

Sustainable issuance: green, social and sustainability-linked bonds

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The market for green, social and sustainability-linked bonds developed in Switzerland from the 2010s onwards, with issues by cantons, cities, cantonal banks, companies and, since 2022, the Confederation itself. The Confederation has issued green bonds whose proceeds are allocated to federal climate-related expenditure.¹ The Swiss stock exchange has created dedicated segments. Geneva managers include these securities in their bond portfolios, for institutional and private clients who seek traceability in the use of funds.

The canton and the city of Geneva, like other public bodies in French-speaking Switzerland, have used these instruments to finance buildings, transport and energy infrastructure.² For the financial centre, this market is modest in volume but significant as a symbol: it shows that sustainable finance is not confined to funds and mandates, and that Geneva's public issuers take part in the ecosystem. Sustainability-linked bonds, whose coupon varies according to whether the issuer meets its targets, raise questions of ambition and verification that Geneva investors have learned to ask.

1 Notes

1. Federal Finance Administration, "Issue result for inaugural green Confederation bond", press release of 12 October 2022, admin.ch: CHF 766 million, maturing on 26 October 2038, coupon of 1.5 per cent. ↩

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2. État de Genève, dossier “Obligations vertes” (ge.ch) and Allnews, 31 October 2019: first green bond of CHF 620 million in 2017 for energy-efficient hospital buildings, then a green bond of CHF 660 million on 31 October 2019 for the CEVA (three tranches of CHF 175, 285 and 200 million at 8.5, 12.5 and 20 years, coupons of 0 per cent, 0.125 per cent and 0.3 per cent), a social bond in 2021 (Uni Bastions – CO Budé) and a framework document for green, social and sustainable issues adopted on 6 December 2021; Ville de Genève, press release of 8 November 2023 (geneve.ch): first ten-year green bond of CHF 140 million at a rate of 1.6 per cent, with an independent second opinion. ↩

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