited to those areas where a tax deduction by the paying agent (bank) would entail high costs (foreign funds, structured products, and possibly also foreign bonds). A complete tax protection system is likely to have better chances politically than a system with loopholes. Nevertheless, the business community must also acknowledge this possibility. Since the automatic exchange of banking information (AEI) with foreign countries often provides data that is difficult to use, a Swiss reporting procedure must function better than the AEI (promotion of e-securities project of banks, FTA and cantons).</p> <p>SH will proceed to ensure the Federal Council may submit a politically widely supported dispatch to parliament in winter 2020/21. However, the corona measures could delay the timetable.</p>

OECD/G20 project on taxation of the digital economy

Current status

The project on the taxation of the digitalized economy of the "OECD/G20 Inclusive Framework on BEPS" (IF), which comprises around 140 states, is currently in a critical phase: both at the political and technical level. The IF states are still far from an anticipated consensus solution. In order to find a political compromise, various European states proposed to the USA due to the corona pandemic that the scope of Pillar 1 should initially be limited to "automated digital services". The "consumer facing businesses" were only to be included later in the process of redistributing profit tax to the market states. After all, the digital companies had even benefited economically from the lockdown. Not surprisingly, the USA, where digital companies are important taxpayers, did not agree with this proposal. In a letter dated 12 June, the USA declared that it wanted to take a temporary break in the Pillar 1 project work (see [appendix](#)) in order to be able to focus on the serious economic consequences of the corona epidemic. At the same time, they warned other countries against introducing Digital Services Taxes, as such taxes would lead to countermeasures by the USA.

With regard to Pillar 2 (minimum taxation), the USA in its letter was optimistic that a global agreement could be reached by the end of the year. However, the US is demanding that its GILTI regulations be considered as equivalent. The emerging countries in particular, which were particularly committed to Pillar 1, are likely to find it difficult that the USA can continue to apply GILTI while the rest of the world has to apply the stricter GLOBE rules. GILTI is based on the more business-friendly global blending (i.e. the global average of tax rates), while GLOBE will be subject to the stricter jurisdictional blending (average tax rate per country). Not surprisingly, China as another major power, has expressed considerable difficulty with the proposed Pillar 2 requirements. Work on this pillar is being driven in particular by Germany and France. However, Europe (and Switzerland in particular) should be careful not to create competitive tax disadvantages for its companies.

In response to the US letter, the OECD stated that project work on both Pillars would continue in accordance with the IF mandate. The results of this work will be reviewed by the IF in October 2020. Given that the US temporarily withdrew from the work on Pillar 1, making a decision on this in October 2020 seems unrealistic. It is generally assumed that the OECD will focus on the work on Pillar 2. The aim is for the IF to make a decision on this in October 2020.

If and when work on Pillar 1 will continue, cannot be assessed at this time. SwissHoldings assumes that this technically enormously demanding work will only be properly resumed after the US presidential elections. What both pillars have in common is that their enactment is likely to take at least another four to five years until the necessary adaptation of numerous DTTs has gone through the legal process.

The negotiations are also challenging at the technical level:

With regard to the Unified Approach on Pillar 1 (the redistribution of income tax revenues from the resident state to the market states), the IF adopted an overview of the architecture at the end of January.

Amount A: According to the overview, under the Unified Approach, certain large companies (turnover >750 million euros) should transfer an additional part of their profits to the market states for taxation: (i) companies that provide automated digitized services (ii) companies that (directly or indirectly) sell consumer-facing goods and services. The share of profits for the market

states, called "Amount A", is determined according to a fixed formula. If, according to accounting principles, the consolidated profit exceeds the level of routine profits (e.g. 10% return on sales), the market state is entitled to a fixed share (e.g. 20%) of the residual profit in excess of this amount. Amount A is therefore only owed if the group achieves particularly high margins. It is planned to explicitly exclude various economic sectors from Amount A (e.g. extracting industry, financial sector).

Amount B: In addition to Amount A, Pillar 1 is intended to achieve compensation standardization of market states for basic sales activities (LRD). Market states are more and more aggressive in this area, which ties up additional resources (personnel, capital, time spent on APAs and MAPs, etc.) for many companies. For Amount B, simple formulas should be developed (possibly differentiated by region or industrial sector) that would replace the current company-specific compensation.

Amount C: If the functions performed in the market state (although it is still unclear whether this applies only to additional sales activities or also to non-sales functions) exceed the level for Amount B, the market state can demand compensation for the additional functions as "Amount C".

The OECD faces major challenges in determining the proportion of corporate profits that forms the basis for Amount A and in designing a mechanism to prevent double taxation through the three amounts A, B, and C. A kind of "ruling process" is being developed where, in addition to the resident country, a limited number of market countries must give their approval of the basis for calculating the amounts in a timely manner. If they agree to the distribution of the consolidated profit between the resident state and the market states (and thus also which state receives tax revenues and which loses tax revenues), this result should apply to all states concerned. Whether e.g. India with its all-powerful courts can agree to such a procedure remains to be seen. At the end of January, the IF adopted an update report on the activities of Pillar 2 concerning the introduction of global minimum taxation rules (Global Anti-Base Erosion Proposal GloBE). Since then, the OECD has continued to intensively work on the design of the GloBE - despite the corona crisis - although major technical challenges remain to be solved in this area and numerous countries oppose the introduction of minimum taxation rules. For Switzerland (and other countries in a similar position), a global minimum tax rate must be moderate. The USA does not appear to have any fundamental objections to the introduction of global minimum taxation rules. However, the USA is demanding that they be allowed to continue to apply their GILTI rules. This means that two standards should apply in pillar 2 - GILTI for US groups and GloBE for all other groups. In other words, non-US groups in all countries must prove that they comply with the global minimum tax rate of - often quoted - 11-13%. For US groups, it is sufficient that they comply with the GILTI minimum tax rate (13.1% and 16.4% from 2026) overall. Even though the OECD claims the opposite, it is like comparing apples to oranges.

The minimum taxation rules should only affect companies with an annual turnover of EUR 750 million or more (CbCR requirements). The minimum tax rate will continue to be calculated using trustworthy accounting standards such as IFRS or US-GAAP and not on the basis of widely differing and country-specific tax assessment rules. Lower standards such as Swiss GAAP FER will not be recognized and will have to pass equivalence tests on a regular basis. In which cases deviations from the results of the accounting standards are necessary and how to proceed technically (e.g. how to break down the global consolidated financial statements to countries) is still a controversial issue.

	<p>Taxation on capital should be taken into account when calculating the minimum tax rate, but this is disputed. The question of carve-outs (circumstances that entitle the company to fall below the minimum tax rate) is also highly controversial. While the chances for R&D carve-outs (IP box) are apparently poor, other exceptions could find a majority.</p>
<p>Outlook</p>	<p>The Swiss economy and Switzerland have no interest in the failure of the project to tax the digital economy. We are dependent on our companies being able to supply their products and services to a large number of countries with as few restrictions as possible. If the project fails, the introduction of Digital Service Taxes and/or unilateral minimum taxation rules - possibly by withholding taxes - is threatened in a large number of countries. The Digital Service Taxes, which differ greatly in material terms, will initially affect primarily the US digital companies and the USA. The USA - whoever wins the US presidential election - will not tolerate this and will take countermeasures. These could have a considerable impact on global trade and make it impossible for the Swiss economy to overcome the corona recession quickly. Therefore, for Switzerland, it is important to limit the scope of debilitating new rules as much as possible and to quickly adapt to the new rules and look for new opportunities. In other words, we must act similar to the BEPS project, which was completed in 2015. However, we should be given less time to make decisions. Thanks to the AHV tax reform with the special new measures (patent box, input deduction) and the parallel cantonal profit tax cuts, the BEPS project has brought Switzerland more advantages than disadvantages.</p> <p>For Pillar 2 work, it is crucial that the minimum tax rate is moderate. If US companies are allowed to apply GILTI (tax rate 13.125%), the GloBE minimum tax rate may not exceed 10%. Therefore, global blending must also be applied under the GloBE approach. If a higher minimum tax rate than 10% is adopted despite jurisdictional blending, carve-outs are important. From the companies perspective, the administrative effort is also central. For companies, jurisdictional blending is much more costly than global blending. "White lists" are helpful in this context. If a state can prove that it is not possible for its companies to comply with the minimum tax rate, then all its companies should belong on the white list. Instead of numerous exceptions, average tax rates (e.g. from the last 5 years) should be used more often. This also reduces the administrative burden for the companies. Should the IF States adopt a decision on Pillar 2, Switzerland should consider a voluntary supplementary taxation for Swiss groups. This is to prevent possible withholding taxes or non-deductibility for tax purposes of payments from permanent establishments to Switzerland. Depending on how the minimum tax rate is calculated, it may be necessary to analyze which taxes in Switzerland are included in the calculation and which are not, in order to make adjustments where necessary.</p> <p>Given the importance of the project for the member companies and Switzerland, SwissHoldings continues to actively support the project work. Should the OECD organize hearings, SwissHoldings will actively participate.</p>



Department of Economy

Trade and investment policy

Abolition of industrial tariffs

<p>Current status</p>	<p>The present revision of the Customs Tariff Act is intended to set customs duties on industrial products at zero as of 1 January 2022. For the purposes of this proposal, the term “industrial products” covers all goods with the exception of agricultural products (including animal feed) and fishery products. In addition to abolishing customs duties, the bill also aims to simplify the tariff structure for industrial products. The planned simplification of the customs tariff structure will reduce the number of tariff headings in the industrial sector from the current 6172 to 4592. The proposal is part of the package of measures, "import facilitation", in the fight against Switzerland as a high-price island.</p> <p>On 27 November 2019, the Federal Council approved the dispatch on the Customs Tariff Act for the attention of parliament. The National Council, as the first chamber of parliament, rejected the bill by 108 votes to 83 in the 2020 summer session.</p>
<p>Outlook</p>	<p>Swiss customs duties have grown historically and were introduced in order to protect industry. Today, the Swiss industry no longer needs these protective tariffs. Rather, local companies are dependent on being able to import on good terms. With an average tariff rate of 1.8%, the majority of the tariffs can be considered a “nuisance tariff” in accordance with the 3% limit used during the Uruguay Round of the WTO. For many of the tariff headings, tariffs are too low to have a protective effect and the costs often exceed the revenue.</p> <p>The historically developed tariff structure for industrial tariffs is also extremely complex. It comprises 6172 tariff numbers. This makes companies’ customs declarations very costly and time-consuming. Simplification can hardly be achieved without abolishing industrial tariffs, as new tariffs would have to be established for all merged tariff headings and, if necessary, negotiated with the WTO.</p> <p>SwissHoldings welcomes import facilitation and the further opening of the Swiss market, because the member companies of SwissHoldings are strongly intertwined with the global value chains and depend on contributions and imports from abroad. A liberal trade policy with the greatest possible renunciation of restrictions on the free movement of goods is essential for the prosperity of our economy as a whole. Our association will closely monitor the bill in the further parliamentary process.</p>



Free trade agreements

<p>Current status</p>	<p>The Swiss economy has a strong global orientation and is therefore dependent on international trade and international investment activities. The constant improvement of access to foreign markets has therefore been and still is a focus of Swiss foreign policy. This is achieved, among other things, by free trade agreements with third countries. Switzerland has a network of 30 free trade agreements with 40 partners worldwide. Switzerland is currently negotiating 7 free trade agreements, namely with Chile, India, Malaysia, Mercosur, Mexico, SACU, and Vietnam. In addition, Parliament approved the Free Trade Agreement with Indonesia in December 2019, for which the referendum period is still running.</p> <p>In recent years, the criticism over globalization has become louder and free trade agreements are increasingly criticized. In particular, fears about sustainable development goals (SDGs) and climate targets have further fueled protectionist tendencies. In light of these developments, discussions about the sustainability of free trade agreements have increased.</p> <p>Three cantonal initiatives can also be counted among these discussions. The initiatives relate to palm oil trade within the framework of free trade agreements. One initiative by the Canton of Berne demands that palm oil be explicitly excluded from the agreement with Malaysia. In addition to Malaysia, the Canton of Jura is also demanding the same exclusion for the free trade agreement with Indonesia. The cantonal initiative from Fribourg wants non-sustainably produced palm oil to be excluded from the free trade agreement with Malaysia and border protection measures to be lifted only for a quota of sustainably produced palm oil. In addition, the production of vegetable oil, in particular rapeseed and sunflower oil, should be maintained at least at the current level and promoted within Switzerland.</p> <p>The initiatives have not yet been discussed in Parliament.</p>
<p>Outlook</p>	<p>The expansion of the free trade network is important for the export-oriented Swiss economy and the member companies of SwissHoldings. Free trade agreements provide privileged access to important markets and lead to more growth and prosperity in Switzerland. They also ensure that Swiss companies are not at a competitive disadvantage compared to companies in other countries. SwissHoldings thus supports the Federal Council's strategy of expanding and modernizing the network of free trade agreements and particularly welcomes the conclusion of the agreement with Indonesia.</p> <p>Of course, SwissHoldings recognizes that sustainability aspects must be taken into account when considering free trade agreements. The chapter on "Sustainability and Trade" in the agreements provides a solid foundation for the promotion of sustainable development. More generally, it should not be neglected that intensified trade relations are themselves an important factor in promoting sustainable development. In addition to significant economic aspects, the improvement of the labor market and the associated social progress as well as the transfer of knowledge and technology play an important role. SwissHoldings will monitor developments with regard to above-mentioned cantonal initiatives and will continue to support the important expansion of the Swiss network of free trade agreements.</p>

Investment Control

<p>Current status</p>	<p>In Switzerland, it is being discussed whether foreign direct investments in Swiss companies pose a threat. A current motion by SR Rieder requires that the Federal Council creates the legal basis for investment control of foreign direct investments in Swiss companies - among other things, by setting up a licensing authority for transactions subject to investment control. The focus is particularly on acquisitions and participations by companies from dynamically growing emerging markets in infrastructures such as energy, transport, telecommunications, data storage, and financial infrastructure.</p> <p>The Federal Council has dealt with this issue in detail in its report "Cross-border Investments and Investment Controls". The panel believes that the introduction of regulatory controls on direct investments would not bring any added value at this point in time. Regardless of this position, both chambers of parliament have expressed their support for the Rieder motion in recent months - the National Council made this decision in the spring session of 2020. The Federal Council will thus be tasked with drafting a corresponding bill. A "custom-made solution", as promised by the proponents of the bill during the Council debate, will be difficult to realize in practice. Switzerland is one of the largest direct investors in the world. In 2017, Swiss companies held CHF 1,228 billion in foreign capital. The counterpart is the stock of CHF 1,088 billion of foreign direct investment in Switzerland. Additionally, complex questions arise regarding the concrete technical implementation: According to what criteria should the authority decide whether a foreign investment is "in Switzerland's interest"? Furthermore, it will be challenging to clearly distinguish the "strategically important sectors" from other economic sectors.</p> <p>SwissHoldings will actively support the preparation of the concrete draft legislation. Confidence in Switzerland as an open - but already not barrier-free - investment location and in liberal economic policy must be maintained</p>
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International cooperation strategy 2021 - 2024

<p>Current status</p>	<p>In its Dispatch on the International Cooperation Strategy 2021-2024, the Federal Council set out the strategic direction of international cooperation (IC) for the period 2021-2024 and proposes five framework credits totaling CHF 11.25 billion. This is the first time that a consultation on the strategy has been carried out, the results of which have been incorporated into the Federal Council's Dispatch. The matter was discussed by the National Council in the 2020 summer session.</p> <p>The purpose of IC remains to be poverty reduction. The specific objectives include contributing to sustainable economic growth, opening up markets and creating decent jobs, combating climate change and its effects, as well as the sustainable management of natural resources, saving lives, ensuring high-quality basic services, helping to reduce the causes of flight and irregular migration, promoting peace, and the rule of law and gender equality. Priority areas are the creation of decent jobs, combating climate change, reducing the causes of flight and irregular migration, and promoting the rule of law and peace with a focus on the regions of North Africa and the Middle East, sub-Saharan Africa, Central, South and South-East Asia, and Eastern Europe.</p>
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Corporate social responsibility

Corporate Responsibility Initiative

<p>Current status</p>	<p>This popular initiative has been in discussion in parliament since fall 2017. In this year's summer session, the difference adjustment has been completed. Following the Federal Council and the Council of States, the National Council also recommends that the extreme corporate responsibility initiative be rejected. In addition, Parliament approved an indirect counterproposal in the final vote. This creates stricter requirements for companies to respect human rights and the environment in the supply chain but protects companies from abusive and extortionate claims. The business associations support this compromise because it relies on internationally proven solutions and does not lead to a Swiss solo effort. .</p>
<p>Outlook</p>	<p>From SwissHoldings' perspective, the goal of preventing harmful regulation regarding "Corporate Social Responsibility" in Switzerland by adopting the Corporate Responsibility Initiative remains unchanged.</p>

CSR Action Plans by the Federal Council

<p>Current status</p>	<p>SwissHoldings is committed to appropriate regulation in the area of corporate social responsibility. With its focus on international standards and best practices, the Federal Council's National Action Plan "Business and Human Rights" (NAP) and SECO's "CSR Position Paper" point in the right direction in Switzerland. On the important issue of corporate social responsibility, only an internationally coordinated approach can achieve the desired results. The Federal Council is currently revising these strategic plans. As early as December, the committee announced the content and thrust of the revision of the NAP. In the upcoming 2019/2020 period, the Federal Council will adhere to the 50 policy instruments through which Switzerland has implemented the UN guiding principles to date. In addition, it was decided to strengthen measures to raise awareness and cooperation with companies and to improve the coherence of government activities. The Federal Council has not yet published the revision of its "CSR position paper". It is to be expected, however, that in addition to the existing priorities, the committee will also give a high priority to the aspect of improved "cooperation between stakeholders".</p> <p>In the view of SwissHoldings, these action plans of the Federal Council are also of great importance in view of an upcoming referendum on the "Corporate Responsibility Initiative". These plans show how the concerns of the initiative can be alternatively taken up and implemented.</p>
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Accounting and reporting

Challenges relating to COVID-19

Current status	The outbreak of "COVID-19" at the beginning of 2020 has significant economic consequences. It is no longer only the companies that maintain significant business relationships abroad who have been affected. For many companies, the question arises as to whether and in what form the effects of COVID-19 should be taken into account in their financial statements, especially in the upcoming half-yearly financial statements. Particular attention should be paid to the standards "Financial Instruments, IFRS 9", "Leases, IFRS 16". "Asset Impairment, IAS 36" as well as the other topics "Government grants and assistance, IAS 20" such as "Provisions related to COVID-19, IAS 37".
Outlook	SwissHoldings fostered exchange on these issues among member companies and will follow further discussions.

IFRS Standards

Current status	In the area of IFRS standards, the IASB did not adopt any new standards in the last quarter. Instead, the committee published numerous draft amendments for consultation. In addition to minor adjustments to standards, the draft with the proposed changes to the presentation and structure of financial statements should be highlighted in this context. For a long time, the IASB has been endeavouring to fundamentally reorganise the presentation of the main components of IFRS annual financial statements (balance sheet, income statement, and cash flow statement). Further proposals for revision concern the area of "Goodwill and Impairment". It is being examined if there are alternatives to the existing impairment model and whether the disclosures in the notes should be expanded. With regard to "Rate Regulated Activities", a new model is being developed, which should provide more detailed information on the practice determining a company's rate regulation. Last but not least, the two standards "Business Models under Common Control" and "Management Commentary" are also under discussion.
Outlook	SwissHoldings will continue to actively follow the IFRS accounting developments. Our association continuously participates in the IASB consultations on draft standards.

Developments on EU level

<p>Current status</p>	<p>There is much debate on non-financial reporting. Especially at the EU level, the issue of sustainability is at the centre of public debate. As part of this debate, the European Commission has launched various initiatives. This includes the possible review of the non-financial reporting directive, on which the European Commission launched a public consultation in spring 2020.</p> <p>The focus is on whether an audit requirement should be introduced, whether the existing scope for selecting ESG aspects should be retained, to what extent a more detailed examination of climate and environment related factors should be required in future and whether the scope of the legislation should be enlarged to additional enterprises.</p> <p>Mandatory standards for non-financial reporting are a likely outcome of this review. A legislative proposal is expected by beginning of 2021.</p>
<p>Outlook</p>	<p>SwissHoldings participated in the public consultation on EU level and will continue to follow this issue in particular through its participation in the relevant working group at BusinessEurope.</p>



Capital Markets

Economic Policy in the Corona Crisis: Assessments by SwissHoldings

<p>Current status</p>	<p>The fight against the coronavirus pandemic poses major challenges for the economy. The economic consequences of "Covid-19" have become apparent shortly after the global outbreak of the pandemic. The downward trend in financial markets began in the week of the 24th of February 2020, when the world's leading stock markets reported the biggest slump since the financial crisis of 2008. The consequences quickly became apparent in the form of supply bottlenecks in Western companies' value chains, resulting from the weeks of standstill in Chinese production facilities. The lack of primary products, components, and end products has confronted industry and trade with unprecedented difficulties, particularly in the MEM and textile sectors. The "lock-down" measures taken by many governments - including the Swiss government - in order to contain the virus had a drastic effect.</p> <p>The Swiss State Secretary for Economic Affairs' (SECO) so-called «V-Scenario» - a GDP decline with quick recovery - is expecting that the Swiss economy will decrease by -7% but recover with a massive increase in GDP of 8% in 2021. The impact of the scenario «L-Recession» would be even more severe for the country. It predicts a massive decrease in GDP by -10% followed by a weak recovery of 3%. However, this forecast is subject to considerable uncertainty. The magnitude of the economic slowdown depends on whether the effects of the pandemic on international markets can be limited swiftly and what measures will be taken.</p> <p>At the beginning, „Covid-19“ spread predominantly in well-organised Asian countries and in the West. The emerging and developing countries in Latin America and Africa were only affected minimally. In the meantime, the virus has spread to these countries. Many governments have taken drastic measures to stop the spread which are, however, often hard to implement. Additionally, the weaker health systems will face difficulties in coping with the rising number of patients and effectively containing the virus. It is therefore important that Switzerland, not only focuses its attention on national strategies in the fight against "Covid-19", but also places a strong emphasis on international cooperation.</p>
<p>Outlook</p>	<p>SwissHoldings closely observes the current developments and maintains a close exchange with its member companies as well as representatives of parliament, the Federal Administration, and other public institutions.</p>

Sustainable Finance

<p>Current status</p>	<p>The topic of "sustainable finance" gained importance alongside sustainable corporate management. Especially in the discourse surrounding the Paris Agreement, it became clear that private investors must play an important role in stopping climate change. According to these considerations, the participation of private investors should ensure that market mechanisms support the most promising sustainable investments and thus allocate resources most effectively.</p> <p>In reality, sustainable financing has long since reached the financial markets. The number of sustainable financial products has increased massively in recent years. A study by Swiss Sustainable Finance has shown that at the end of 2018, CHF 717 billion was invested in sustainable financial products - an increase of 83% compared with 2017.</p> <p>The issue has also reached the political level. As early as June 2019, the Federal Council set up an internal working group under the leadership of the State Secretariat for Financial Affairs on the topic of sustainable finance. On 24th of June 2020, The Federal Council has agreed on a report and guidelines on sustainability in the financial sector. The declared goal is to foster competitiveness of the Swiss financial market and contribute to sustainability. The report presents Based on the report, focus areas are: the systematic disclosure of relevant and comparable climate and environmental information of financial products, increasing legal certainty regarding fiduciary obligations respectively regarding the consideration of climate and environmental risks and effects, strengthening the awareness for climate and environmental risks and effects on issues relating to financial market stability and the observation of developments on international and particularly on EU level.</p> <p>Various parliamentary initiatives have also been taken on the subject. These come from all parties except the SVP. While the FDP is increasingly committed to strengthening the Swiss financial center in the area of sustainable finance, the center-left parties are focusing more on the aspects of climate protection and how the sector can be regulated to promote sustainable investments.</p> <p>Sustainable Finance is also high on the agenda at EU level. The European Commission has presented an action plan for financing sustainable growth which has already resulted in several legislative initiatives, including the Taxonomy. In addition, an update of the Sustainable Finance Strategy and of the regulation on non-financial reporting is currently being considered. At the international level, a large number of organizations have also emerged to promote the development and standardization of the field.</p> <p>Developments in the area of sustainable financing also affect companies outside the financial sector. It is becoming increasingly important to demonstrate to investors that sustainability criteria are being met. If satisfaction cannot be achieved, there is a long-term risk of high capital costs.</p>
<p>Outlook</p>	<p>SwissHoldings welcomes the new role assigned to the economy in the area of climate protection and sustainable development. Markets distribute resources effectively so that the marginal benefit for ESG factors can be maximized.</p>



	The association will follow the current developments in this area and accompany corresponding regulatory initiatives.
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Monetary Policy SNB

<p>Current status</p>	<p>In these extraordinary times due to the "COVID 19" challenges, the Swiss National Bank (SNB) is increasingly coming into focus. At the parliamentary level, various proposals were discussed in the summer session with the aim of tying SNB distributions to certain purposes. In particular, the motion by National Councilor Alfred Heer aiming to allocate the income from negative interest rates directly to the AHV. The key to the distribution of profits - two-thirds for the cantons and one-third for the Confederation - is to be retained accordingly, but the negative interest is to be redistributed over the years from the Confederation's share at the expense of the AHV. This would reduce the federal share by the amount of the negative interest charged. Another motion by the WAK-N demands that this federal share of future SNB distributions be used directly to reduce the resulting Covid-19 debt. Both motions were accepted by the National Council. However, they still have to clear the hurdle in the Council of States.</p>
<p>Outlook</p>	<p>SwissHoldings will closely monitor ongoing developments. From the Association's point of view, the National Bank's distribution practice to date has proven its worth. The organization is critical of any "politicization" or further earmarking of SNB profits.</p>

