

Swiss Sustainable Lending Market Study 2025



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Preface by Swiss Sustainable Finance

We are proud to present the second edition of the Swiss Sustainable Lending Market Study, again prepared collaboratively by Swiss Sustainable Finance (SSF) and the ZHAW School of Management and Law. Building on the experience of the first edition, we managed to dive even deeper into the practice of integrating sustainability into the lending business in Switzerland. Questions were refined and new aspects covered, which allows for more detailed insights. Furthermore, we show trend data for several aspects for the first time this year. And the trend is positive: a growing number of banks have implemented formal processes and tools to support clients on their transition.

Why does this matter? Last year was the first year in which we hit 1.5 degrees of global warming globally – for Switzerland, this equals to a warming of 2.8 degrees. The devastating events of Blatten and further locations illustrate what an accelerated temperature increase can mean for Switzerland, particularly for our mountain areas: more regions are subject to higher risks and different sectors will be affected in many ways. For the time being most of these risks can still be insured, which limits the risk for banks and their lending portfolio. Yet, with a long-term view, banks who are mitigating such risks and contributing to the transition by supporting their clients on this path are far better positioned than those who wait and see.

Changing regulation is also playing a key part in fostering the uptake of sustainability in the lending business. With the new FINMA circular on nature-related risks banks are increasingly obliged to first assess their climate risks and then expand the view to other nature related risks. The latter is still an emerging topic in lending practice, but with growing reported activities.

We extend our gratitude to the entire research team at ZHAW for the great collaboration in preparing this study, as well as to all Swiss market participants for generously sharing insights into current market practice. With this collective effort we are confident to contribute to a deeper understanding of the role of sustainable lending and its varied forms and foster further uptake of related approaches.



Sabine Döbeli
CEO Swiss Sustainable Finance

Preface by ZHAW School of Management and Law

The second edition of the Swiss Sustainable Lending Market Study provides an updated and comprehensive view of how sustainability considerations are shaping the Swiss lending and mortgage market. Building on the foundations of the inaugural study, this year's survey highlights a clear deepening of institutional structures and processes, while also pointing to persistent challenges.

The findings show that sustainability strategies and guidelines have become more formalised, with many banks establishing dedicated roles and transition plans. Nevertheless, implementation levels remain uneven, particularly with respect to integrating sustainability criteria into unsecured lending and systematically addressing physical climate risks. While risk-oriented frameworks, such as exclusion strategies and ESG-integration, are widespread, a broader application of sustainability-linked products and opportunity-oriented financing approaches is still limited to a smaller group of institutions. In client advisory, regulatory requirements have spurred notable progress in the retail segment, but engagement particularly with SMEs and large companies to a lesser extent remains fragmented, reflecting both capacity constraints and varying demand.

Against the backdrop of evolving Swiss and international regulation, it is clear that sustainable finance will continue to grow in relevance. Banks will increasingly need to balance risk management with opportunity-driven approaches, expanding beyond compliance to actively support their clients' transition pathways. Improved data availability, clearer definitions, and more consistent market standards will be critical in this process.

With this study the ZHAW School of Management and Law and Swiss Sustainable Finance seek to provide transparency on current practices and to foster an informed dialogue on the future of sustainable lending in Switzerland.

I would like to thank the entire Swiss Sustainable Finance team and all participating institutions for their valuable contributions. Their willingness to share data and insights in a young and evolving field is essential to building a robust evidence base. By jointly tracking the role of sustainability in lending, we aim to support financial institutions in further developing their offerings and to empower borrowers in identifying suitable financing options for their transformation journeys.



Prof. Dr. Suzanne Ziegler

Director of the Department Banking,
Finance, Insurance and Member
of the Executive Committee of ZHAW
School of Management and Law

Executive summary

This second edition of the Swiss Sustainable Lending Market Study provides a comprehensive overview of the progress achieved by Swiss banks in integrating sustainability into their lending and mortgage activities and related challenges. The study reveals a clear trend towards increased formalisation and strategic alignment, yet also highlights persistent areas requiring further standardisation and deeper integration. Based on responses from 23 participating banks – comprising nine regional, ten national, and four international institutions – across retail and corporate banking segments, this report identifies key developments and future expectations regarding the integration of sustainability factors in strategy, client advisory, corporate lending, and mortgage financing.

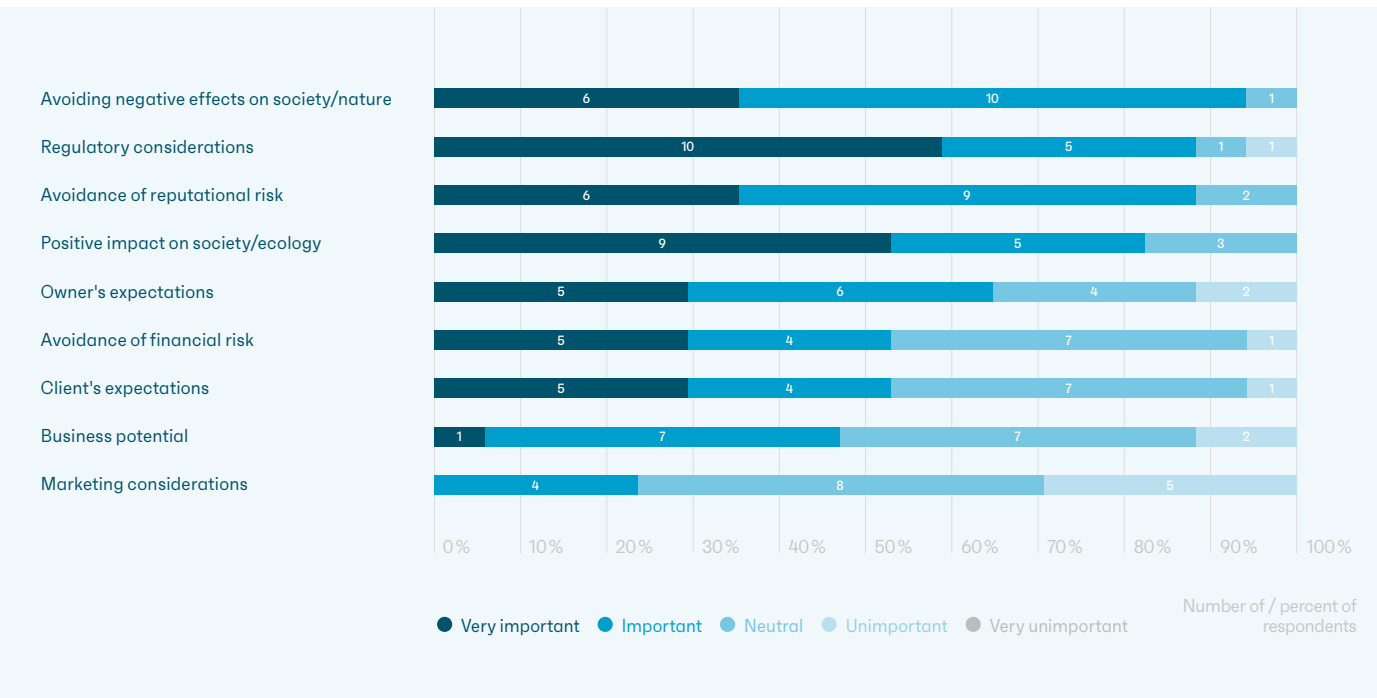
Strategy and Organisation: Maturing Frameworks and Evolving Ambitions

Participating banks demonstrate a clear increase in the formalisation of their sustainability strategies and guidelines compared with last year's survey. Most banks now distinguish between an overarching strategy and more granular guidelines, although definitions and scopes across institutions remain

heterogeneous. This trend towards greater structure is further evidenced by the majority of the banks surveyed having established dedicated sustainability roles or departments specifically within their lending and mortgage business, indicating a more institutionalised approach to sustainable finance.

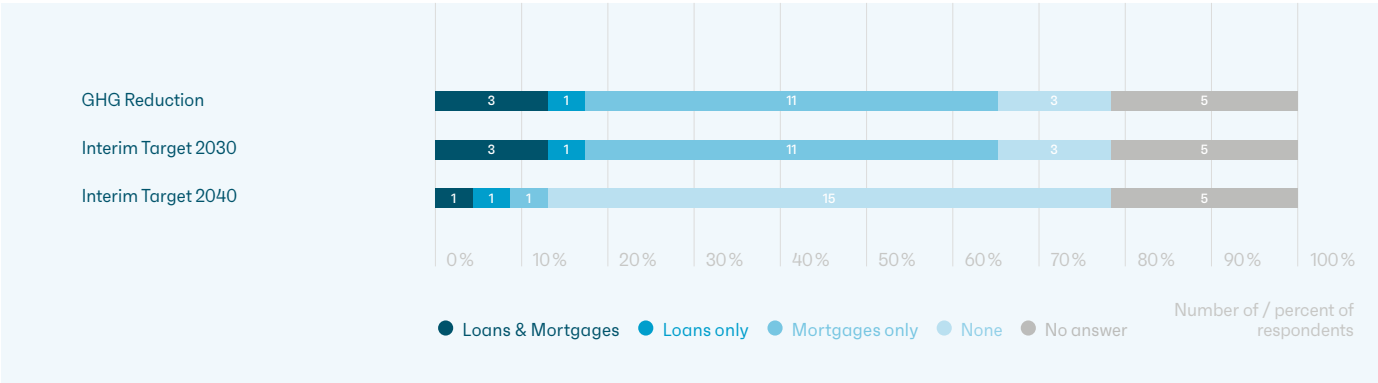
Transition planning and net-zero target setting are widespread among the surveyed banks. A growing alignment can be observed between their overarching sustainability guidelines and the concrete transition measures being implemented. Physical climate risks, while increasingly recognised, are more prominently analysed in the mortgage business than in unsecured lending, an area where catch-up is anticipated in the coming years.

The avoidance of negative effects on society/nature, regulatory considerations and of reputational risk are named as the primary motivations driving the evolving sustainability strategies. Interestingly, banks' answers suggest that financial risk is currently perceived as a less critical driver. Looking ahead, it appears crucial that definitional clarity increases and sustainability strategies and guidelines improve. It remains to be seen what role further regulatory developments will play in this.



Motives for sustainable strategy (n=17; multiple entries possible)

While only a few banks currently incorporate physical climate risks into their lending processes, a more systematic approach is expected to emerge within the next few years. Further institutionalisation of climate targets and interim milestones are likely, especially given that most banks so far have only defined interim targets for 2030 but not yet for 2040. Governance structures are also expected to evolve, with increased formalisation of sustainability management in the lending business anticipated, particularly within larger or more internationally active institutions. Banks will need to reconcile differing stakeholder expectations, carefully balancing regulatory compliance, reputational risk management, and evolving customer demand. The development of internal tools and capacity-building measures are expected to play a key role in strategy implementation going forward.

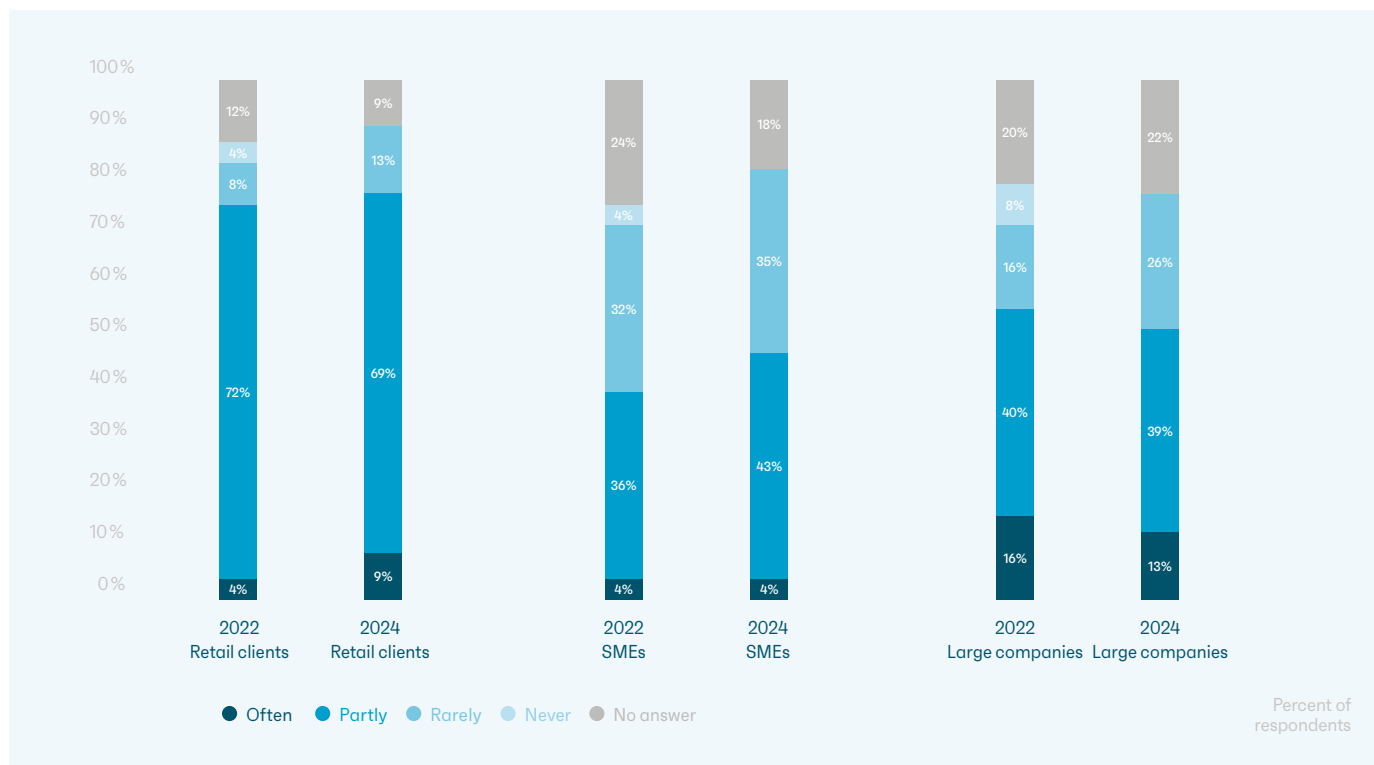


CO2 reduction goal and/or path established (n=23)

Client Advisory: Varied Engagement Across Segments

The integration of sustainability into client advisory services varies significantly across different client segments. While retail clients generally benefit from well-structured and institutionalised sustainability advise, banks appear to apply less standardised practices for Small and Medium-sized Enterprises (SMEs) and large companies. The SME segment lacks formalised structures, and responses indicate that sustainability is not yet systematically embedded in their advisory processes.

Overall, client-side initiative to address sustainability remains generally low. According to the banks’ responses, SME clients rarely raise the topic, and large companies show only slightly more initiative while retail clients demonstrate higher engagement compared with the other segments, though the only slight increase compared to the previous year is potentially indicating a plateau in interest.



Initiation of a sustainability dialogue through client (2024: n=23, 2022: n=25)

Demand for the inclusion of sustainability considerations in the advisory process is heavily concentrated in sectors with a high environmental impact, namely Energy, Construction/Real Estate, Manufacturing, and Transportation. This pattern applies consistently to both SMEs and large companies, reflecting a response to regulatory pressures and operational exposure. Conversely, service-oriented sectors like Finance or Information and Communication Technology (ICT) show consistently low engagement, confirming a stable but segmented demand structure shaped by sector-specific risks. Reflecting this, banks proactively initiate sustainability dialogues mainly in environmentally intensive sectors, an approach consistent across SMEs and large segments. Financial and Insurance Services remain the least targeted in these proactive efforts. Overall, banks' engagement patterns show growing attention paid to manufacturing industries, especially among SMEs.

The adoption of third-party advisory tools is highest in the retail client segment, with a 70% uptake, where standardised instruments and third-party services are widely used. According to the participating banks, tool adoption among SMEs (35%) and large companies (26%) remains notably low, possibly due to a lack of tailored solutions, unclear benefits or

limited awareness from the banks. Energy-related advisory services are most developed in the retail mortgage segment, with 70% uptake and clear institutional frameworks. Retail clients receive the most comprehensive energy-related advice, benefiting from structured offerings such as renovation planning, funding advice, third-party referrals or tools like the Cantonal Energy Performance Certificate (GEAK)¹.

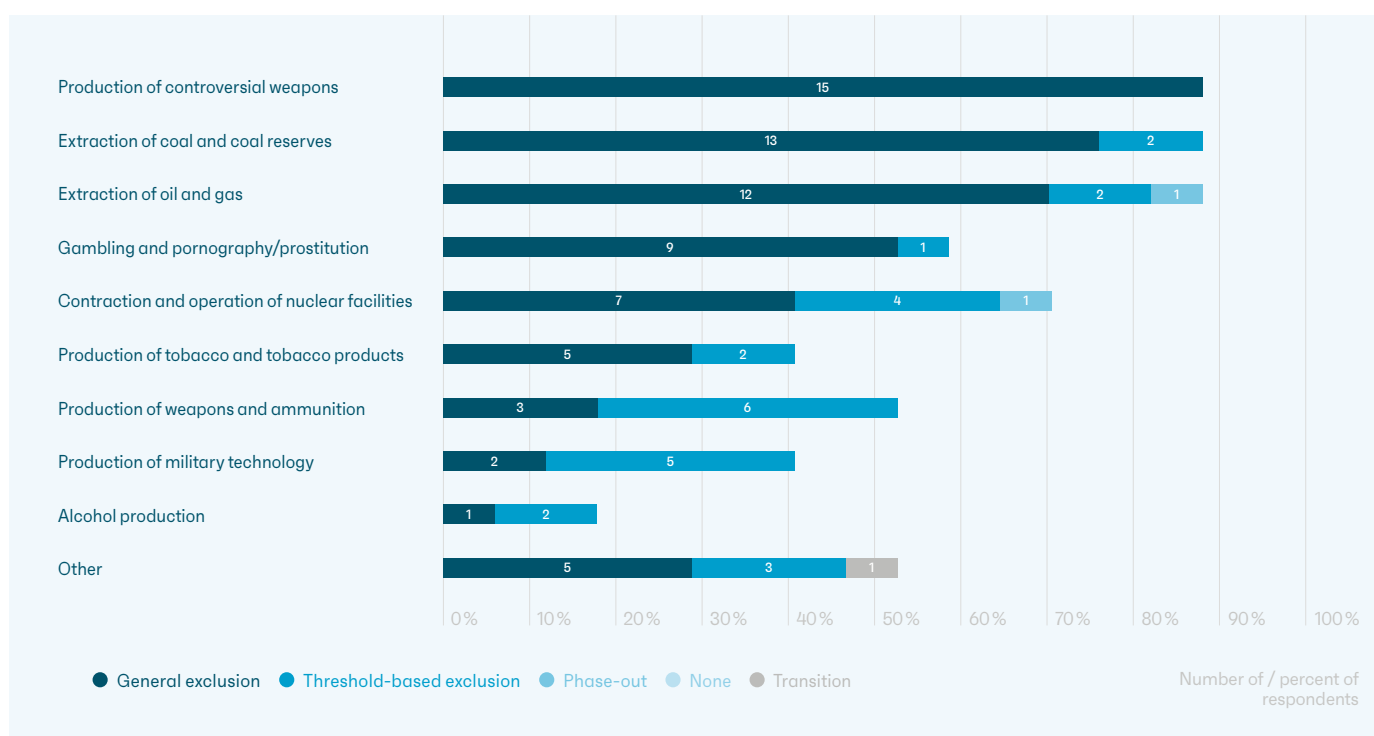
According to the banks' answers, banks face client-side time constraints as the primary challenge to sustainability engagement with SMEs, with some client scepticism also noted. Advisors are generally open but insufficient training is named as one factor limiting engagement. In the business with large companies, challenges are perceived as minimal, with advisor training being the only moderate concern named by banks. In the retail client segment, advisor time constraints (34%) and insufficient training (30%) are the most significant barriers according to the banks, pointing to capacity issues and the need for enhanced technical competence.

¹ The cantonal energy performance certificate is a Swiss certification showing the energy efficiency of a building. It is commonly known under the abbreviation in one of the Swiss national languages, in German GEAK for Gebäudeenergieausweis der Kantone

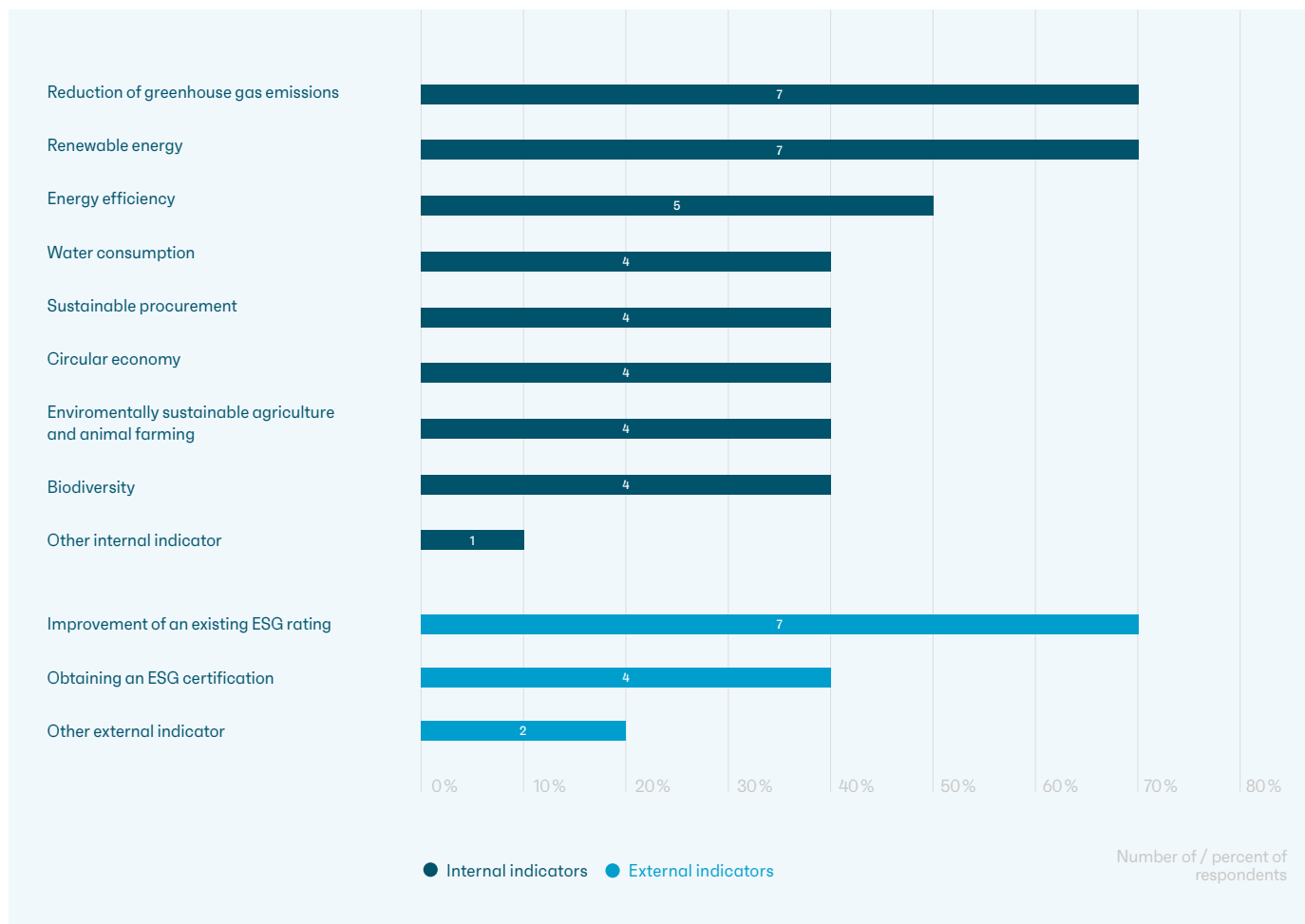
Loans: Gradual Evolution and Persistent Barriers

Exclusion criteria are widely applied in the loan business, particularly for fossil fuels, controversial weapons, and unethical practices. Yet approaches vary between absolute and threshold-based exclusions while a phase-out approach is hardly applied. Environmental, social and governance (ESG) integration in lending remains non-uniform, with a slight decline in adoption compared to the previous year, possibly due to implementation challenges. ESG criteria are more frequently addressed for large companies than for SMEs. This is understandable insofar as large companies often present larger credit exposures, making them more relevant to the credit portfolio. Furthermore, large companies are also more likely to publish sustainability-related information, which is less common for SMEs, also as large companies often have dedicated internal ESG teams.

Targeted financing of corporate transformation and sustainability solutions is currently limited to a few banks, which utilise a mix of conventional financing instruments, general-purpose instruments (like sustainability-linked loans [SSL]), or use-of-proceeds instruments (like green or social loans). Key performance indicators (KPI) selection for SLLs focuses strongly on emissions, energy efficiency, and renewable energy, with biodiversity and circularity remaining less common areas for defined metrics. The improvement of an existing ESG rating remains an important KPI. Many banks consider standard financing products as sufficient to provide financing for transition projects and sustainability innovation. Based on the survey, there is no indication that additional banks will begin to apply sustainability-linked loans and use-of-proceeds products in the near future.



Criteria applied in exclusion strategies in lending (n=17)

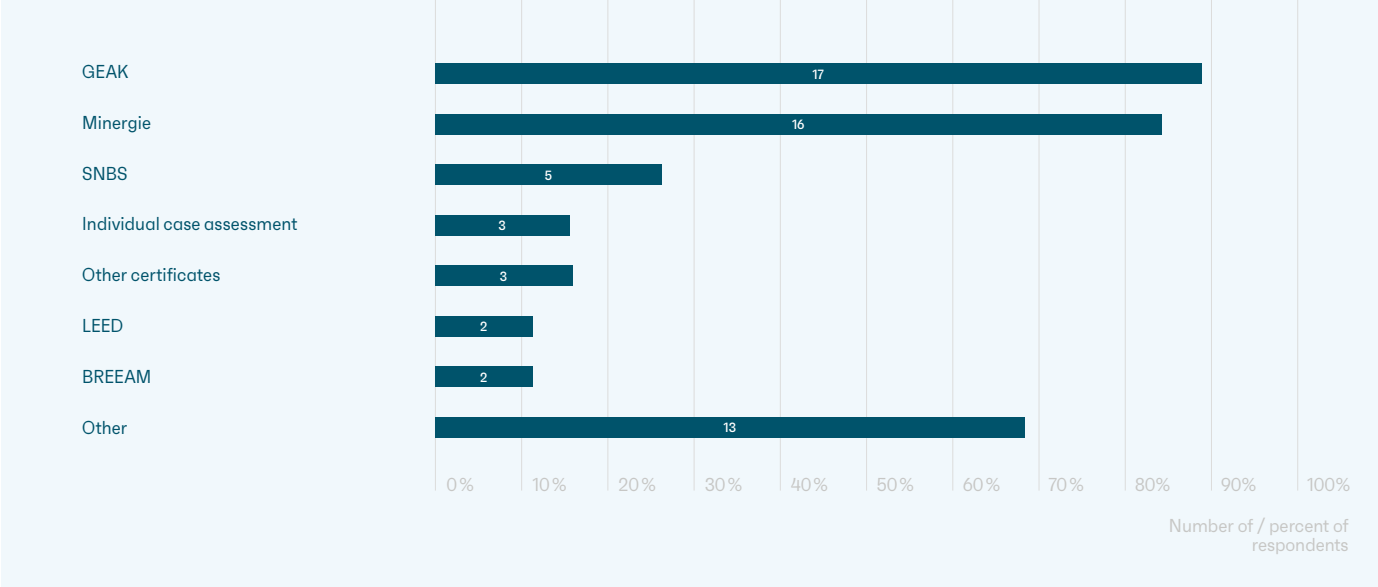


Internal and external indicator categories based on which sustainability-linked loans are granted. (n=10)

Mortgages: Energy Efficiency Leads, Social Aspects Emerge

Energy efficiency, closely linked to carbon emissions, continues to be the most important sustainability factor in mortgage lending, with many banks relying on certifications such as Minergie and GEAK. While the real estate sector is beginning to increasingly focus on sustainability in the construction phase, including material efficiency and recyclability, this shift is not yet fully reflected in mortgage criteria. Broader sustainability topics like biodiversity remain largely unaddressed in mortgage lending, though social factors (e.g. affordable housing) are slowly gaining importance through targeted mortgage products.

Exclusion strategies are being used by some banks in the mortgage business, primarily to avoid financing high-risk or ethically questionable properties, with a slight increase in adoption. A growing number of banks now offer sustainable mortgage products, primarily for owner-occupied residential properties, and interest in expanding these offerings appears to continue. Banks remain dependent on external developments, such as regulatory changes and wider acceptance of sustainability certifications within the real estate sector, to further drive the market. Beyond the offering of dedicated ESG products, ESG considerations are increasingly integrated into the general mortgage process through valuation models, internal ratings, and collaboration with external data providers, although practices vary significantly across institutions.



Certificates and criteria applied as preconditions for sustainable mortgages (n=19)

Introduction

- 1.1. Objectives of study
- 1.2. Study Methodology
- 1.3. Characteristics of Study Participants

1.1 Objectives of Study

In 2024, Swiss Sustainable Finance (SSF) together with ZHAW School of Management and Law (ZHAW) has provided key insights into the Swiss sustainable lending market and the growing adoption of sustainable financing approaches. Since then, the topic of sustainable lending has gained increasing relevance for both the financial industry and its diverse clients. Market practice spans beyond exclusions and includes the integration of environmental, social and governance (ESG) factors into lending decisions and the creation of specific loan offerings.

This second edition of the Swiss Sustainable Lending Market Study offers updated, in-depth insights into how sustainability factors are integrated into lending processes in Switzerland, building on the foundation laid by the inaugural 2024 study. The current edition also includes a data comparison from the two surveys, thereby illustrating the evolution of market practice.

Against the backdrop of an evolving regulatory landscape – including the Swiss Climate and Innovation Act (CIA), the revised CO₂ Act, and additional Swiss Financial Market Supervisory Authority (FINMA) disclosure requirements – market participants are seeking greater clarity on best practices and the application of sustainable lending instruments.

Based on survey data, this study provides a comprehensive overview of current practices, including sustainability related practices in banks' strategy and organisation, client advisory and ESG integration in credit policies, unsecured loans as well as mortgages.

By offering a structured overview of sustainable lending practices in Switzerland, this study aims to support broader integration of sustainability considerations across the lending value chain and contribute to informed discussions on the future role of regulation in this dynamic field.

1.2 Study Methodology

This study outlines a range of approaches used to integrate sustainability factors into lending, each serving distinct objectives. Excluding certain clients from financing or incorporating ESG factors into credit risk assessments and pricing can enhance a lender's risk management. Supporting companies in their transformation – by linking financing to improved ESG performance or specific key performance indicators (KPIs) – not only creates new business opportunities for banks but also incentivises borrowers to accelerate their transition. Meanwhile, financing sustainability solutions often requires tailored instruments designed for innovative projects that may lack access to traditional lending or capital markets.

The Swiss Sustainable Lending Market Study 2025 is based on survey data from financial institutions either domiciled in Switzerland or operating within the Swiss market, and that offer sustainable lending instruments or consider sustainability in their credit decisions. The data collection was conducted by SSF between May and July 2025. The data was then evaluated and interpreted on a consolidated and anonymized basis by ZHAW in collaboration with SSF.

Questionnaires were sent to over 60 Swiss banks and insurance companies, of which 23 participated in the survey. The data was reported as of 31 December 2024. To ensure consistency and comparability, the questionnaire contained clear definitions and reporting instructions, encouraging participants to adhere closely to the questionnaire scope. Institutions were asked to report on their corporate ESG policies, practices in unsecured lending and mortgages, and their client advisory processes. The data discussed in the Sustainable Lending Market Study 2024 is data as of December 31, 2022. Time comparisons in the study therefore refer to a period of two years.

All submissions were reviewed and validated by SSF and ZHAW. Where inconsistencies or anomalies were identified, the respective institutions were contacted by SSF to clarify and resolve the issues, ensuring an accurate and reliable representation of how sustainability is integrated into the Swiss lending market.

1.3 Characteristics of Study Participants

A total of 23 banks participated in this second survey on sustainability in the Swiss lending market. Of the participating banks, nine have a regional and ten a national focus, while four banks pursue mainly international business activities (see Figure 1).

Regarding business segments, 15 banks are active in retail banking, private banking and corporate banking, and four in retail and corporate banking. Two banks offer their services only to retail clients; one acts only in the private banking segment, and one participant is a pure corporate bank. The participating institutions are listed in the appendix.

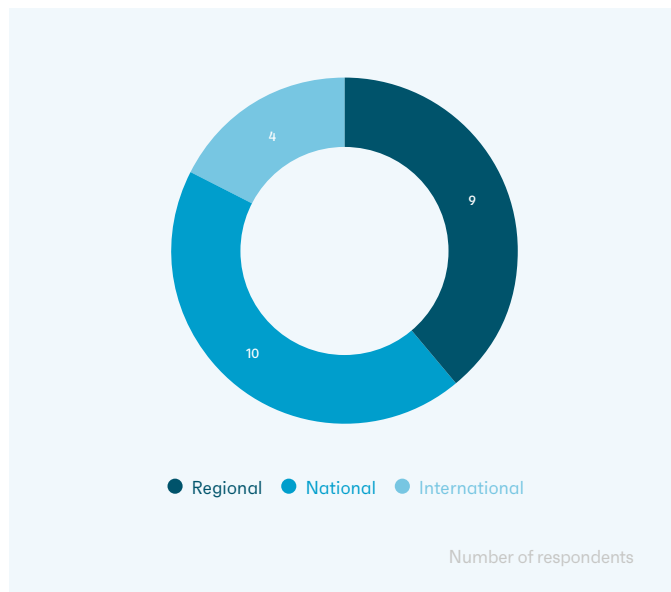


Figure 1: Types of participating banks (n=23)

Adoption of Sustainability in the Swiss Lending Market

- 2.1 Strategy and Organisation
- 2.2 Client Advisory Process
- 2.3 Loans
- 2.4 Mortgages

2.1 Strategy and Organisation

This section explores the extent to which sustainability considerations have been embedded into the corporate strategies of participating institutions as well as the motives that drive these strategies. It also examines the role of sustainability-related guidelines, the institutionalisation of sustainability functions, the establishment of transition plans and net-zero goals, and the treatment of physical climate risks in lending practices.

2.1.1 Sustainability Strategies and Motives

The topic of sustainability strategy and guidelines was covered in greater detail in this year's questionnaire compared to the last edition. While in the last version both sustainability strategy and sustainability guidelines were consolidated in one question, this year's questionnaire dedicated a separate part to each.

In this context, a sustainability strategy for financing activities refers to an integral part of an institution's business strategy. It regulates how sustainability aspects are incorporated into the institution's financing activities in general and applies to the entire institution. Sustainability guidelines are the specific rules and criteria that a bank or financial institution applies when granting loans and are hence a tool for the organisation's implementation of its sustainability strategy.

17 of the 23 participating banks (74%) report having a sustainability strategy for their lending business, while six state they do not (see Figure 2). Of those with a strategy, 15 publish it, while two have opted not to disclose it. This reflects a slight upward trend compared to the previous study (74% vs. 72%), whereas strategies and guidelines were reported in combination.

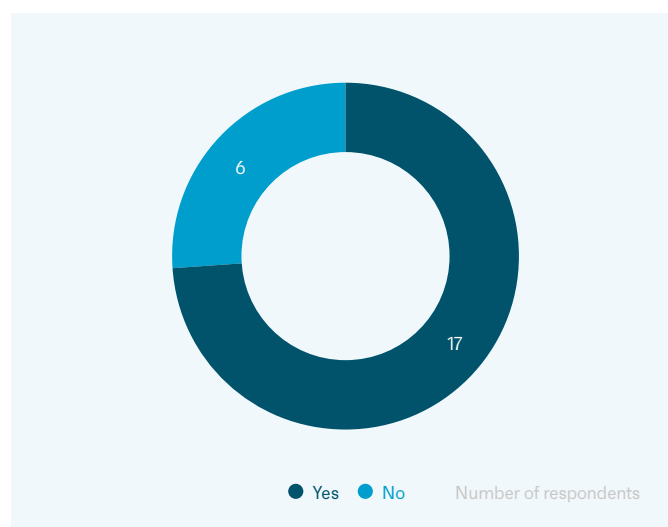


Figure 2: Sustainability strategy for the lending business (n=23)

The motives behind the adoption of sustainability strategies reveal a predominantly risk-driven focus. Avoidance of negative effects on society and the environment (very important to 6 banks and important to 10 banks), regulatory compliance (very important to 10 banks and important to 5 banks), and reputational risk management (very important to 6 and important to 9 banks) rank highest among the reasons cited (see Figure 3). Positive impact on society and ecology is also considered important by more than half of the institutions, continuing the findings of the last study.

Financial risk avoidance ranks lower (with 10 mentions for very important or important), coming after shareholder expectations (with 11 mentions) but ahead of customer demand (9 mentions). Marketing considerations play only a minor role, with only four institutions considering them important. This suggests a continued fear of being accused of greenwashing.

The motives seem to be more risk-oriented than opportunity-oriented in this year's study compared to the last edition. The values are not directly comparable due to slightly adapted questions. In the last study, participants named the three most important reasons for a sustainability strategy in the financing business, while in the current survey, they were asked to rate each topic, thus giving a broader picture.

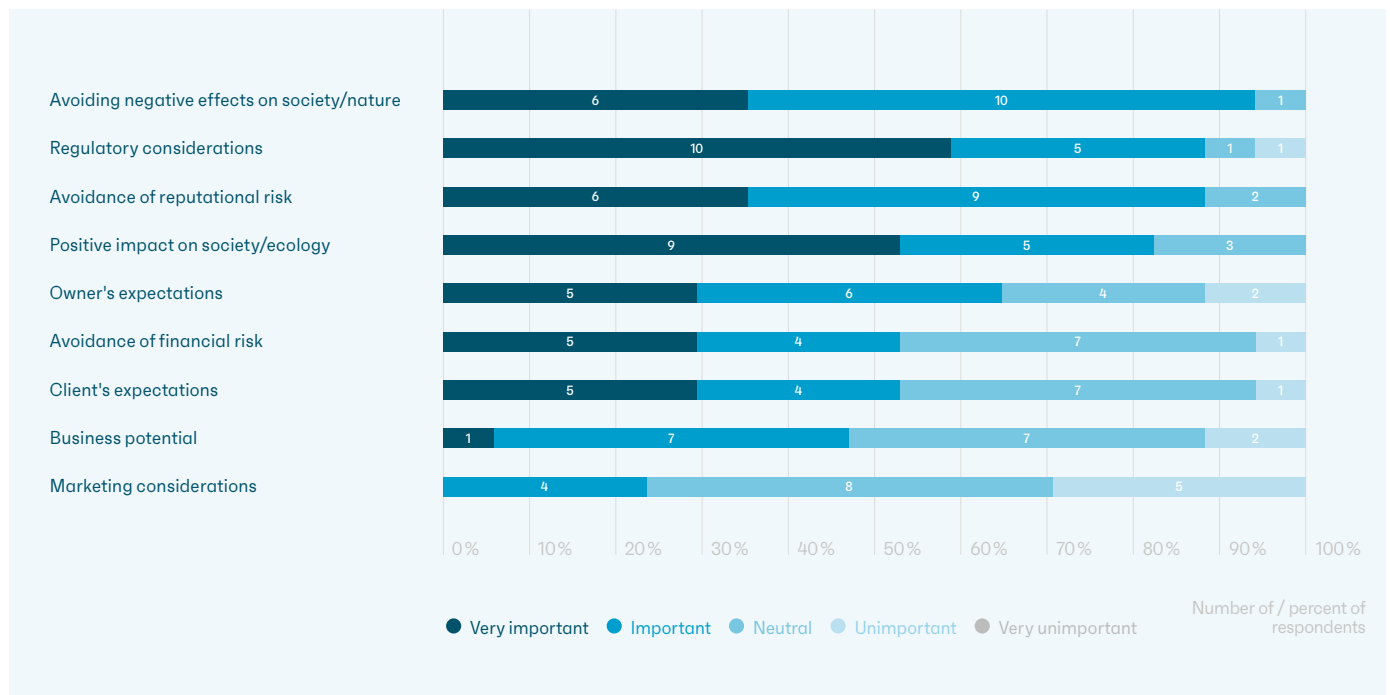


Figure 3: Motives for sustainable strategy (n=17; multiple entries possible)

A large majority (87%) of respondents indicate that they have adopted sustainability guidelines as part of their credit policies (see Figure 4). Of these, 18 institutions apply them in the mortgage business, while 15 extend them to unsecured lending. Interestingly, four banks report having guidelines without a formal strategy, and two have neither. 16 institutions have both, demonstrating the growing importance of embedding sustainability at multiple levels of governance. In the previous study, 72 percent reported to have a sustainability strategy or guidelines for their lending business.

Reasons for the growing importance may be the increased adaption of guidelines to steer lending activities, changing lending practices over time and resulting in different financing activities, as well as overall regulatory pressure and in particular the pressure from reporting regulations and the pressure to transition portfolios to net-zero.

These findings lead to two conclusions: on the one hand, sustainability-related strategies and guidelines are being applied more widely than reported in the previous edition. On the other hand, not all banks with sustainability guidelines have anchored them in an overarching sustainability strategy.²

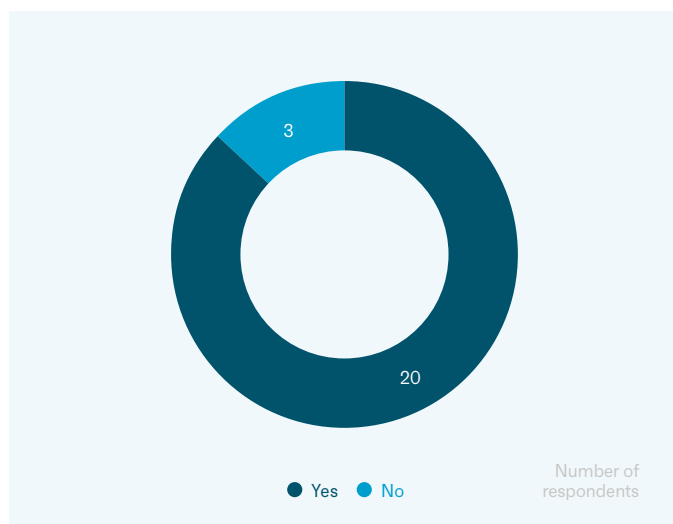


Figure 4: Sustainable guidelines as part of the credit policy (n=23)

Scope of sustainability-related guidelines

Guidelines in unsecured lending most commonly involve exclusion criteria. Sectors such as fossil fuels (coal, oil, gas), controversial weapons, gambling, prostitution, and human rights violations are frequently excluded. Six banks emphasise systematic ESG risk analysis for climate-sensitive sectors, including assessments of the long-term viability of business models and potential transition risks. While some institutions rely on structured checklists and ESG assessments, others remain at an early stage of development.

In the mortgage business, energy efficiency and nature-related risks dominate sustainability considerations. Most banks state to increasingly integrate factors such as CO₂ emissions, efficiency indices, and information on contaminated sites into property valuations. Some institutions link preferential lending conditions to sustainable properties or provide dedicated advisory services. Exclusion criteria like those applied in unsecured lending are also sometimes used, particularly for new buildings where compliance with cantonal regulations must be demonstrated. This indicates that regulatory requirements drive a more standardised integration of sustainability in mortgage lending compared with unsecured loans.

Sustainability department and sustainability specialists

16 participating institutions (70% of the banks) report having a dedicated sustainability department or specialist staff responsible for financing activities. Centralised units are more common, with 11 banks adopting this model, while five use decentralised structures, typically those with international or national operations. All banks with such structures have sustainability guidelines in place, though not all have a formalised sustainability strategy (14 banks with and 2 banks without a sustainability strategy).

² At the same time, it should be noted that not all banks necessarily apply these two terms in the same way. This is also evident in the fact some institutions using 'strategy' and 'guidelines' interchangeably, leading to challenges for clients in understanding the scope and binding nature of such documents.

2.1.2 Net-zero Goals and Transition Plans

Transition planning has also gained traction. 17 institutions (74%) report having transition plans for their financing business as shown in Figure 5. However, the existence of a sustainability strategy does not automatically lead to such a plan. Two banks with a strategy report not yet having developed a transition plan. This may be because a transition plan is significantly more complex and granular than a general sustainability strategy while regulatory uncertainty and resource constraints may also play their part.

Conversely, all institutions with a transition plan also have sustainability-related guidelines (as shown in Figure 4 above) in place.

17 institutions have also defined a greenhouse gas (GHG) reduction pathway at institutional level with varying impact on the lending business whereas these do not fully overlap with the 17 institutions with a transition plan. It can be said overall that voluntary commitments to net-zero usually also include the lending business, with a focus on sectors with particularly high emissions.

Of the 17 institutions with a GHG reduction pathway, 15 extend the pathway to their lending or mortgage portfolios, with varying coverage. Three apply it to both loans and mortgages, eleven focus solely on mortgages, and one applies it only to loans. All banks with reduction pathways have interim targets for 2030, but only three extend these to 2040 as shown in Figure 6.

The focus of the business activities (international, national, regional) seems to have no influence on the existence of a transition plan or GHG reduction target. At the same time, it should be borne in mind that global political trends are leading to uncertainty about how the transition will unfold. Although some countries have set national climate targets, it is unclear to companies how regulatory requirements regarding the transition will evolve in the short term.

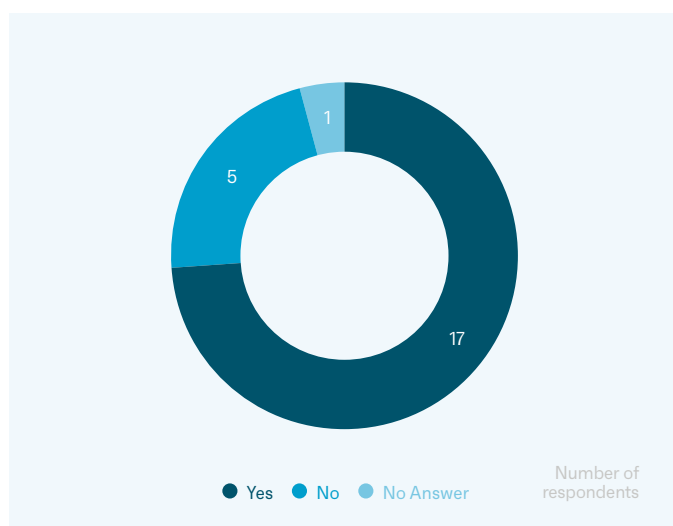


Figure 5: Application of a transition plan (n=23)

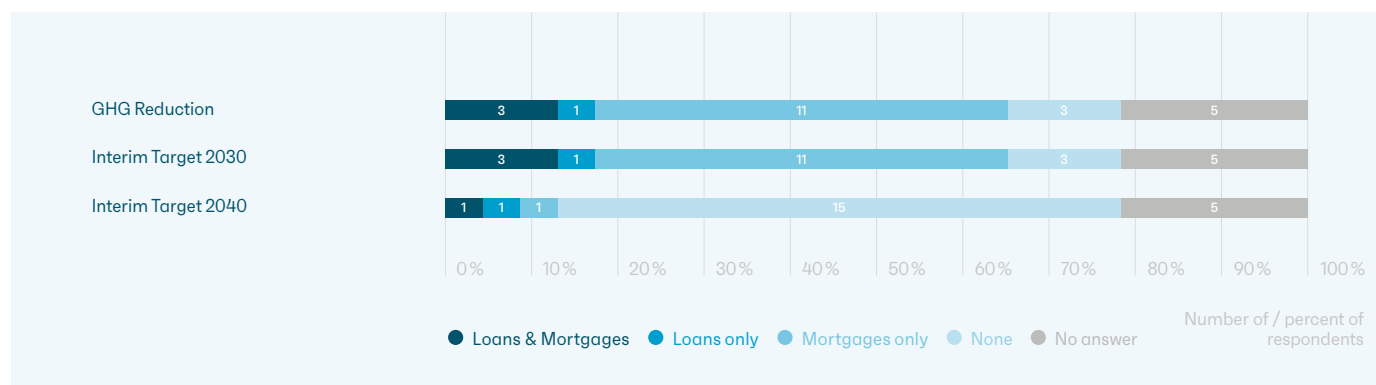


Figure 6: CO₂ reduction goal and/or path established (n=23)

2.1.3 Physical Climate Risks

The integration of physical climate risks into credit evaluation is much more common for mortgages than for loans as seen in Figure 7. However, only 11 banks provided information on how they take physical climate risks into account.

Flood and inundation risk, landslides, and ground subsidence are most frequently cited as relevant for mortgage

lending. Temperature rise is only relevant for two banks in the lending and one bank in the mortgage business. Two banks also assess other risks such as wildfires, cyclones, and sector-specific exposures (e.g., in tourism and for mountain railways) in their loan activities while three banks state to specifically pay attention to earthquakes, forest fires, lightning strikes, hail, rockfalls, and avalanches, as well as cold weather, surface runoff, and volcanic eruptions.

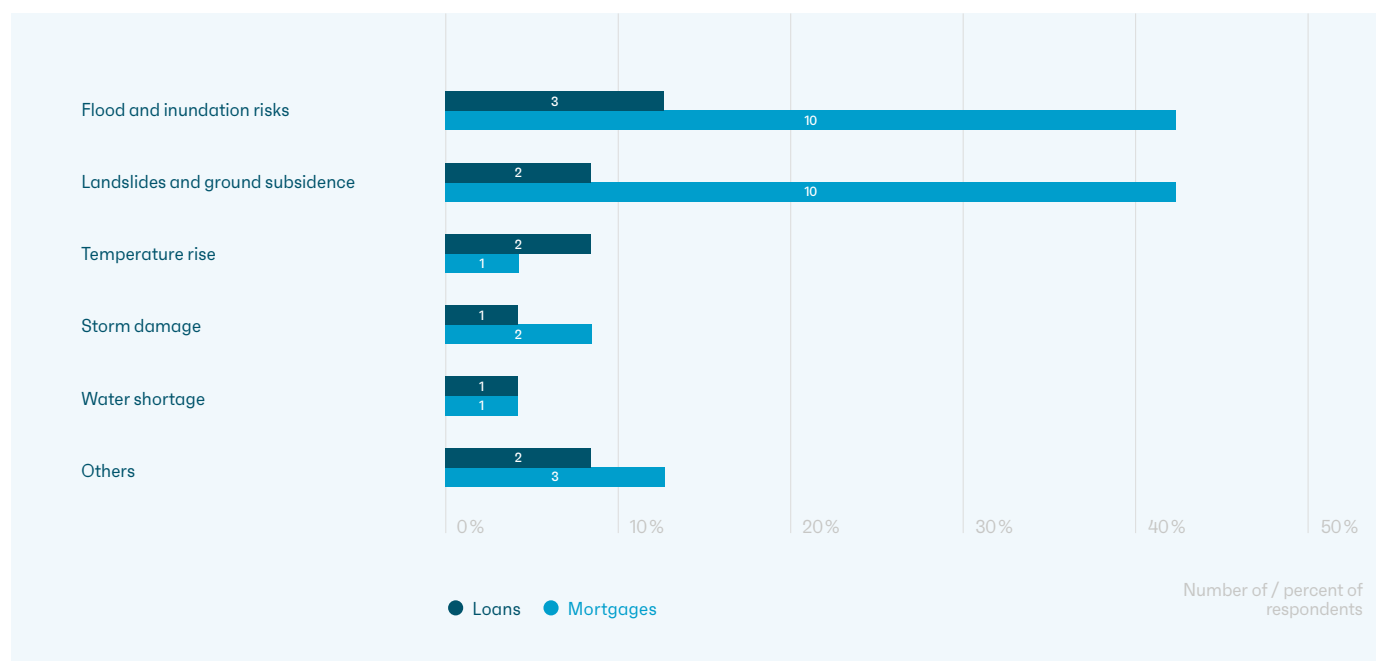


Figure 7: Assessment of physical risk in lending and mortgage process (n=23)

16 banks recognise physical climate risk to affect the current and future granting of loans and/or mortgages.

Physical climate risks are primarily relevant in the areas of company and property valuation according to the survey (see Figure 8). Twelve banks mention this topic for the mortgage and seven banks for the loan business. A lack of insurability is also relevant, for eleven banks in their mortgage and for four banks in their loan business while seven banks seen an adjustment of collateral requirements (e.g. lower maximum loan-to-value ratios).

A direct influence on interest rates is never mentioned for loans and only in one case for mortgages. In addition, one bank states that physical climate risks have no impact on its lending business but do affect its mortgage business.

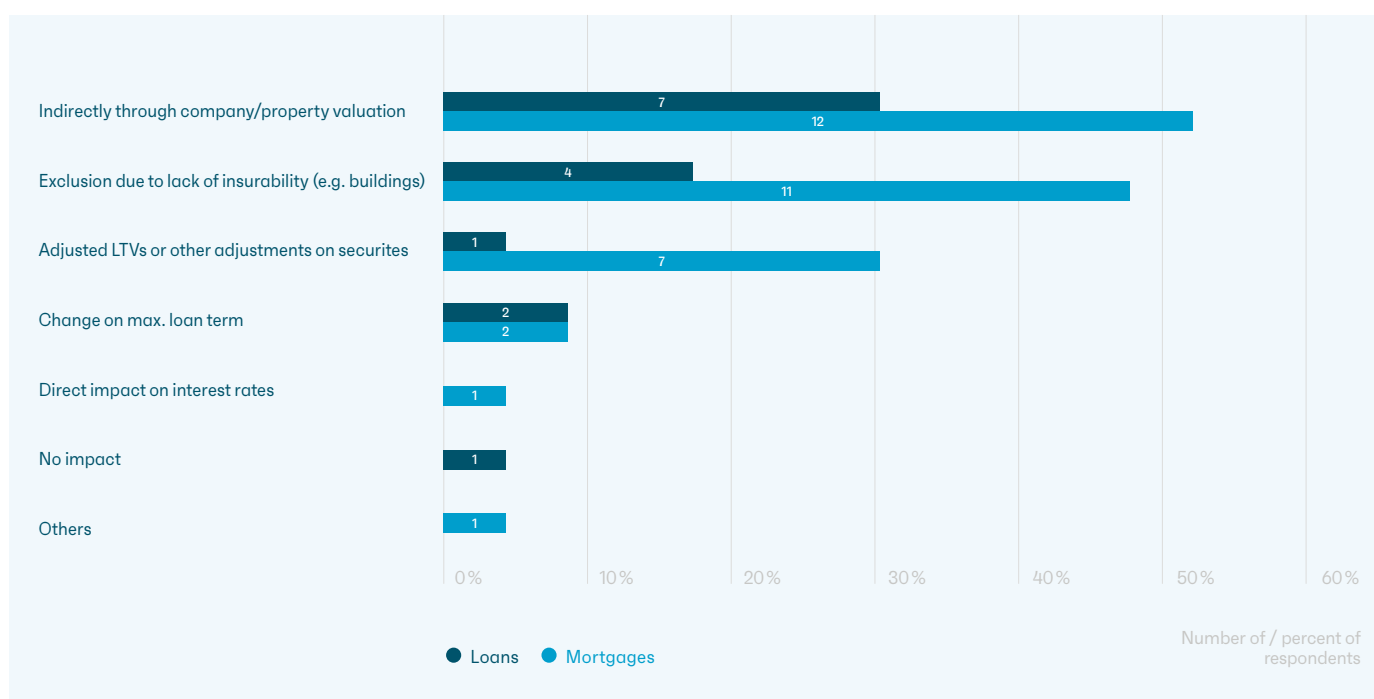


Figure 8: Impact of physical climate risk on loans and mortgages – current and expected (n=23)

Sustainability Regulation with Effects on the Lending Business

In Switzerland, there is no single overarching regulation governing sustainability in the credit and lending field. However, several key regulations and guidelines leading to requirements for financial actors which might also have an impact on their lending business and risk management. Here are the most important ones:

1. Switzerland's net-zero goal

Climate and Innovation Act

- Provides a legally binding framework for achieving Switzerland's 2050 climate targets.
- Sets the goal to align financial flows to climate goals

Climate Protection Ordinance

- Provides more detailed rules for implementing the Climate and Innovation Act
- Defines minimum requirements for corporate and sector roadmaps
- Financial institutions are subject to voluntary climate tests

Revised CO₂ Act and its implementing ordinance

- Objective to halve Switzerland's CO₂ emissions by 2030, primarily through domestic measures
- Obligation for FINMA and SNB to assess climate-related risks of supervised financial institutions and financial system, including regular public reports on such risks.
- The revised CO₂ Ordinance provides more detailed rules for implementing the revised CO₂ Act

2. Corporate sustainability reporting Obligations

Code of Obligations

- Reporting requirement for large companies on social issues, employee-related issues, human right, combating corruption and environmental matters

Ordinance on Climate Disclosures

- Provides more detailed rules on the reporting requirement on environmental matters of the Code of Obligations
- Refers to the TCFD recommendations

3. Requirements of the Swiss Financial Market Supervisory Authority (FINMA) for supervised companies

FINMA Ordinance on Disclosure Obligations (Banks) & FINMA Circular 2016/02 Disclosure Insurers

- Transparency obligations on climate-related financial risks for large banks and insurers

FINMA Circular 2026/1 Nature-related financial risks

- Objective to strengthen risk management for nature-related financial risks and resilience

4. Sustainable Finance self-regulation

- Swiss Bankers Association (SBA): Guidelines for mortgage providers on the promotion of energy efficiency (2022)

For a detailed overview on sustainability regulation relevant for financial service providers, please see the regulatory overview on the SSF website: sustainablefinance.ch

2.2 Client Advisory Process

2.2.1 Client Dialogue

This part of the study examines the integration of sustainability into the client advisory process. A distinction is made between retail clients, small and medium-sized enterprises (SMEs) and large companies to better understand how banks embed sustainability into their advisory practices. The findings reflect varying degrees of institutionalisation, client initiative, sector-specific demand, and the tools and methods employed by banks to support sustainability dialogues.

Sustainability in the client advisory process

The integration of sustainability into client advisory practices differs markedly across client segments as shown in Figure 9.

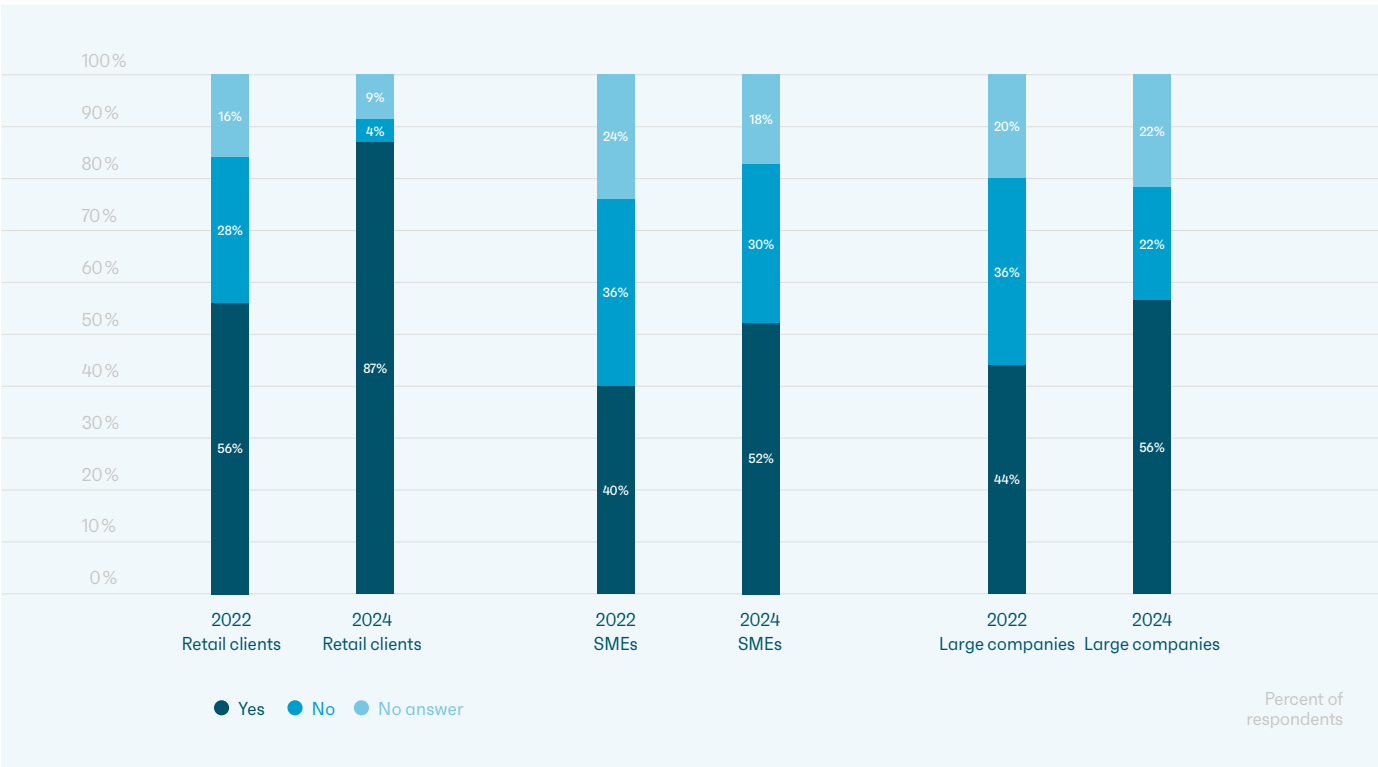


Figure 9: Sustainability topics as an integral part of the client advisory process (2024: n=23, 2022: n=25)

For retail clients, 20 of the 23 of banks confirm that sustainability is firmly embedded in advisory sessions, making it the most institutionalised segment, suggesting that advisory services on this topic are standardised and well-established. This also reflects the influence of the Swiss Bankers Association's (SBA) self-regulation on mortgage advice, which became mandatory at the beginning of 2024.

For the SME segment, only 12 banks report that sustainability topics are systematically integrated into the advisory process, while seven institutions explicitly state not to integrate the topic and four provided no response. This points to limited institutionalisation with sustainability only partially embedded and significant room for improvement, although the number of banks with affirmative responses has increased since the last survey.

For large corporate clients, 13 banks confirm that sustainability is embedded in advisory, while five responded negatively and a further five banks provided no answer. This demonstrates slightly stronger integration compared with SMEs but also highlights fragmented practice and room for improvement in implementation (as not all participating banks have large corporate clients).

Client's interest in sustainability

Client-side initiative to raise sustainability topics differs considerably for the different client segments as seen in Figure 10. As for retail clients, only two banks report that their clients often raise sustainability topics, while 16 report partial initiatives, which leads to a total of almost four out of five banks reporting client interest in sustainability topics, which reflects an almost unchanged level to the findings of the previous study.

As for SMEs, 11 banks note that sustainability is raised often or partially, while eight say it is rarely addressed by clients. This confirms the perception that SMEs show relatively low levels of initiative, although the proportion of clients perceived as engaged has risen compared to the previous study.

For large companies, 12 banks report frequent or partial client initiative, which represents a slight decline compared to last year.

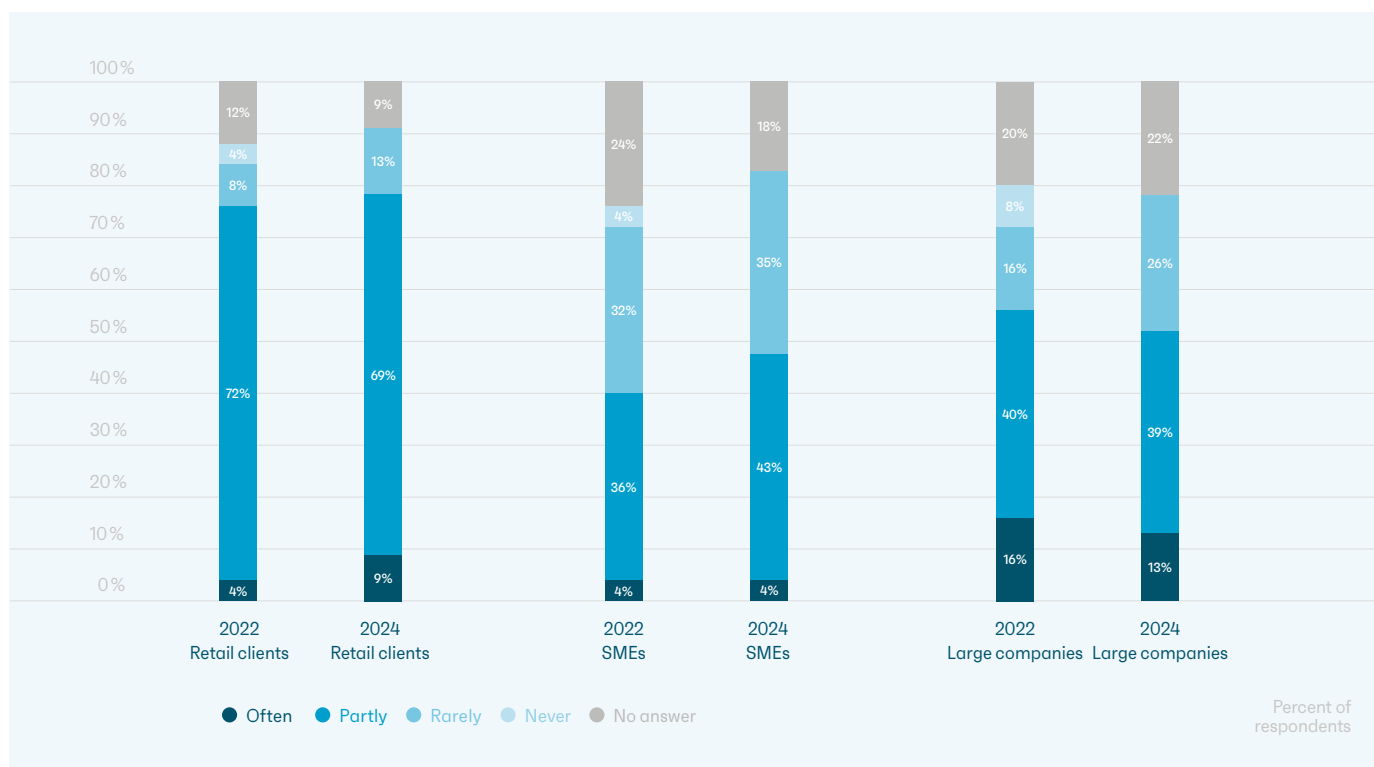


Figure 10: Initiation of a sustainability dialogue through client (2024: n=23, 2022: n=25)

Reasons for client's interest in sustainability

Across all segments, general client interest is the most frequently cited reason for raising sustainability topics (see Figure 11).

Among retail clients, general interest (30%) and price reduction (26%) are identified as the strongest motives. This highlights the strong awareness, paired with a clear financial motive. Risk-related reasoning plays no role in this segment, and the low non-response rate (9% of responses) suggests that banks have a clear understanding of retail clients' motivations, being dominated by tangible financial benefits and general awareness.

For SMEs, general interest is cited by 26 percent of banks as the main reason, while price reduction (13%) and other motives (17%) play secondary roles. No bank cites risk assessment, and 26 percent of institutions provided no answer, indicating limited insight about client motivations.

For Large companies the most diverse motivation profile appears. General interest (26%) is again perceived as the leading factor. 13 percent of banks cite price reduction and another 13 percent risk assessment – the only segment for which this motivation plays a role at all. Value-based reasons (9%) play a smaller role for this segment. The high non-response rate (30%) also underlines limited insight about client motivation for this client group.

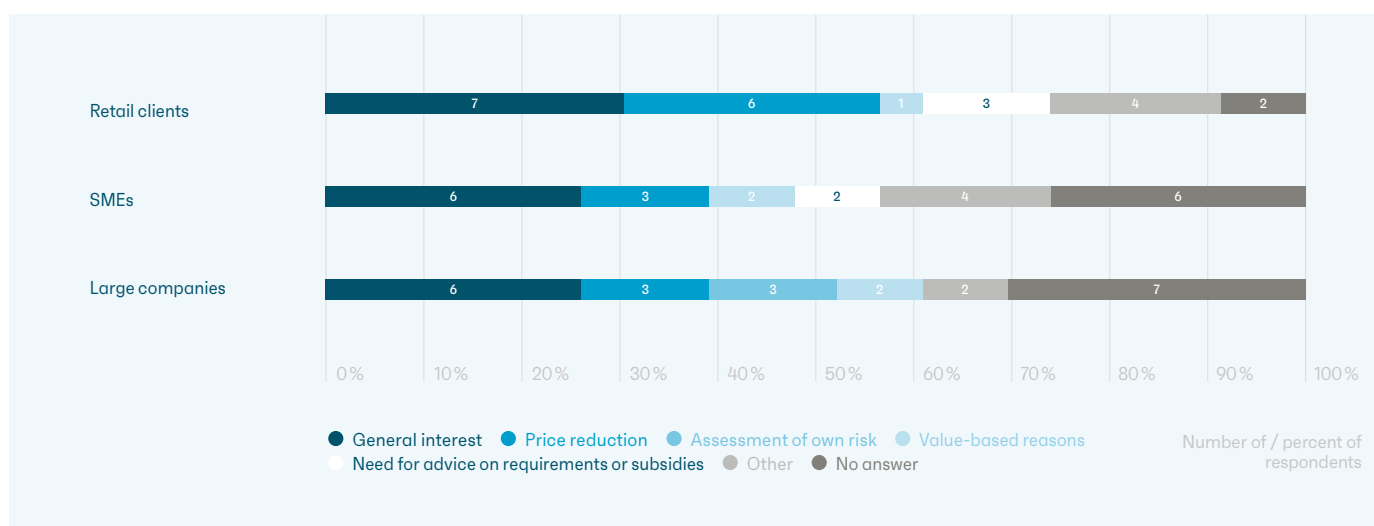


Figure 11: Reasons for client's interest in sustainability (n=23)

Client interest in a sustainability dialogue by sector as perceived by banks³

Client interest for sustainability dialogue is clearly sector-specific, regardless of the company's size. The answers indicate that among both SMEs and large companies, the strongest interest comes from environmentally exposed industries where sustainability is closely tied to regulatory pressure and operational risk, while service-oriented sectors appear to show low interest. Last year's results are largely mirrored, reflecting an established situation in which sustainability is prioritised where it has financial implications, while other sectors continue to take a more passive role.

For SMEs, banks report the highest demand from clients in manufacturing, construction/real estate, and energy (10 banks each), followed by transportation and agriculture/forestry/fishing (9 banks each) as shown in Figure 12. Clients from financial and insurance services show the lowest demand at nine percent. These findings confirm that operationally intensive, environmentally exposed sectors are at the forefront of sustainability discussions.

Overall, the data indicates a broadening awareness among SMEs with sustainability gaining relevance across many fields, especially where the environmental footprint is more tangible.

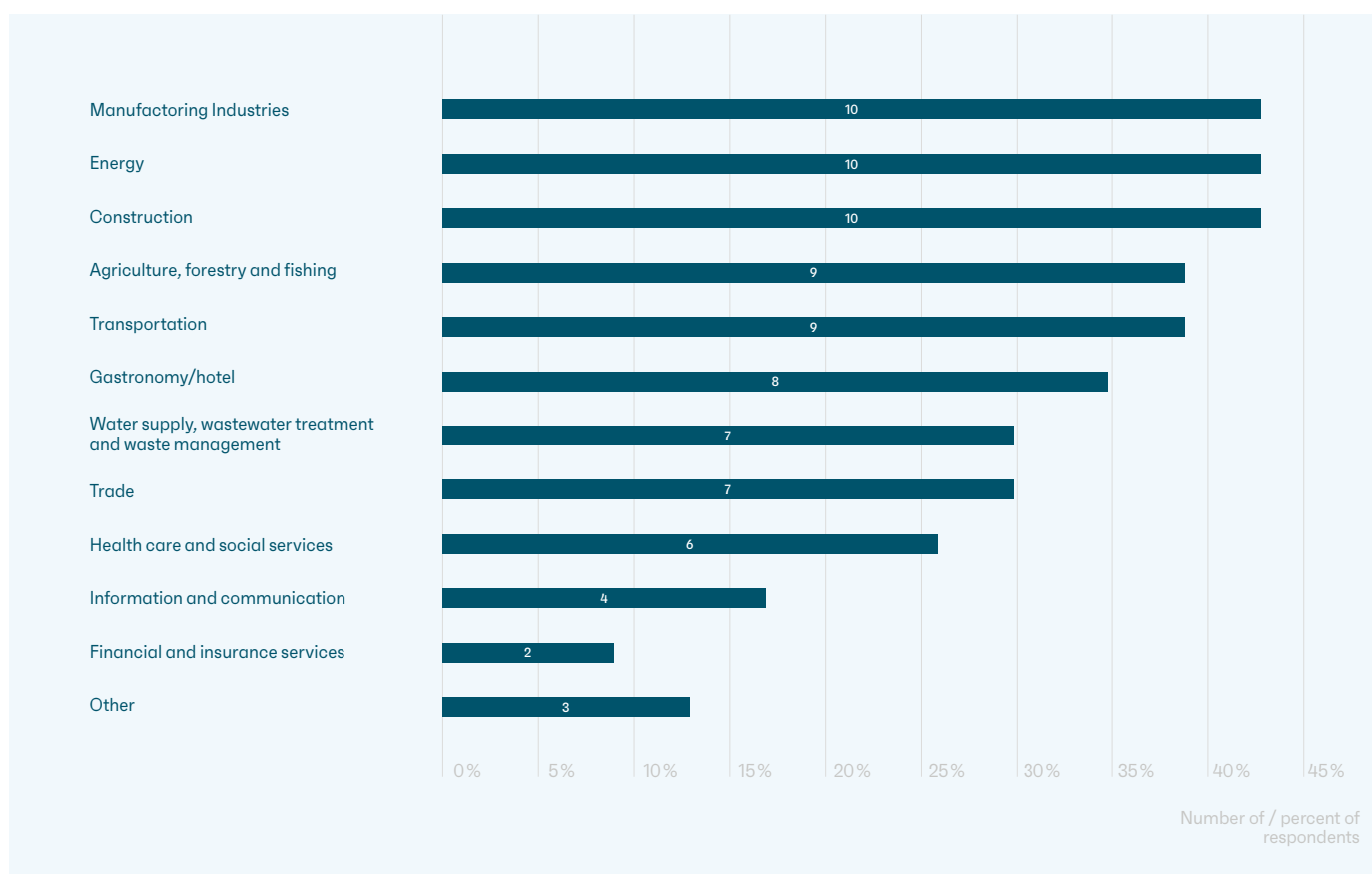


Figure 12: Demand from clients for a dialogue on sustainability by sector – SMEs (n=23)

³ With a focus on different economic sectors, banks were only surveyed about corporate clients for this section.

Among large companies, demand is strongest in energy and construction/real estate (9 banks each or 39%), followed by transportation and manufacturing (7 banks each or 30%) and Agriculture/forestry/fishing as well as health care and social services (4 banks each or 17 percent), as seen in Figure 13. Interest is lowest in Information and Communication Technology (ICT) and financial and insurance services (1 bank or 4%). This reflects continued concentration of interest in high-impact, regulation-sensitive sectors while less affected industries show limited engagement.

The answers largely mirror last year's results with energy-intensive and regulation-sensitive sectors remaining the main drivers of sustainability dialogue. Overall, the data suggests stability in client engagement patterns, with no significant shift in priorities, but continued awareness in high-impact sectors.

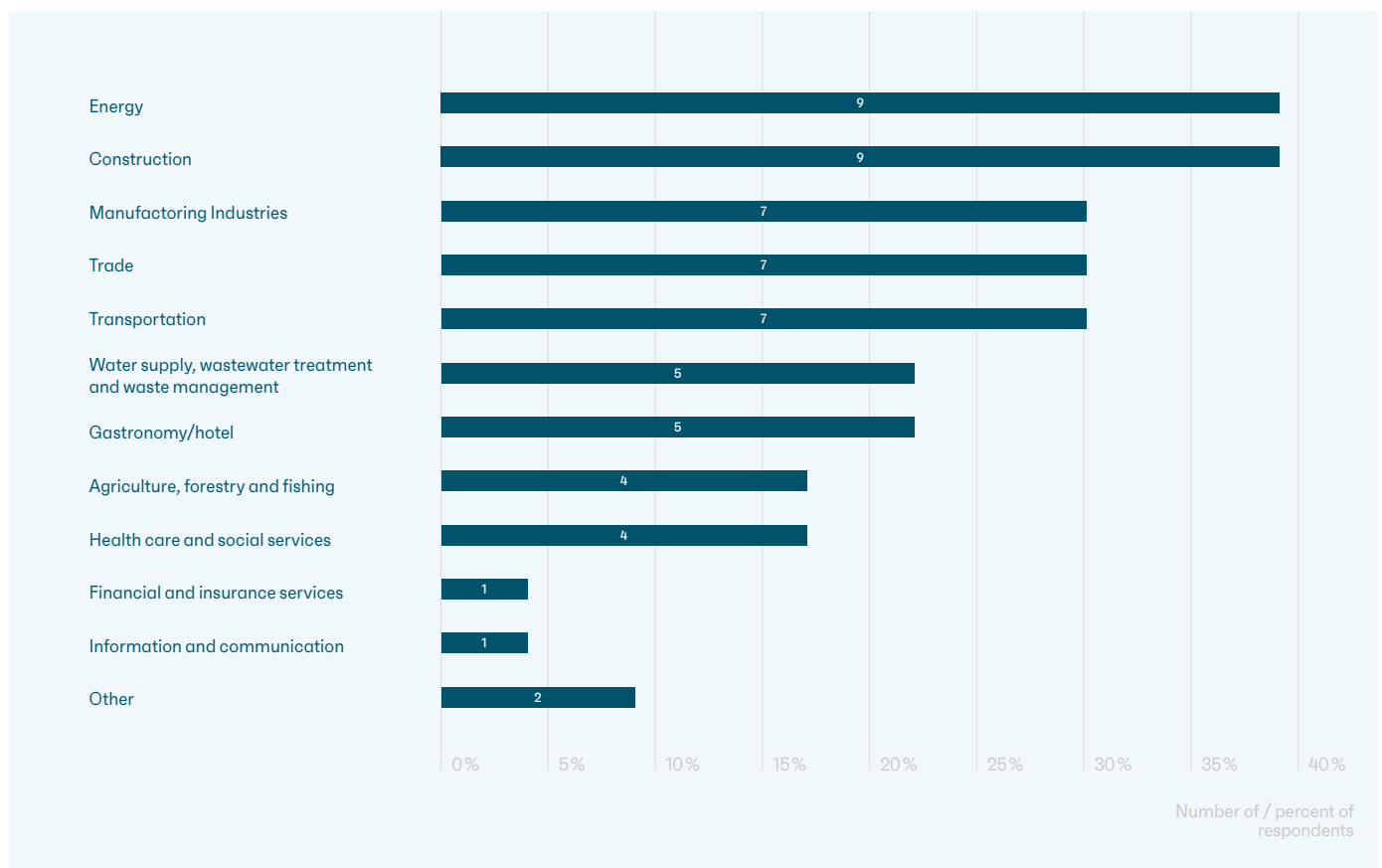


Figure 13: Demand from clients for a dialogue on sustainability by sector – Large companies (n=23)

Importance to initiate an active sustainability dialogue by sector

While the study asked for the general demand for a dialogue in the previous section, the focus here lies on the importance banks attribute to such a dialogue for different client segments and sectors. Out of the 23 banks, ten have responded to the question on sustainability dialogues by sector for their SME and large company's segments.

Banks' proactive engagement for SMEs is largely directed towards environmentally intensive and regulation-sensitive industries, such as energy, construction/real estate, manufacturing, and transportation. This reflects a strategic focus aligned with materiality and compliance pressures. In the SME segment, banks also report proactive engagement with more traditional industries such as agriculture, forestry and fishing and fishing and gastronomy/hotels, where exposure to weather extremes is increasingly relevant (Figure 14).

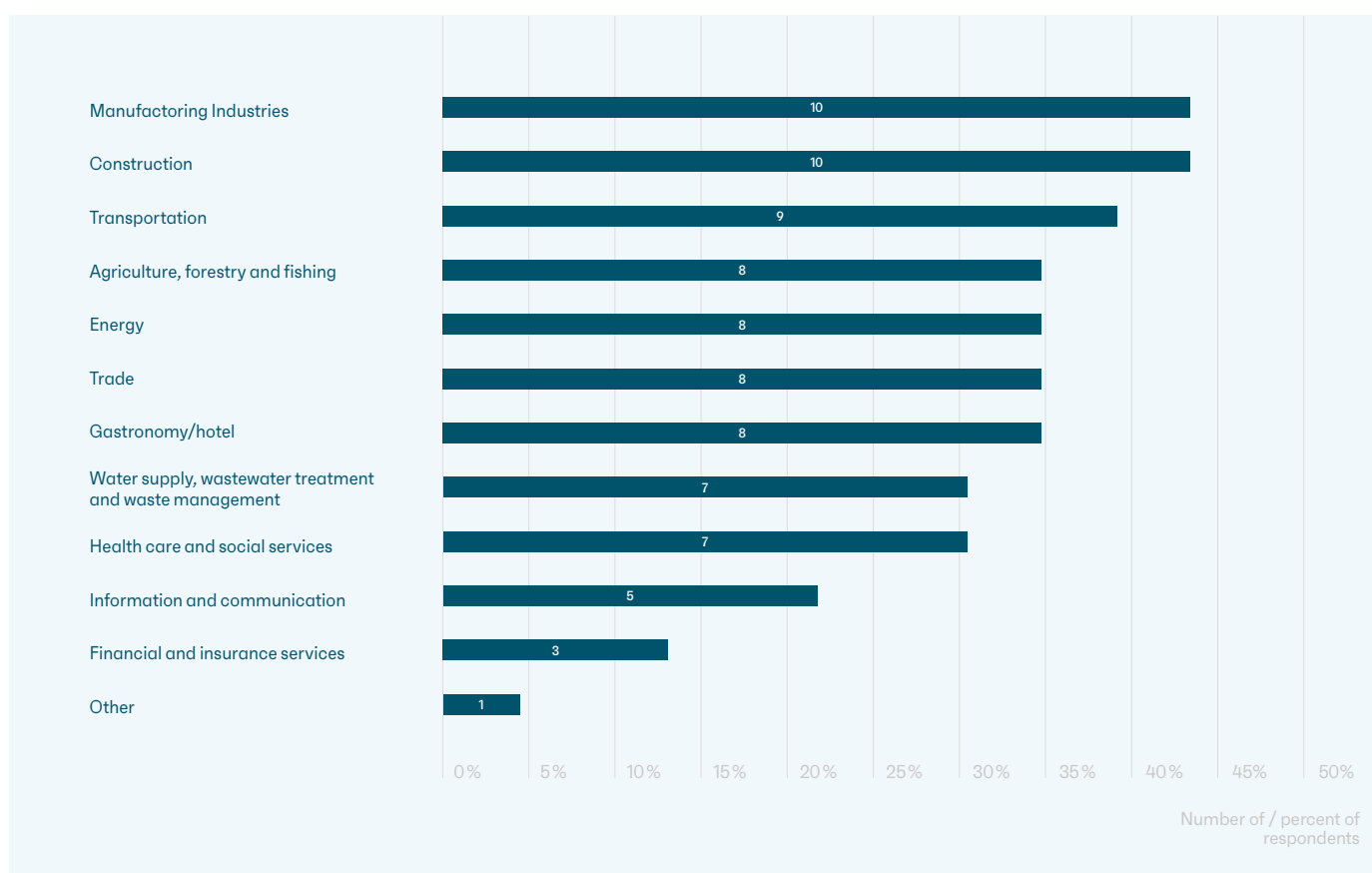


Figure 14: Importance to initiate a sustainability dialogue with clients by sector – SMEs (n=23)

For large companies, banks target sectors such as energy, construction/real estate, manufacturing, and transportation most actively, as shown in Figure 15. Less effort is directed towards agriculture/forestry/fishing, ICT, and financial services. Overall, the distribution of efforts is relatively balanced across industries, though strongest in high-impact sectors.

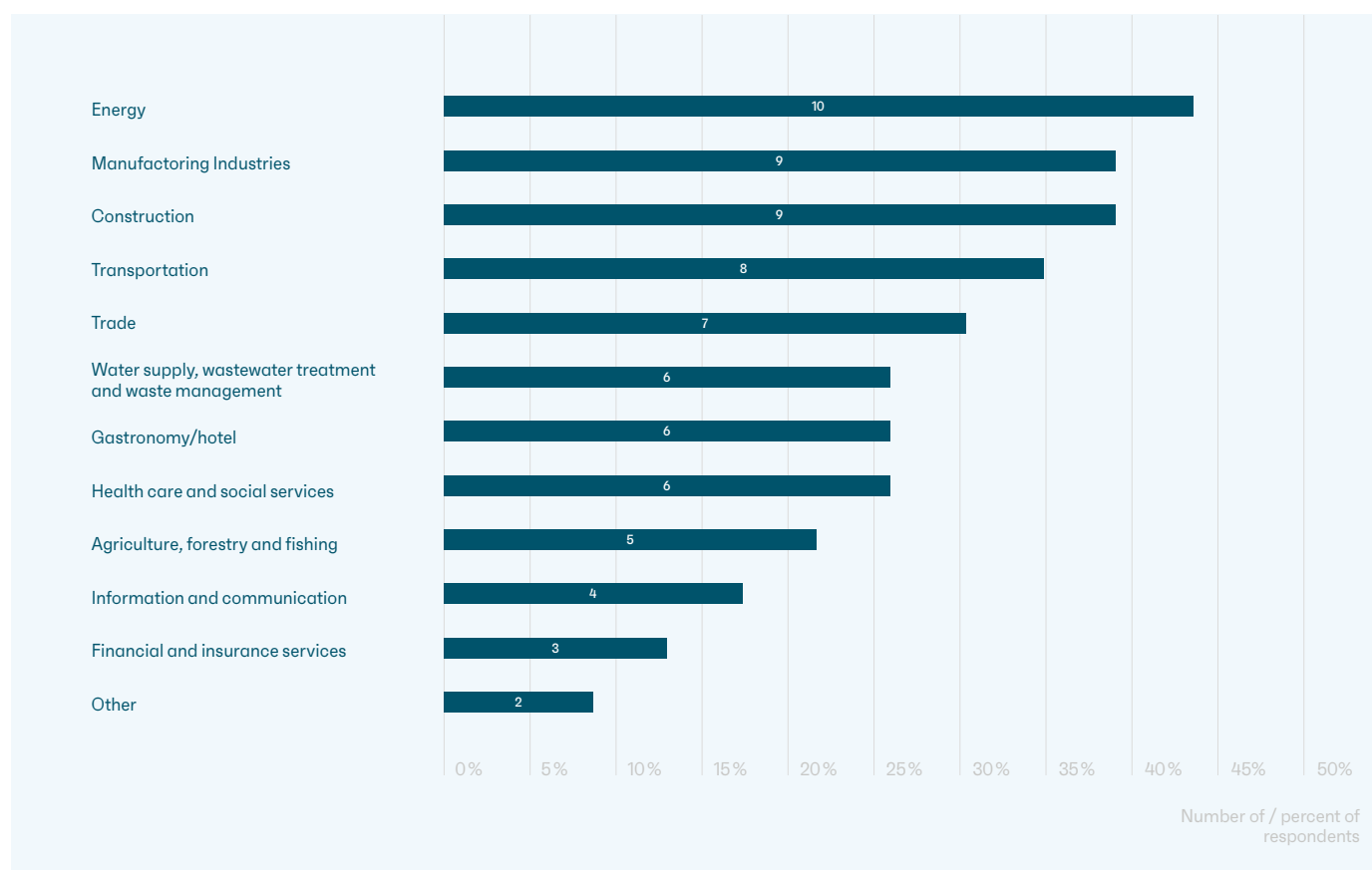


Figure 15: Importance to initiate a sustainability dialogue with clients by sector – Large companies (n=23)

2.2.2 Tools and Services

The use of third-party tools⁴ and consulting services to support sustainability-related advisory varies considerably between client segments, both in terms of prevalence and scope of application (Figure 16).

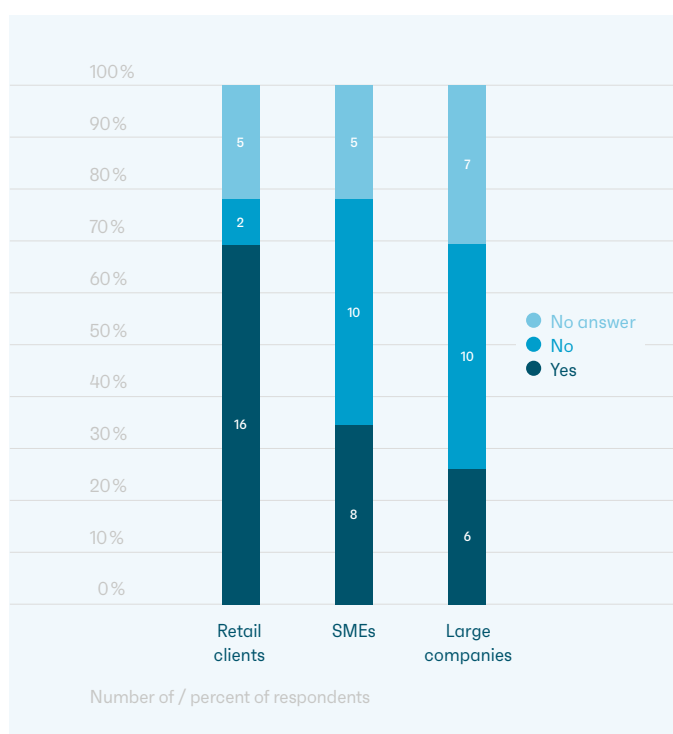


Figure 16: Use of third-party tools or advisory services on sustainability topics (n=23)

For retail clients, the use of tools is most widespread and appears to be firmly embedded into the advisory process. 70 percent of banks report using or recommending sustainability tools or referring clients to external advisory services – by far the highest share across all client segments. Only nine percent of banks indicate that they do not use such tools, marking the lowest percentage of all segments.

For SMEs, the use of external tools and services is much less common. Only 35 percent of banks report using or recommending such tools in their advisory process. A majority of

⁴ Examples of such tools or consulting services are: esg2go, SYNESGY, Swiss Triple Impact, Basler & Hofmann Stratus Tool or PEIK (EnergieSchweiz). These solutions support assessments of energy efficiency, sustainability benchmarking, or renovation planning, thereby helping clients to make informed decisions.

banks either refrain from using them or provided no response, which may indicate uncertainty about their relevance or the absence of tailored solutions for SME needs.

For large companies, the application or recommendation of specific tools is even less prevalent. Only 26 percent of banks report using or recommending third-party tools or services. This result is consistent with the observation that large companies often possess in-house expertise or employ specialist consultants directly, reducing the need for bank-driven support.

Taken together, these findings highlight a clear differentiation by client segment. Retail clients benefit from the most developed and institutionalised use of tools and services, reflecting both regulatory obligations and market demand. In the SME and large corporate segments, the use of specific tools or advisory services remain limited.

2.2.3 Energy-related Advisory

The integration of specific energy-related advisory services into the client advisory process in the mortgage business shows considerable variation across segments, reflecting both regulatory drivers and differing levels of market maturity (Figure 17).

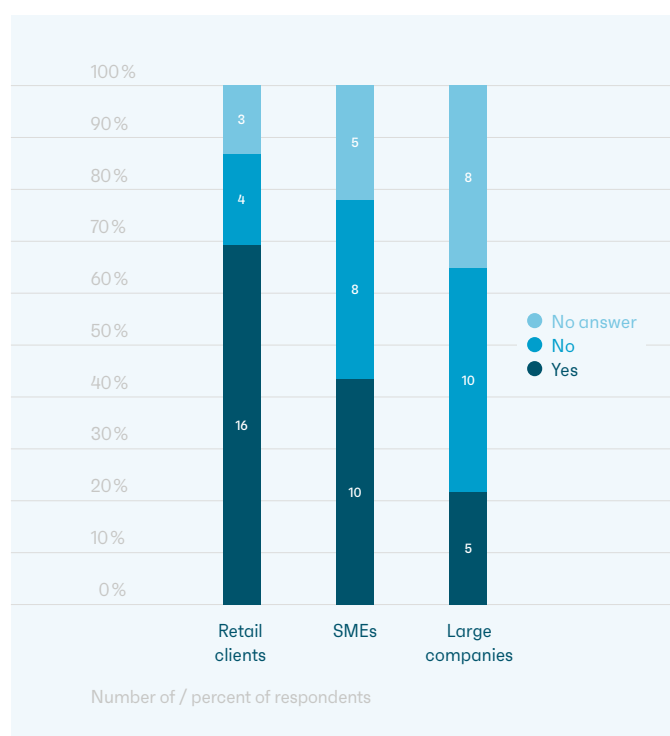


Figure 17: Energy-related advisory services in the mortgage business by client category (n=23)

For retail clients, 16 of 23 banks report that they offer or refer clients to energy-related advisory services within the mortgage business. This relatively high level of engagement reflects the advanced development in this segment. In addition to the mandatory self-regulation requirements introduced by the SBA in early 2024, market demand for energy-efficient housing has accelerated the uptake of such services. Advisory offerings typically include renovation planning, sustainability-linked mortgage products, guidance on subsidy schemes, and referrals to external experts. Retail clients therefore benefit from structured, institutionalised advisory frameworks that address both regulatory obligations and consumer demand for energy-efficient solutions.

For SMEs, 10 banks indicate that they provide or refer to energy-related advisory services in the mortgage business. Compared to retail clients, the offering is less standardised for this segment and more pragmatic in nature, while still more common than for large companies, where only five banks confirm that they offer or refer clients to energy-related advisory services. In practice, large companies tend to

have internal expertise or engage specialised consultants directly, which reduces demand for bank-provided services. Advisory support in this segment is therefore often limited to general ESG discussions or peer-to-peer dialogue rather than specific operational advice on energy efficiency or renovation projects.

2.2.4 Scope of Advisory Services in Mortgage Business

Looking at the scope of services provided in the mortgage business, advisory services are most extensively offered in the retail segment. 70 percent of banks offer energy efficiency assessments and 43 percent would provide explicit guidance on renovation needs. Moreover, 78 percent offer advice on available subsidies and funding opportunities, and around 60 percent facilitate access to third-party experts. These referrals most often relate to renovation planning (61%), heating replacement (57%), and photovoltaic installations (48%), underscoring the breadth of services provided to households (see Figure 18).

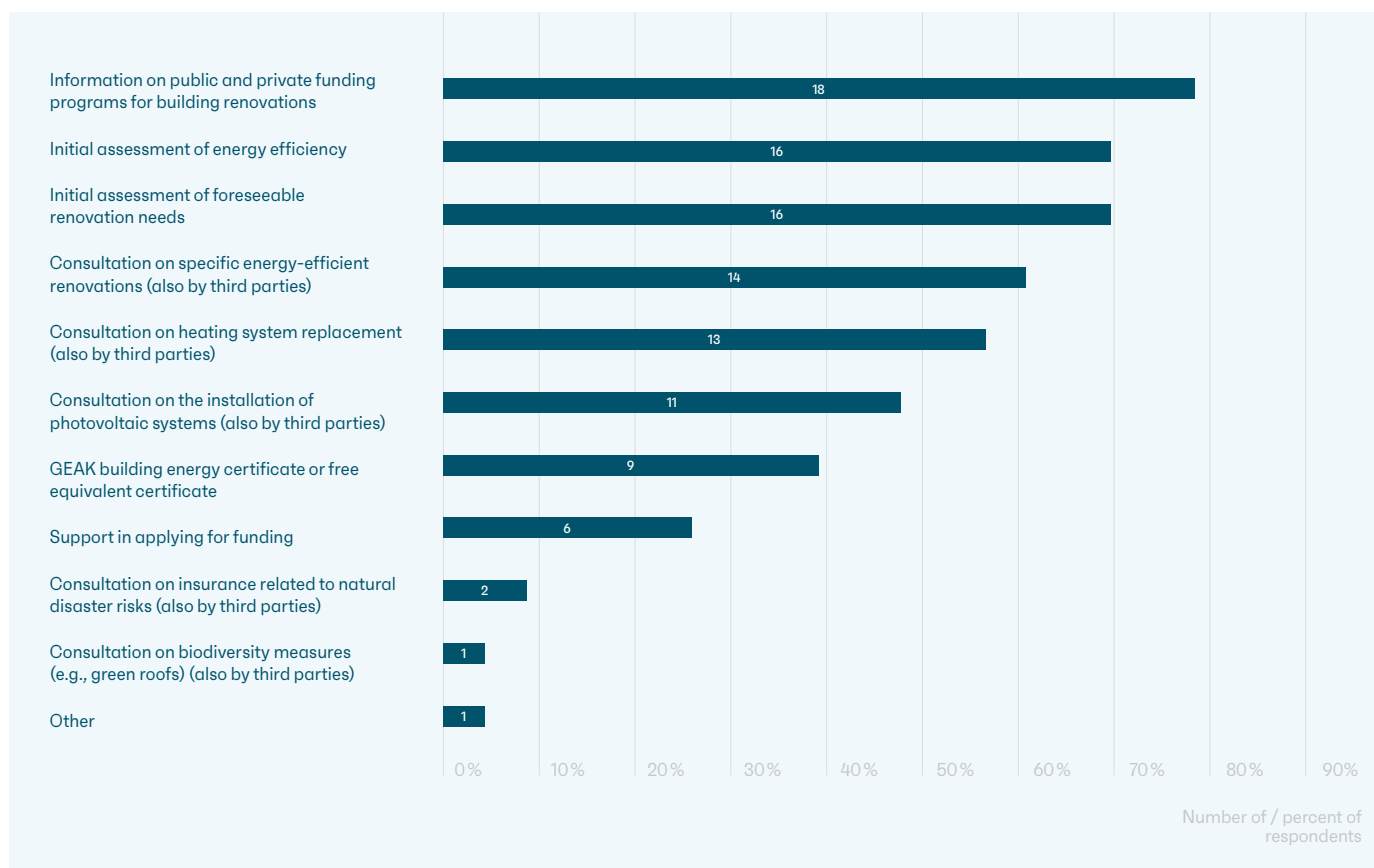


Figure 18: Type of sustainability-related advisory offered – Retail clients (n=23)

Among SMEs, banks focus primarily on basic assessments and practical solutions. Nearly half (48%) of respondents offer an initial assessment of energy efficiency measures, 43 percent offer renovation planning, and 39 percent provide information on funding opportunities as seen in Figure 19. The cantonal building energy certificate (GEAK)⁵ is mentioned by 26 percent of institutions as part of their advisory offering. In addition, 35 percent of banks report that they refer SME clients to external consultants, most commonly for photovoltaic projects, heating system replacement, or general renovation planning (see Figure 19).

As for the segment large companies, this question will not be discussed further, as it does not relate to that segment.

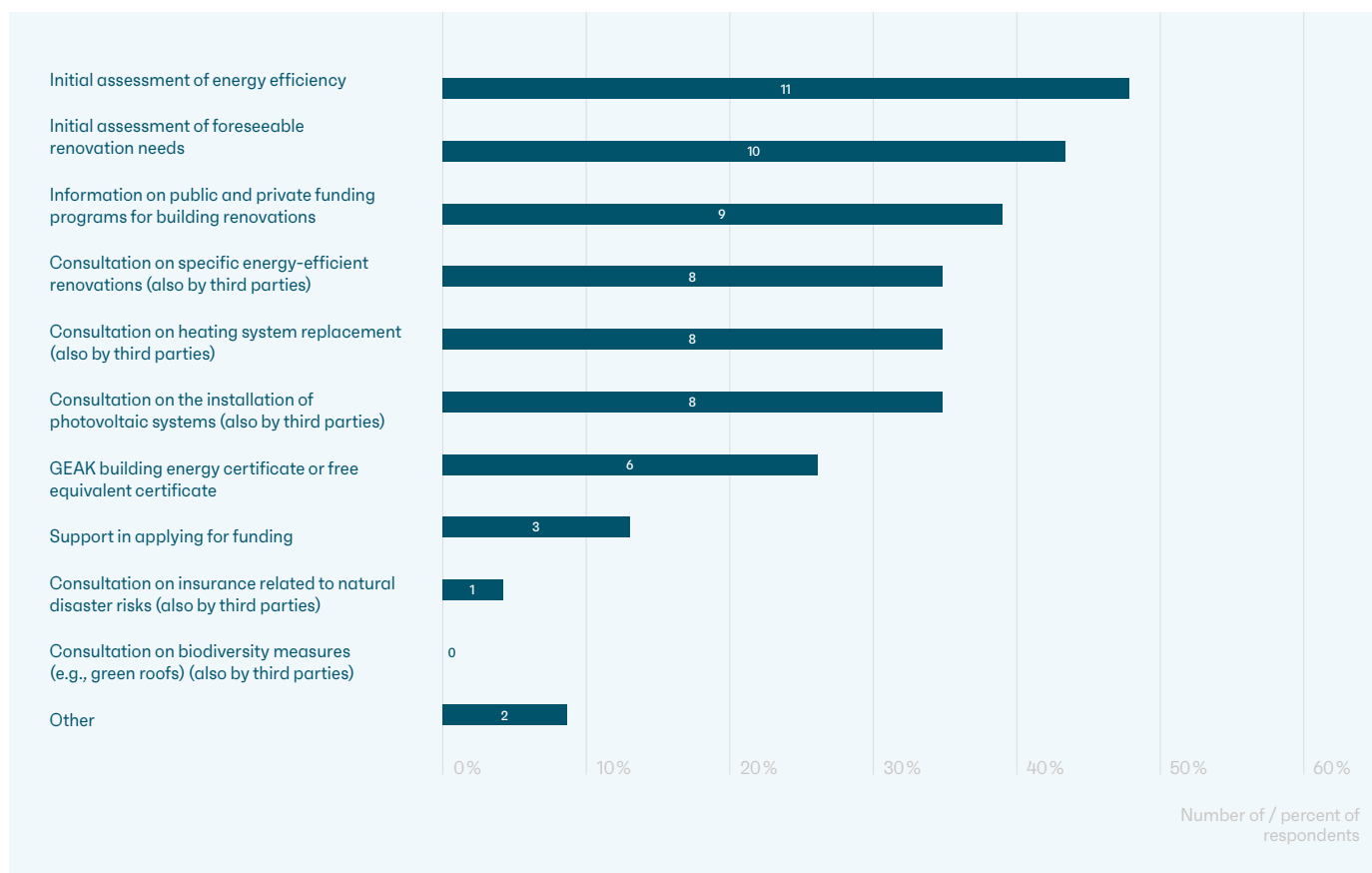


Figure 19: Type of sustainability-related advisory offered – SMEs (n=23)

⁵ The association cantonal building energy performance – in German known as Gebäudeenergieausweis der Kantone (GEAK) – aims to develop, disseminate, manage, monitor, and promote a uniform Swiss-wide system for building energy performance certificates in accordance with the Federal Energy Act. (<https://www.geak.ch/>)

2.2.5 Challenges of Sustainability in the Advisory Process

The integration of sustainability into the advisory processes is associated with a range of challenges that differ by client segment (see Figures 20–22). These challenges relate to both supply-side factors, such as advisor expertise and capacity, and demand-side factors, such as client readiness and perception of added value. From the client's perspective, the challenges depend on the instruments required. Large companies mainly use unsecured loans, retail clients use mortgages for real estate, and SMEs typically use a mix of both.

For the retail business, the most often mentioned barriers arise on the advisor side. Time constraints are cited by eight out of 19 banks as a large or rather large challenge, making this the most pressing issue in this segment. Sustainability-related advice is often considered an additional task on top of existing advisory duties, creating capacity bottlenecks. Insufficient advisor training is reported by seven banks as a large barrier. This reflects the fact that sustainability-related topics, particularly those linked to energy efficiency and renovation, require technical knowledge that goes beyond conventional retail banking expertise. By contrast, client scepticism plays only a minor role, as only two banks consider it to be a large or rather large obstacle. Overall, the findings suggest that retail clients are open to sustainability advice, but banks face internal constraints in terms of time and expertise (see Figure 20).

For SMEs, 13 of the banks answered this question. Here, time constraints on the client side dominate, with eleven banks identifying them as large or rather large as shown in Figure 21. These clients are often resource-constrained and may lack the capacity to engage in in-depth sustainability discussions or to implement proposed measures. Advisor-side time constraints are mentioned less frequently by five banks, still representing a relevant barrier.

Client scepticism is cited by six banks, reflecting persistent doubts about the financial relevance or practical benefits of sustainability measures. Advisor scepticism is almost entirely absent, suggesting that advisors are generally convinced of the importance of the topic. Furthermore, a lack of advisor training is occasionally mentioned but is not considered a decisive challenge.

Overall, the statements of the banks indicate that advisory for SMEs is less hindered by the advisors themselves than by limited client capacity and mixed perceptions on the client side.

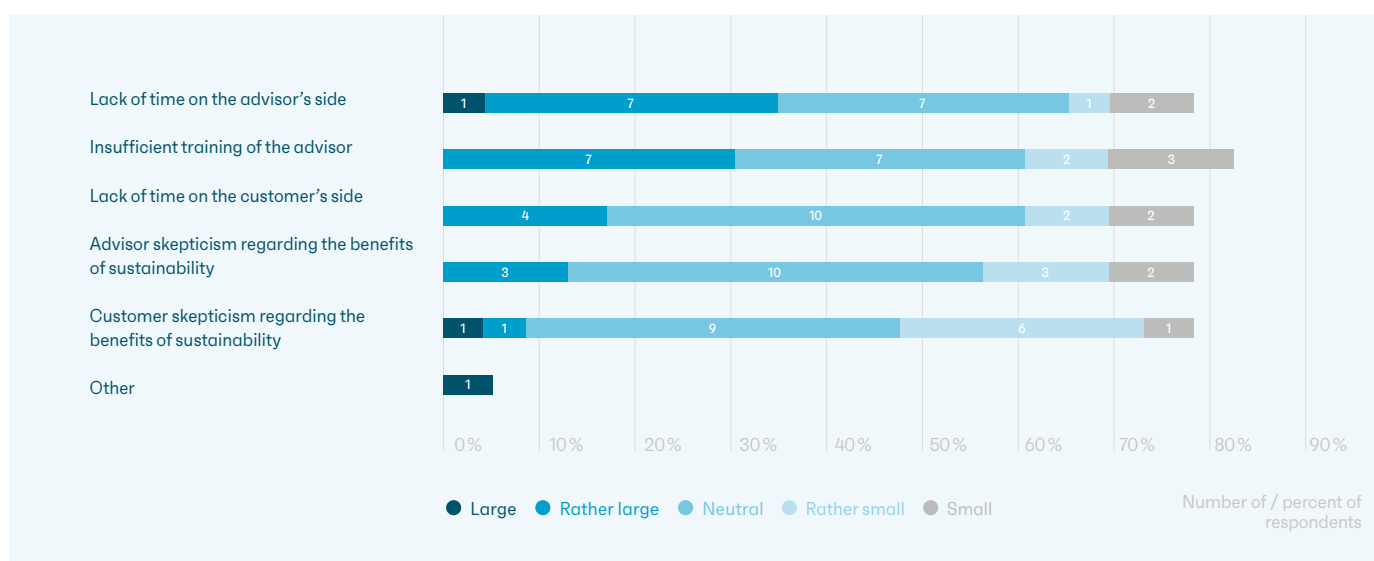


Figure 20: Challenges in the client advisory process – Retail clients (n=23)

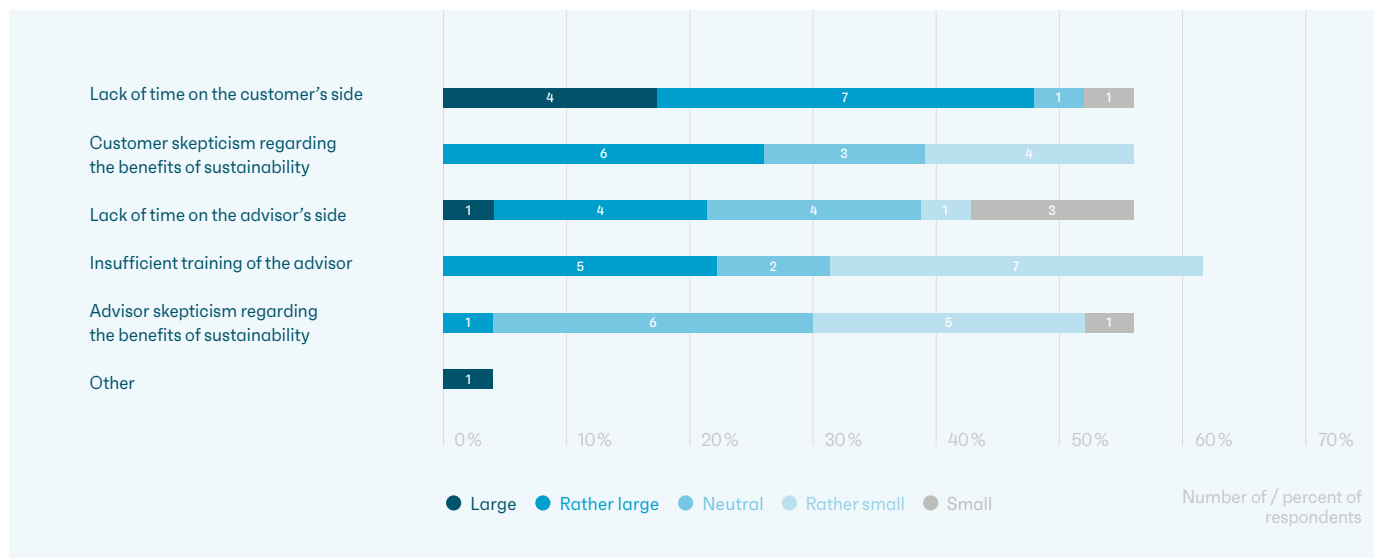


Figure 21: Challenges in the client advisory process – SMEs (n=23)

For large companies (Figure 22), only a few banks report rather large challenges in this segment, which may reflect both greater client maturity and different structure of the advisory process. Three banks cite insufficient advisor training as a rather large issue, suggesting that even in the corporate segment, technical and regulatory complexity can pose difficulties for bank advisors. Time constraints on either the advisor or client side are only mentioned once, alike client scepticism. This indicates that large companies are generally open to a sustainability dialogue and often have the internal resources to address the topic proactively.

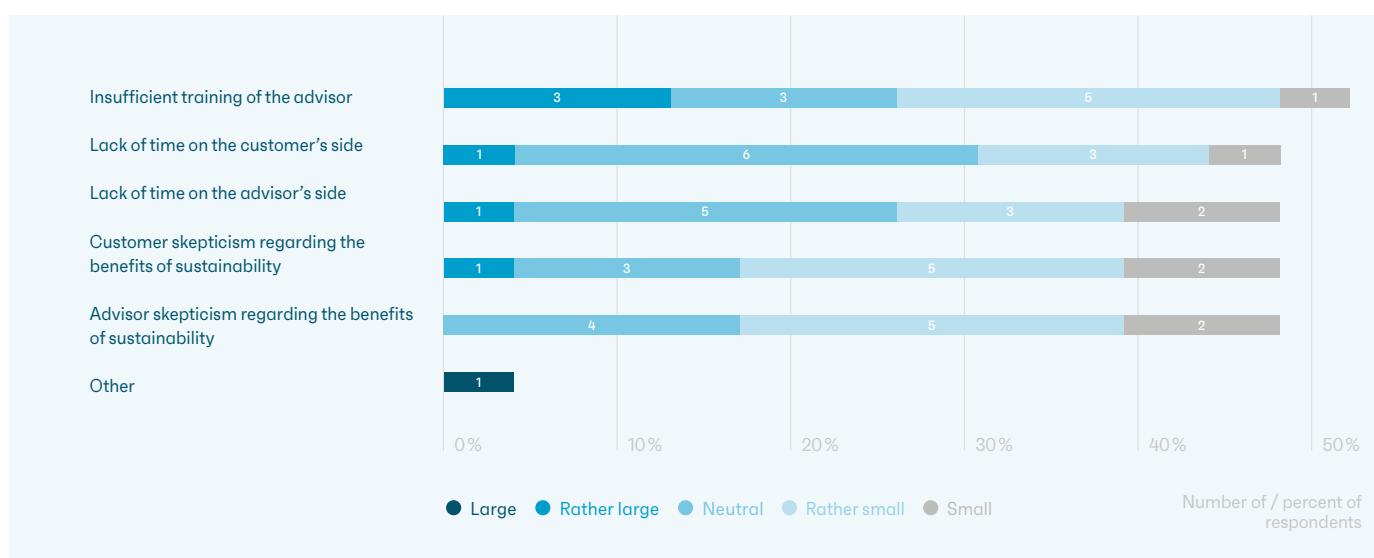


Figure 22: Challenges in the client advisory process – Large companies (n=23)

Author name, function	Marc Hintermeister, Head Leasing
Company name	Raiffeisen Group
Number of employees	10 643 FTE
Total lending volume	CHF 233 billion
Specific Sustainable Lending Process or Product described below	Leasing



The energy transition is in full swing – and with it, the need for sustainable financing is growing. Companies are facing high initial investments in order to switch to renewable energies, particularly in the areas of **e-mobility** and **photovoltaics**. **Raiffeisen Switzerland** offers innovative financing solutions in the form of leasing agreements to support companies undergoing this transition and accelerate the process.

Leasing makes it possible to use modern technologies without tying up capital in the long term. This is a decisive advantage, especially for SMEs, which often work with limited resources. According to a study by the ZHAW, 80% of Swiss companies see sustainability as a central component of their strategy. However, a lack of financial resources often slows down implementation. This is where Raiffeisen Leasing comes in. With tailor-made leasing models, Raiffeisen supports investments in **electric vehicles**, **photovoltaic systems** and **heat pumps**, to name just a few examples. The leasing

models can be tailored to customer needs, such as seasonal fluctuations in income or staggered commissioning. This enables companies to improve their carbon footprint without jeopardising their liquidity. An example: the acquisition costs of an electric truck can be significantly higher than those of a diesel model – leasing significantly reduces this hurdle and is additionally supported by the currently valid performance-related heavy vehicle tax (LSVA) exemption. Alternatively, Raiffeisen has active vendor partnerships that also enable more extensive rental models and facilitate the technological transition. Such partnerships are increasingly focusing on so-called 'carefree packages', which centre on the temporary use of the vehicle, including integrated servicing and maintenance, and the subsequent return of the vehicle.

With this offering, Raiffeisen Leasing sees itself as a **partner for sustainable transformation**, combining ecological responsibility with economic sense.



2.3 Loans

Loans can vary substantially regarding their purpose, maturity, and collateralisation. Consequently, the terminology used to describe credit instruments is not always applied consistently, both in academic literature and in practical contexts. To provide clarity, this study follows the categorisation applied by the Swiss National Bank and differentiates between mortgage-backed financing, referred to as mortgages, and all other forms of financing, referred to collectively as loans.

As this study does not include loans secured by easily tradable assets such as securities, bank deposits, or movable property, commonly known as lombard loans, section 2.3 focuses on loans in the narrower sense, meaning all types of unsecured financing that fall outside the scope of mortgage lending. By contrast, the section on mortgages (2.4) covers all forms of financing secured by real estate as collateral, as well as unsecured financing granted explicitly for real estate purposes – for example, to housing cooperatives or real estate companies.

2.3.1 Exclusion

Of the banks surveyed, 17 have an exclusion strategy for their loan business, while three do not, and three others did not respond to this question (see Figure 23). Hence, both the number of banks with an exclusion strategy and the related percentage have increased compared to last year's survey (from 64 to 74 percent).

A sustainability strategy does not necessarily lead to an exclusion strategy. Only 14 banks have both a sustainability strategy and an exclusion strategy. Three banks with a sustainability strategy do not have an exclusion strategy or did not answer the question. Interestingly, three banks with an exclusion strategy do not have an explicit sustainability strategy. As expected, however, all banks with an exclusion strategy state that they have sustainability-related guidelines for their lending business.

The production of controversial weapons is an exclusion criterion for 15 out of 17 banks (see Figure 24). This issue was also the most frequently mentioned reason for general exclusion in last year's survey. In Switzerland, the financing of controversial weapons such as nuclear, biological, chemical weapons, anti-personnel mines, and cluster munitions is prohibited under the War Material Act. Direct financing (e.g., loans or donations) of such weapons is banned. The production of weapons and ammunition and the production of military technology are far less frequently subject to exclusion (in nine and seven cases respectively), with exclusion in both cases primarily based on thresholds. Unlike controversial weapons, the manufacture of conventional weapons and military technology is not prohibited in Switzerland.

15 out of 17 banks (88%) also report that they have an exclusion strategy for the extraction of coal and coal reserves as well as the extraction of oil and gas. Furthermore, two banks apply a threshold-based exclusion for these businesses, and one bank has a phase-out strategy for oil and gas extraction.

With twelve banks (70 percent of respondents) the proportion of institutions not involved in the construction and operation of nuclear facilities increased compared to last year, when this number stood at 59 percent. Only three banks pursue an exclusion strategy regarding companies producing alcohol, with two of these banks using a threshold approach.

Nine of the 17 banks mention other areas for exclusion. These include refraining from business relationships with companies that violate labour and human rights, are involved in serious corruption cases, or do not refrain from animal testing. Furthermore, the use of palm oil can lead to general or threshold-based exclusion. Mining with particularly destructive extraction methods, non-certified agriculture and forestry, or unsustainable fishing can also lead to exclusion.

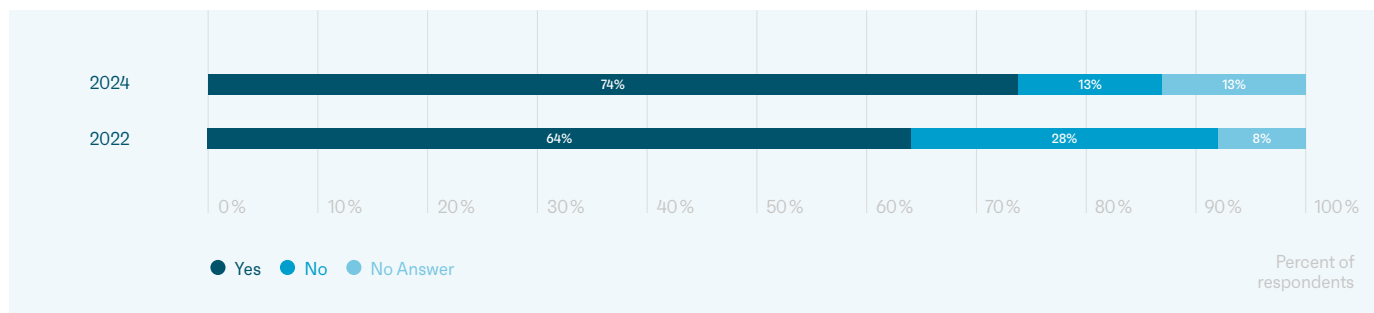


Figure 23: Current application of an exclusion strategy (2024: n=23, 2022: n=25)

The statement of one bank is worth mentioning: it refrains from financing cement companies as a matter of principle, unless the client can demonstrate that its business model is aligned with the scientifically required net-zero target for 2050. This procedure is listed under the exclusion type "transition" in Figure 24 and reflects an exclusion strategy that simultaneously supports transition projects. This approach could also be called an exclusion-or-transition-approach. (see section below and appendix for more details regarding the classification into the four financing approaches).

strating a sustainable product or business model, perhaps reflected in a strong sustainability rating, could be perceived as less risky and consequently qualify for more favourable credit terms.

Currently, eleven banks apply ESG factors or sustainability indicators in their lending process. In contrast, nine banks report that they do not, and three banks did not respond to this question (see Figure 25). This represents a slight decrease from twelve to eleven banks compared to last year's survey. However, it should also be noted that the number of banks that did not

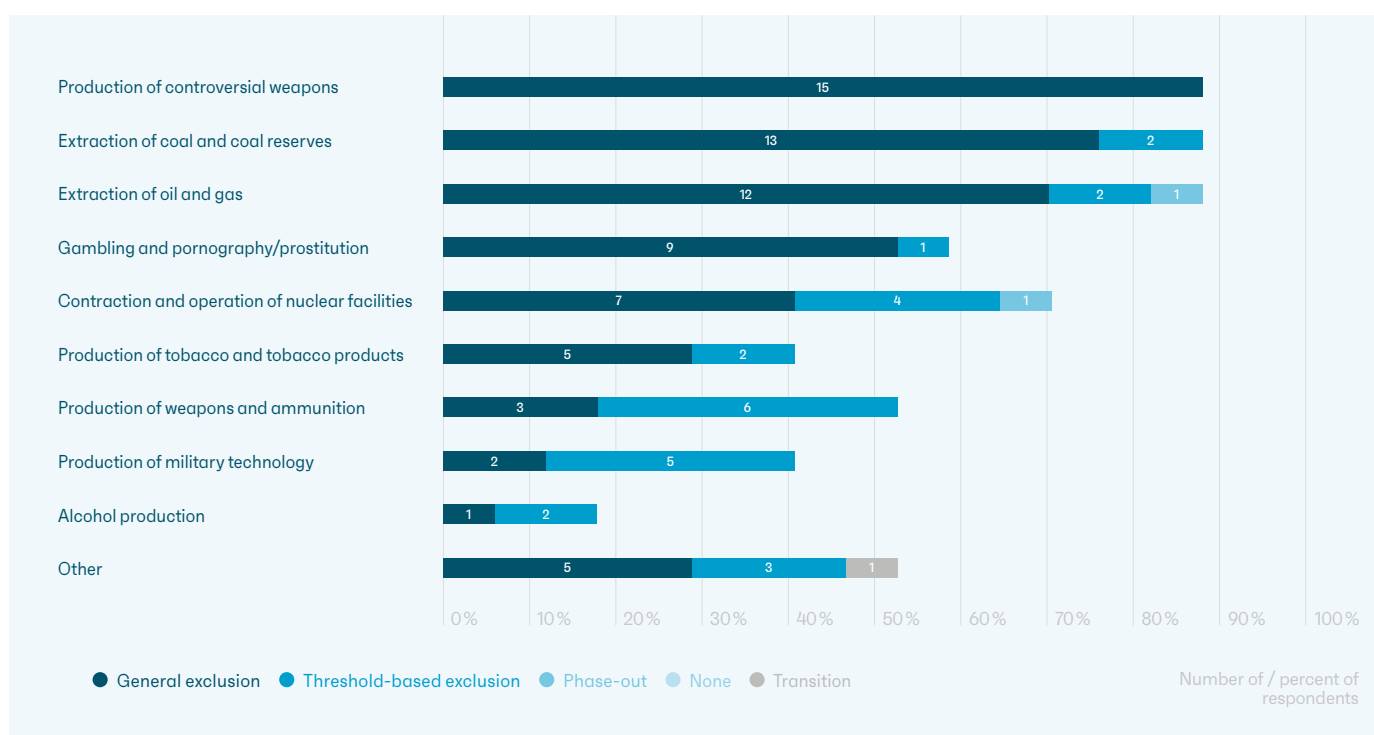


Figure 24: Criteria applied in exclusion strategies in lending (n=17)

2.3.2 ESG Integration

This section focuses specifically on the integration of sustainability indicators within the broader lending process. Specific financing instruments, such as sustainability-linked loans, green loans, and social loans, are not covered here, as these will be discussed separately at the end of this subchapter.

Banks employing the financing approach ESG integration use sustainability indicators in their lending, risk assessment, and loan pricing. The primary intention is to enhance the identification of credit default risk that may arise from sustainability-related events. Conversely, a company demon-

respond to this question has increased since the previous survey. All eleven banks that integrate ESG factors into their lending process also maintain an exclusion strategy and a general sustainability strategy for their financing business.

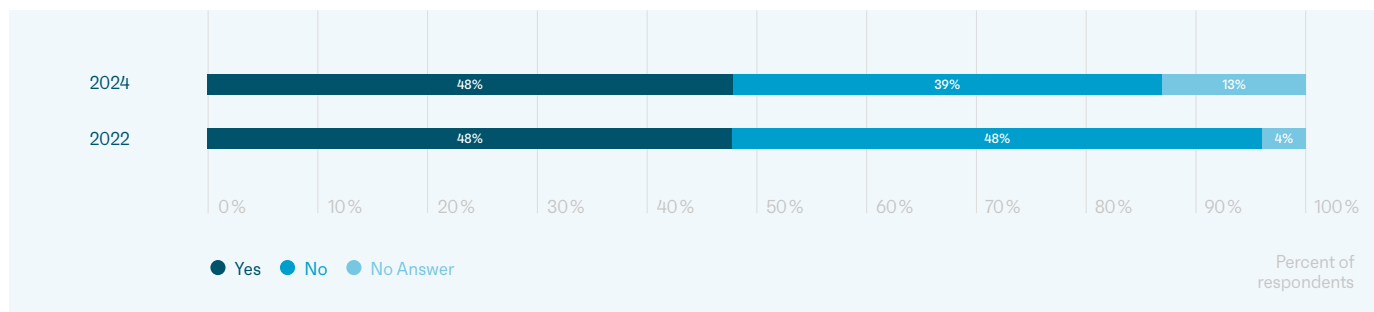


Figure 25: Integration of sustainability factors in lending (2024: n=23, 2022: n=25)

For five banks, sustainability is consistently or partially a factor in lending decisions within the small enterprises segment. This consideration extends to eight banks for medium-sized companies, nine for large companies, and eight institutions for multinational corporations. The size of the bank itself does not appear to influence the response to this question.

The sectors of highest relevance concerning the incorporation of ESG factors in the lending business are energy, agriculture/forestry/fishing, manufacturing industry, and transportation (see Figure 26). Several banks also point out that ESG factors or sustainability indicators are considered when granting loans for defined sectors, with the application often depending on the size of the company.

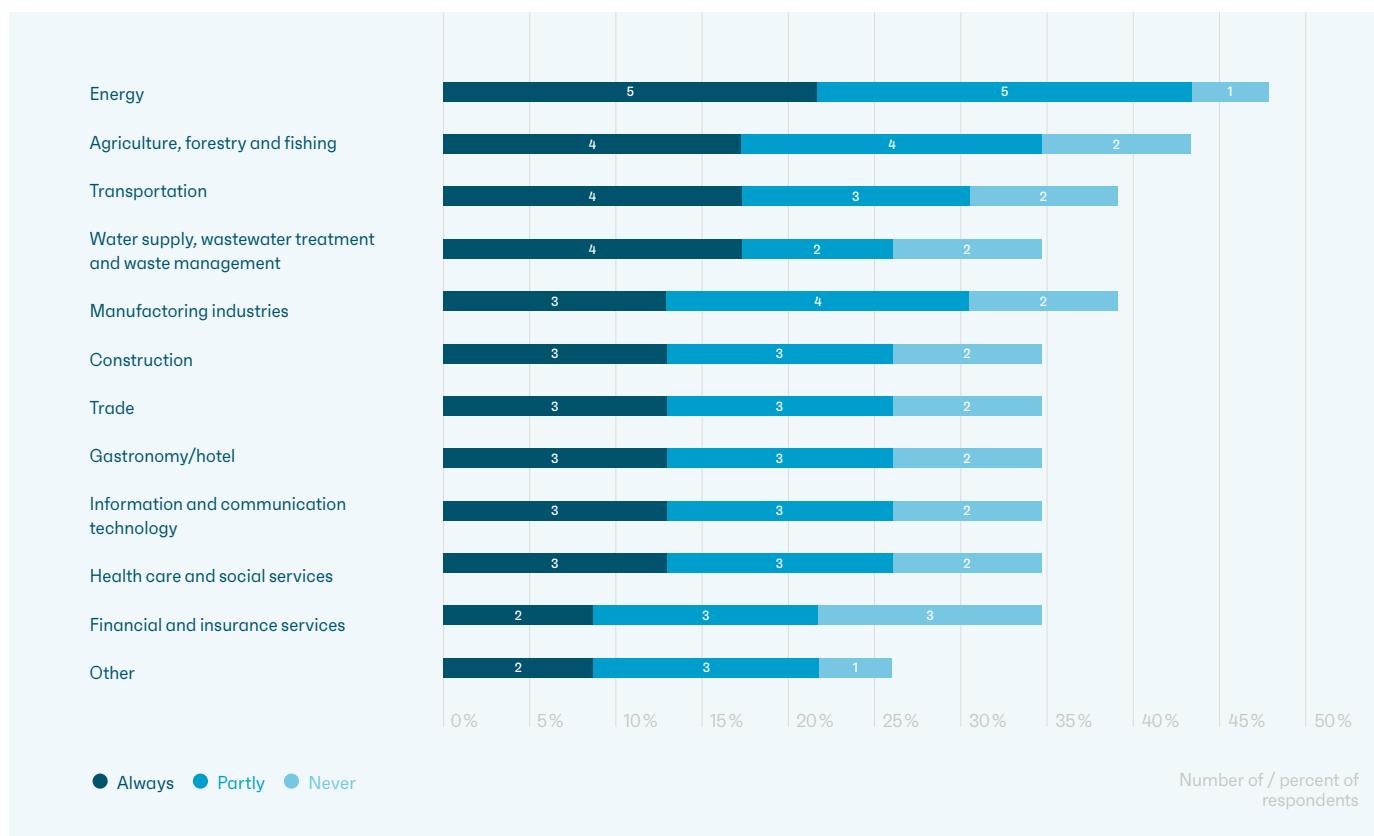


Figure 26: Consideration of sustainability factors in lending by sector (n=23)

Sustainability-related pricing also appears to be uncommon at present. Only three to five banks apply it, depending on the size of the borrower. It is worth noting that ten banks did not provide information on this topic. The institutions that did respond and stated they do not use sustainability-related pricing are primarily regional banks. When sustainability-oriented pricing is applied, both fixed interest rate step-ups and step-downs, as well as variable interest rate components, are used.

2.3.3 Financing Corporate Transformation and Sustainability Solutions

General Information

This section is dedicated to the general financing of corporate transformation and sustainability solutions. Financing instruments with an explicit sustainability focus, such as SLL, green loans, and social loans, will be discussed in the subsequent sections.

Corporate transformation refers to the adaptation towards greater sustainability of a company's business activities as a whole, or of a material part thereof. This usually entails the adaptation of a company's production processes, which often requires dedicated investments with an explicit sustainability focus. Examples of financing transformation include financing for energy utility companies switching their energy production from fossil fuels to sustainable sources, or cement manufacturers reducing the energy and water intensity of cement production through new and innovative processes. However, transformation can also refer to a small carpentry company adapting its production process to make it less energy-intensive and/or require fewer raw materials (through waste reduction).

Sustainability solutions refer, on the one hand, to sustainability-related innovations, business areas, or business solutions with a positive sustainability impact. Examples include the development of new smart meters, higher capacity EV-batteries, or the development of a next-generation solar panel. On the other hand, sustainability solutions also encompass the application of the aforementioned technologies (e.g., the installation of solar panels).

While these approaches can be differentiated in theory, the distinction is not always so clear-cut in practice. Both financing for the development of a new and innovative product at an earlier stage and for the use of that product at a later stage can be considered financing sustainability solutions.

Financing Transformation

Nine banks indicate that they finance the transformation of their clients' business. This is achieved either by using conventional financing instruments, such as plain-vanilla term loans (8 banks), or by using use-of-proceeds instruments, such as green or social loans (5 banks), as shown in Figure 27. The five banks that utilise use-of-proceeds instruments also offer sustainability-linked instruments (general-purpose instruments).

In principle, banks that use these special instruments (general-purpose and use-of-proceeds) also finance corporate transformations with conventional products (e.g. term loans). Only three banks provide information on the number of transactions processed. The others state that this information is not published or collected, that the transactions are included in normal lending volumes, or that corporate transformation is not distinguished from sustainability solutions.

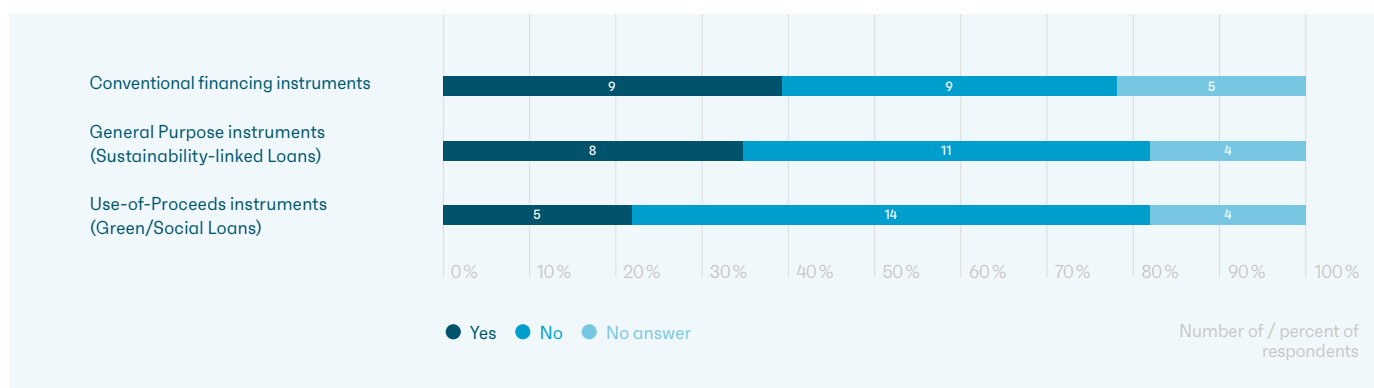


Figure 27: Instruments used to finance transformation (n=23)

Financing Sustainable Solutions

Only a minority of participating banks state they specifically finance sustainable solutions. In addition to using conventional financing instruments with seven mentions, general-purpose instruments (such as SLLs) are used with similar frequency, with eight mentions (see Figure 28).

Eight banks offer the same range of financing instruments for both corporate transformation and sustainable solutions, hence these banks do not really differentiate between the two approaches.

The geographical focus does not directly affect these offerings; international banks, as well as national and regional banks, offer all financing instruments for both financing approaches.

Only four banks provide information on the number of transactions processed, while the remaining banks do not share transaction data.

2.3.4 Sustainability-Linked Loans

In recent years, new credit instruments have emerged to support companies in their transition to more sustainable business models or to promote the development of sustainable products. The mechanism of sustainability-linked loans, green loans, and social loans is explained in the Appendix.

A total of ten banks report using SLLs as part of their product offering (see Figure 29). These include two international banks and four nationally and four regionally oriented banks (see Figure 30).⁶

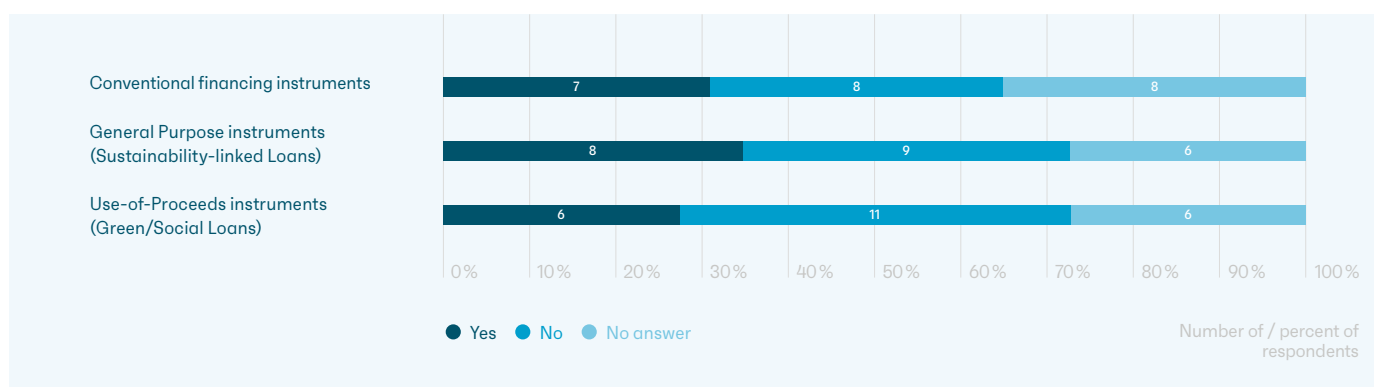


Figure 28: Instruments used to finance sustainable solutions (n=23)

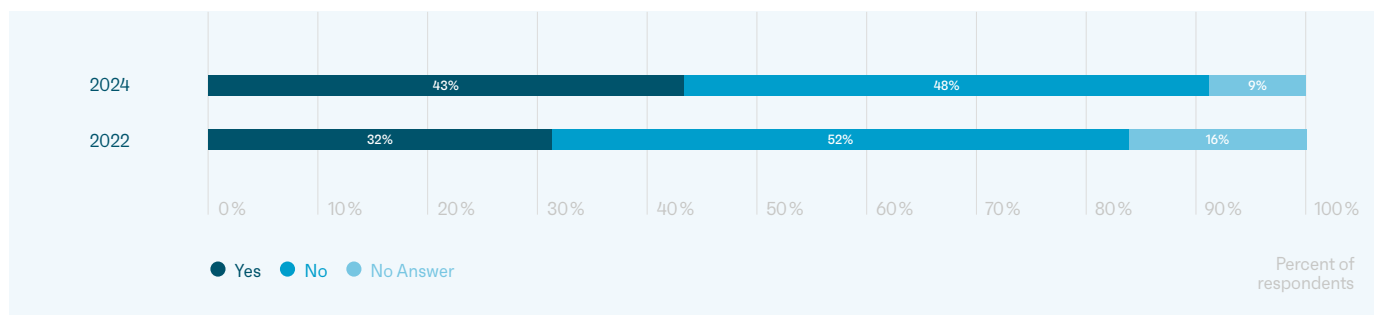


Figure 29: Offering of sustainability-linked loans (2024: n=23, 2022: n=25)

⁶ Note on Figure 30: Of the 10 banks offering SLLs according to Figure 29, Figure 30 only presents the nine banks that provided detailed information about their role in SLL transactions. The bank not included in this figure is an international bank.

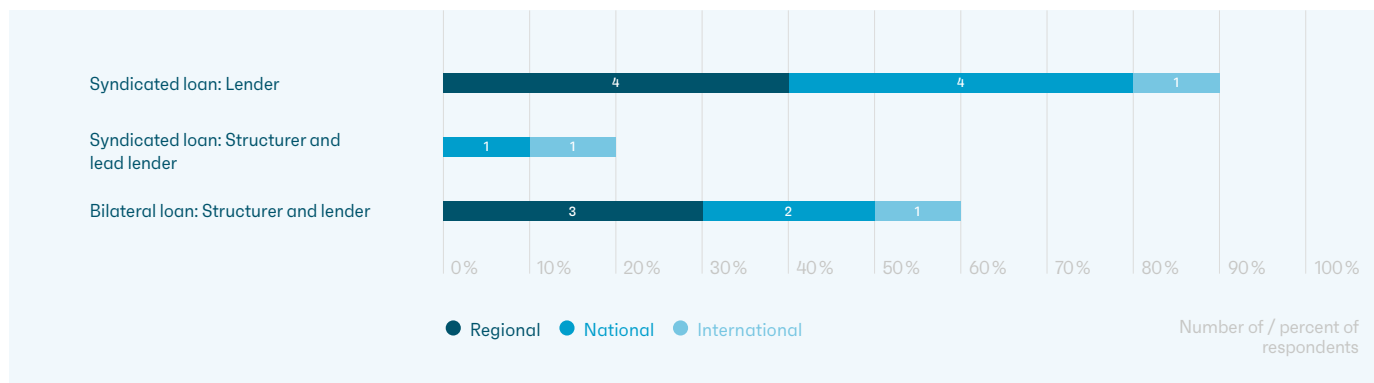


Figure 30: Roles of banks active in the sustainability-linked loan market (n=10)

All banks with a national and regional focus state that they act as lenders in syndicated SLLs, while only one of the national banks also acts as structurer and lead lender. One of the international banks acts as both structurer and lead lender, as well as a participating lender in a SLL transaction structured by another bank. The other international bank offering SLLs does not provide detailed answers regarding its role in SLL transactions. Bilateral SLL financing is provided by one international bank and by two national and three regional banks.

SLLs are often believed to be used only for large financing volumes. However, the large number of bilateral SLL financing offerings, particularly from regional banks, suggests that SLL structures are increasingly being utilised for smaller transactions as well. Since only a few banks provide information on the number of transactions and the volume of loans granted, no meaningful statement can be made in this regard.

Various KPIs or external ESG ratings are currently incorporated into the structuring of SLLs, with the most common shown in Figure 31.

With regards to internal KPIs, decreasing GHG emissions and raising the proportion of renewable energy generated or employed rank highest. Seven banks use KPIs for these two topics. Key figures for these two areas can be determined relatively easily, which is not always the case for other topics, likely explaining their widespread use. Five of these seven banks also apply KPIs measuring the improvement of the energy efficiency of an asset used by the borrower. Furthermore, four banks accept KPIs on topics such as reducing water consumption, sustainable procurement, circular economy, sustainable agriculture and food, and improving the conservation and protection of biodiversity. Under 'Others', one bank indicates that it defines individual KPIs depending on the industry and activities of the company.

Seven banks are using the improvement of an external ESG rating as a KPI. Compliance with several external KPIs, including emissions tracked by the provider CarbonChain, is mentioned under 'Other'. Three banks exclusively use external ESG ratings, while two use internal KPIs only.

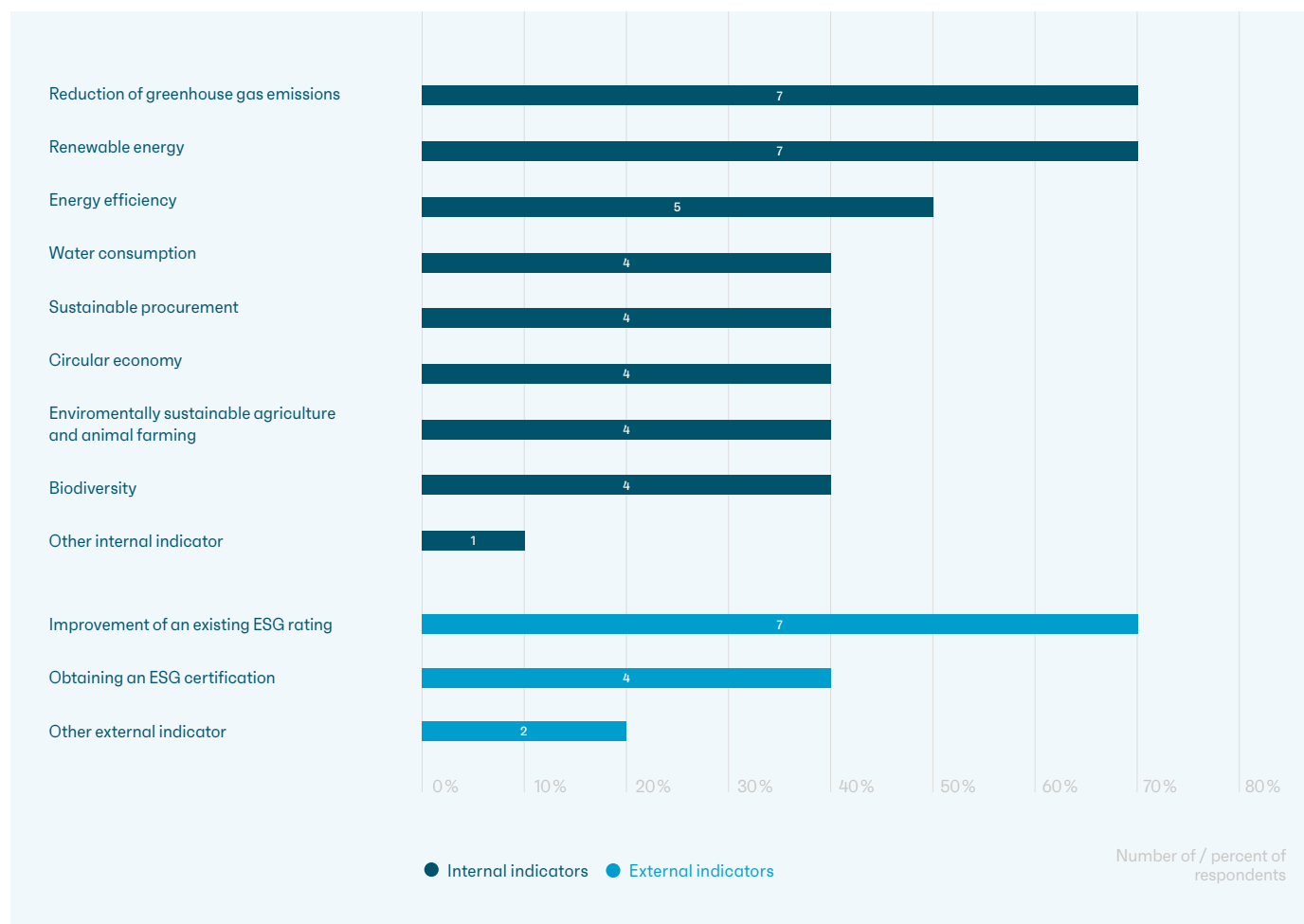


Figure 31: Internal and external indicator categories based on which sustainability-linked loans are granted. (n=10)

Of the existing SLL providers, five institutions expect volumes to increase in the next two years, three anticipate volumes to remain unchanged, and one bank expects volumes to decline. No bank expects a sharp increase.

Of the banks that do not currently offer SLLs, one institution is considering offering this instrument in the future or becoming financially involved in such transactions. Overall, SLLs come with a certain complexity, and their application appears to remain limited to the banks that have previously adopted them.

2.3.5 Green Loans and Social Loans

Use-of-proceeds instruments, such as green loans and social loans, are offered by eight banks (see Figure 32). These providers represent all three groups: international, national, and regionally focused institutions. Seven banks utilise this instrument in bilateral loans. In absolute terms, this represents no change from last year's study. However, as the number of companies that did not respond decreased, the relative proportion increased.

One bank is active as a structurer and lead investor for syndicated loans with a green and/or social loan component. This bank also participates as a pure lender in syndicated loans with a use-of-proceeds structure, a role also undertaken by a second bank. The number of banks participating in syndicated use-of-proceeds transactions is therefore considerably smaller than that for syndicated general-purpose instruments.

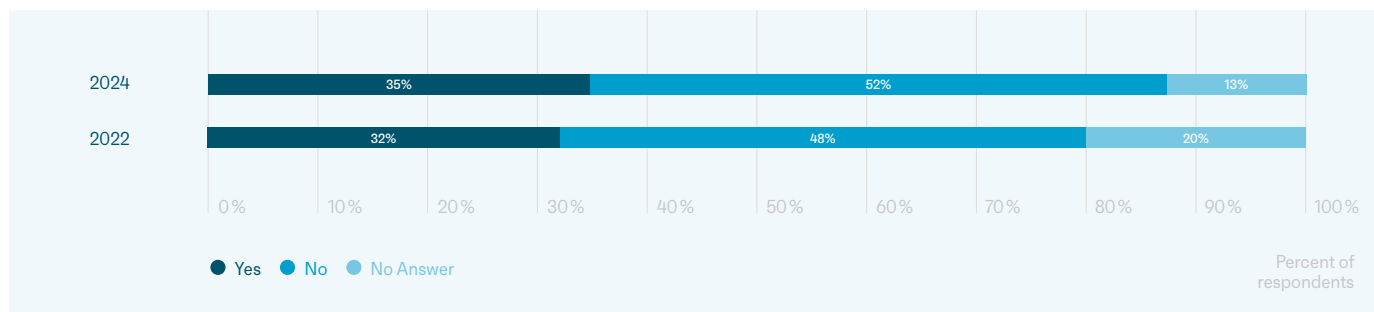


Figure 32: Offering of green and social loans (2024: n=23, 2022: n=25)

A noteworthy point is that two banks state they offer green and/or social loans as project-related financing. Simultaneously, they indicate that they do not provide these use-of-proceeds instruments for financing deliberate transformation projects.

The projects financed with use-of-proceeds instruments continue to be very diverse (see Figure 33). Pollution prevention and control is now the most frequently mentioned project type, ranked third in the last study. Energy efficiency, the previous frontrunner, now ranks second, along-

side green technologies (fourth last time) and the circular economy (fifth last time). Half of the banks that offer or participate in these financing instruments cite sustainable water and waste management and renewable energy (the latter ranked second last time with mentions from three out of four banks) as project types.

Of the banks that do not currently offer use-of-proceeds financing instruments, only one institution is considering offering them in the future.

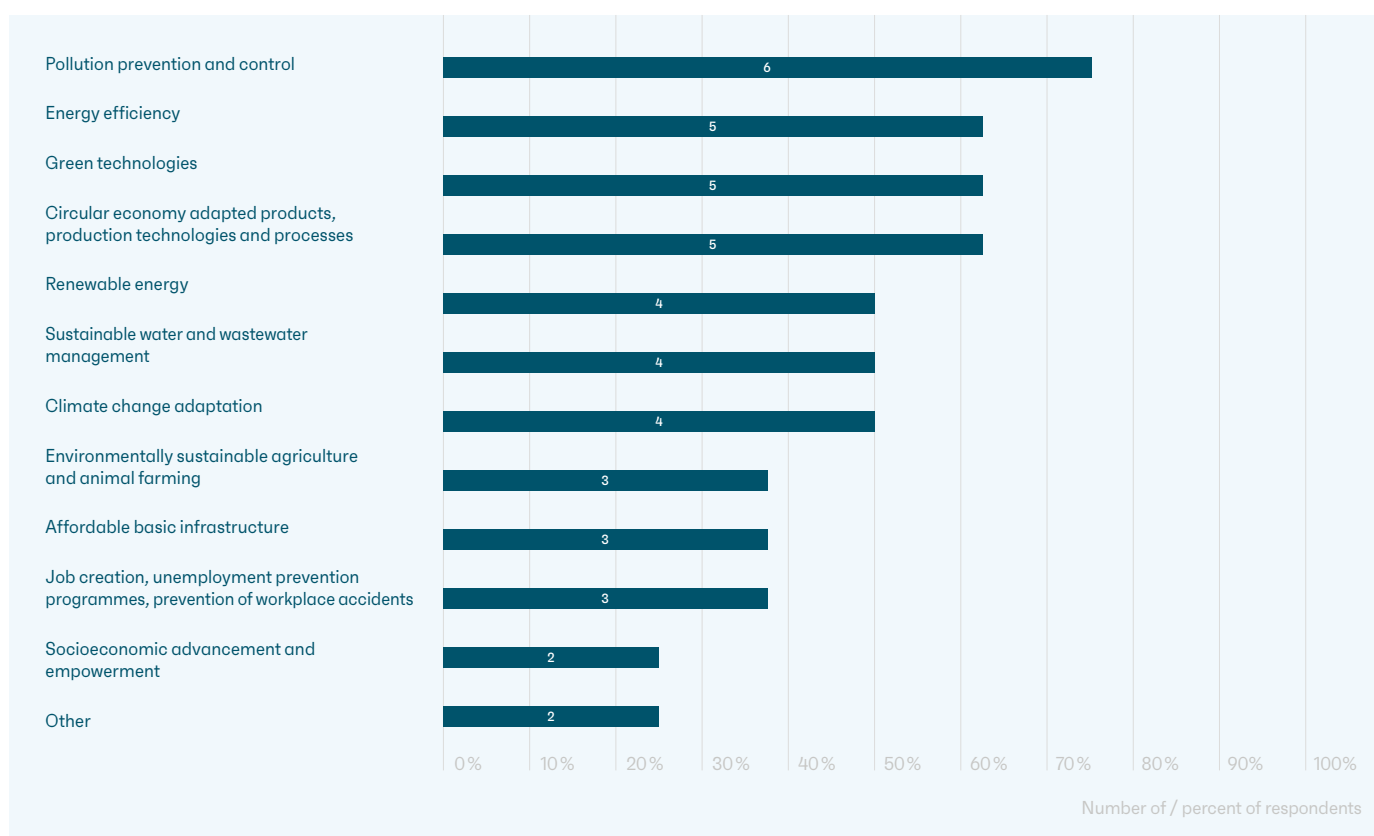


Figure 33: Types of projects financed by use-of-proceeds instruments (n=8)

Author name, function	Leonie Nowak, Senior Sustainability Specialist, Corporate & Institutional Clients, UBS Switzerland AG
Company name	UBS Switzerland AG
Specific Sustainable Lending Process or Product described below	Sustainability-Linked Loans, Green Loans



Recycling center for biomass – example for the use of the proceeds of a Green Loan

As Switzerland's largest bank, UBS serves corporate clients of all sizes, from small and medium-sized enterprises (SMEs) to multinational groups and is committed to supporting them in their sustainability efforts. In recent years, large companies have increasingly embraced sustainable financing instruments. These companies can either secure direct lending from banks or raise significant amounts in the capital markets through green or sustainability-linked bond issuances.

Sustainability-Linked Loans: A Preferred Option for Large Corporates

In the Swiss corporate loan market, sustainability-linked loans have become a preferred choice for large corporates seeking to align their financing strategies with positive environmental, social, or governance (ESG) outcomes. SLLs are often used in syndicated transactions and provide businesses with an opportunity to demonstrate their commitment to sustainable practices. These loans are particularly well-suited for large organizations, as setting up a sustainability-linked financing framework involves defining meaningful sustainability key performance indicators (KPIs) and setting ambitious performance targets. This process requires collabora-

tion across multiple parts of the organization, making it a natural fit for companies with the resources and scale to manage such efforts.

SMEs and Their Targeted Approach to Sustainability

For SMEs, sustainability is often embedded in their business strategies through targeted initiatives rather than broad frameworks. Many SMEs focus on specific projects, such as improving the energy efficiency of production facilities or investing in environmentally friendly assets. This approach allows SMEs to implement impactful changes that align with their sustainability goals while remaining agile and competitive. These efforts not only contribute to sustainability but also help Swiss companies maintain their international competitiveness, especially as they navigate evolving regulations and cost pressures. This type of innovation reflects the adaptability and forward-thinking mindset of SMEs in Switzerland.

Green Loan: A Tailored Solution for SMEs

To further support the sustainability efforts of Swiss SMEs, UBS offers the Green Loan, which is aligned with the Green Loan Principles. Green Loans differ from SLLs because they are a use-of-proceeds instrument. This means the funds must be allocated to specific green projects or assets, which are defined in the green loan agreement. Eligible projects include renewable energy production, energy efficiency measures, pollution prevention, and sustainable agriculture.

Green Loans are particularly well-suited for SMEs, as they focus on financing specific sustainability initiatives rather than requiring a comprehensive framework. Borrowers outline the expected environmental benefits of their projects in advance and report on the use of proceeds until the loan is fully drawn. These requirements ensure transparency and accountability, making Green Loans an essential part of UBS's sustainable finance solutions. Thanks to this solution UBS supports both larger and smaller companies to reach their sustainability targets, fostering sustainable innovation in Switzerland.

2.4 Mortgages

Sustainability within the real estate sector – and consequently in the mortgage sector – is continuously evolving. Historically, efforts in the building sector predominantly focused on environmental aspects. The improvement of energy efficiency during the operational phase of buildings has always been a major area of attention, given its direct impact on CO₂ emissions. Measures to increase energy efficiency typically include enhanced insulation and more sustainable heating systems.

Accordingly, banks continue to view energy efficiency as the most relevant sustainability factor in the mortgage busi-

ness. In this year's survey, more than 80 percent of banks stated that the energy efficiency of financed properties reflects an important or very important aspect for them (Figure 34). This aligns broadly with the sustainability strategies discussed in section 2.1, as well as the importance of energy-related advisory services in section 2.2. A major driver of these developments is likely the new self-regulatory Guidelines for Mortgage Providers on the Promotion of Energy Efficiency, issued by the SBA, enacted at the beginning of 2024. These guidelines require banks to discuss renovation needs, value preservation, and financing options related to improving energy efficiency, as well as to raise client awareness of energy certificates.⁷

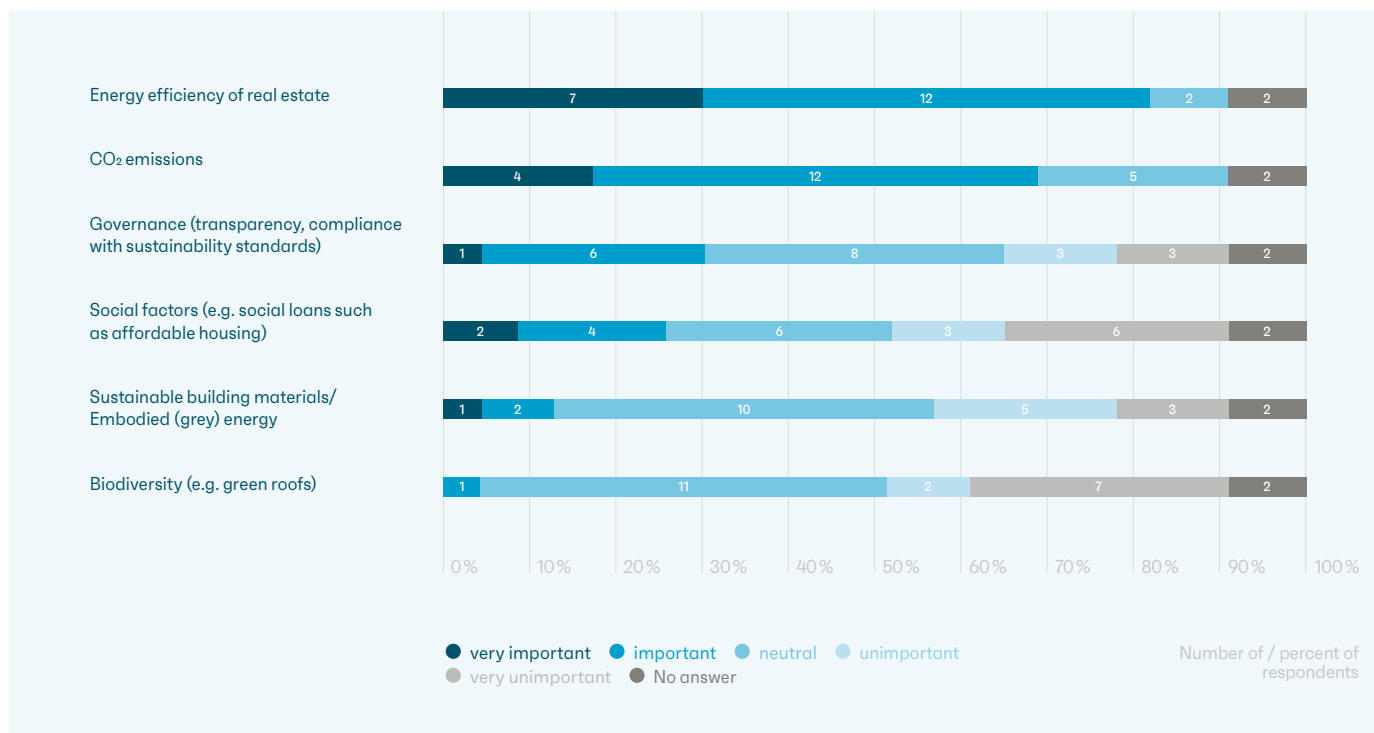


Figure 34: Relevance of sustainability factors in the mortgage business (n=23)

⁷ See SBA (2022). Guidelines for mortgage providers on the promotion of energy efficiency. Available at: https://www.swissbanking.ch/_Resources/Persistent/c/b/b/3/cbb3619179bd238dca41328b2464af560a2c0f3a/SBA_Guidelines_mortgage_providers_on_the_promotion_of_energy_efficiency_EN.pdf. Note: These Guidelines cover both personal and, analogously, digital advice for private individuals seeking finance for owner-occupied single-family homes and holiday homes.

The sustainability ambitions of the real estate industry itself have increased as well, particularly regarding reduced energy consumption in the operating phase. The focus is increasingly expanded to include the environmental impact associated with the construction phase. Resource-efficient layouts, recyclable materials in line with circular economy principles, and low-energy building materials are beginning to gain importance. These developments in the real estate sector, however, have not yet fully translated into the mortgage business. Only 13 percent of the banks surveyed currently consider construction-related sustainability factors as important or very important for mortgage lending. Nevertheless, it is expected that the increasing sustainability demands within the real estate sector will, in the long run, also shape the criteria used in mortgage financing. Ultimately, reducing embodied energy is also a concern for many homeowners.

Biodiversity currently plays at best a minor role in mortgage lending. None of the institutions surveyed classified it as very important, which may also be due to the lack of clear evaluation frameworks. For a long time, social aspects played only a minor role. This is now beginning to change. In light of ongoing debate about housing affordability, many banks are starting to offer products that reflect social sustainability goals, such as special mortgage terms for housing cooperatives. Slightly more than a quarter of banks already rate this topic as important or very important.

2.4.1 Exclusions

As reported in the last survey, some banks have adopted exclusion strategies for their mortgage business (see Figure 35). Their usage has remained largely the same when compared to 2022. Exclusion strategies appear to be less prevalent in the mortgage business compared to the SME loan business (see Section 2.3).

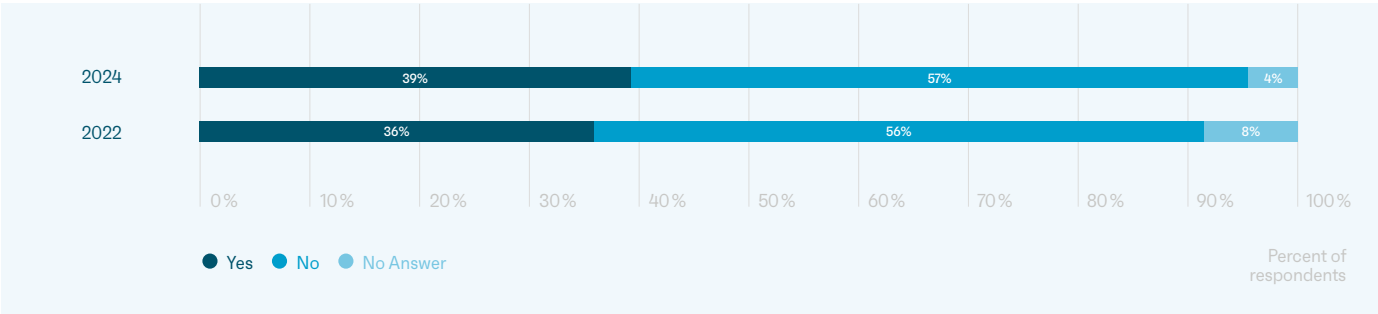


Figure 35: Application of exclusions for mortgages (2024: n=23, 2022: n=25)

Figure 36 reveals that these exclusions are usually driven by traditional risk considerations rather than the current sustainability debate.

Predominant reasons for exclusions are uninsured real estate and the use of the building for certain business activities deemed inappropriate by the bank, such as gambling. This aligns with the findings illustrated in the last study. While energy efficiency and CO₂ emissions have been named important factors for mortgages, they play no evident role in exclusion strategies. Only one bank excludes properties with low energy efficiency, and no bank has reported an exclusion strategy linked to fossil heating.

The focus on uninsured buildings is noteworthy, as the topic has gained additional traction in the wake of recent natural disasters in Switzerland. Rockslides in Brienz and Blatten, as well as wildfires in Valais, are just a few recent examples of events affecting buildings. Climate change is leading to more frequent and severe natural disasters.⁸ As a result, banks must consider the potential losses that may occur when the value of properties serving as collateral for mortgage loans is impaired. Cantonal building insurance covers at least some losses for insured properties. However, there are some loss events that are not covered by these insurances. Also, one should note that building insurances are not mandatory in all cantons.⁹ At present, exclusion strategies can be an effective way to avoid losses from uninsured risks without foregoing business opportunities. However, in the longer term banks may need to prepare for managing natural disaster risk with such risks becoming uninsurable in certain areas. Moreover, climate change can affect property values through channels other than physical destruction. A prominent example is the loss of value of chalets located in ski resorts that no longer receive sufficient snowfall to remain attractive winter sport destinations.

8 See WWF (2025). Is climate change increasing the risk of disasters? Available at: <https://www.worldwildlife.org/stories/is-climate-change-increasing-the-risk-of-disasters>.
 9 AXA (2025): GUSTAVO-Kantone und Ihre Immobilie. Available at: <https://www.axa.ch/de/informationen/hagel-unwetter/gustavo.html>

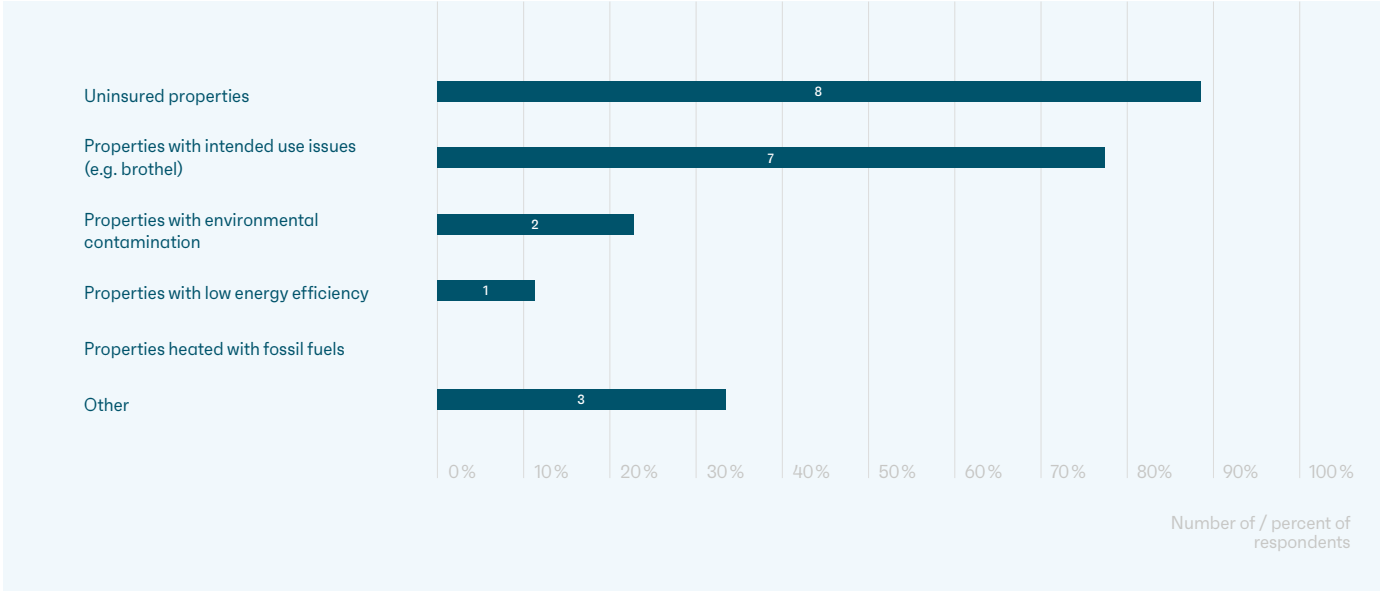


Figure 36: Applied exclusion criteria for mortgage lending. (n=23)

2.4.2 Sustainable Mortgage Products

Dedicated sustainable mortgage products are offered by a growing number of banks (see Figure 37). While 68 percent of banks reported offering a sustainable mortgage product by end of 2022, the share increased to 83 percent of responding banks in this year’s study (by end of 2024). This represents a considerable 15-percentage point year-on-year increase, highlighting the growing importance of such products.

Compared to the loan businesses, dedicated sustainability products seem more widespread in the mortgage business (see section 2.3). While the question focused on the product offering, the actual uptake of these products remains unexplored in this year’s study. Based on anecdotal evidence the use of such products is increasing notably, although with low overall volumes.

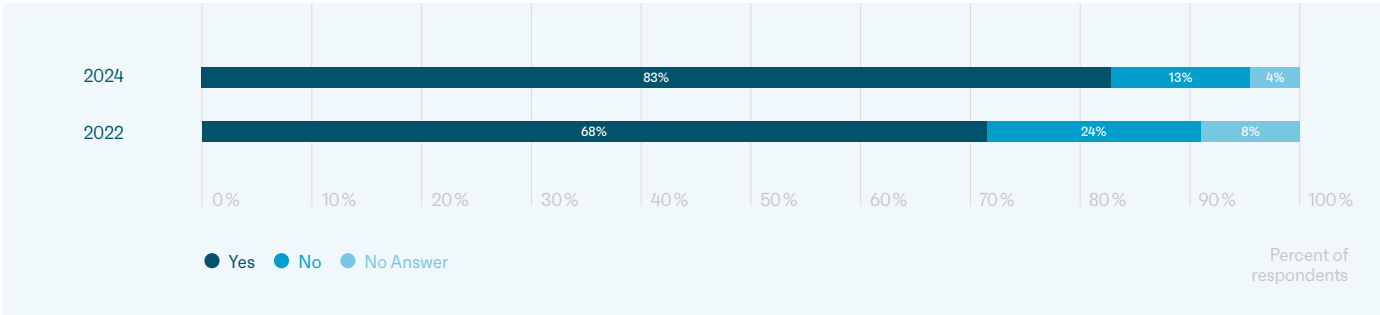


Figure 37: Offering of sustainable mortgages (2024: n=23, 2022: n=25)

The offering of sustainable mortgage products across segments has remained broadly unchanged compared with the previous study. As shown in Figure 38, most banks continue to focus on privately used, owner-occupied residential real estate.

Fewer banks now offer sustainable mortgages for office, retail, industrial and logistics properties, while product coverage for the residential investment properties segment has increased. Given that dedicated sustainable mortgage products typically feature an interest rate reduction (see below), the trend may also reflect a broader integration of sustainability factors into standard pricing beyond the owner-occupied segment.

Moreover, many banks see potential in simplifying the application and approval processes.

The responses also show that banks are dependent on external developments, such as regulatory frameworks and greater adoption of building certifications by the real estate sector, which are seen as critical to enabling more sustainable financing. The recently passed MuKEN (Mustervorschriften der Kantone im Energiebereich/Model Regulations of the Cantons in the Energy Sector) 2025 include various measures aimed at improving regulatory incentives for energy-efficient renovations. These include increased on-site electricity production for new buildings and roof renovations, as well as

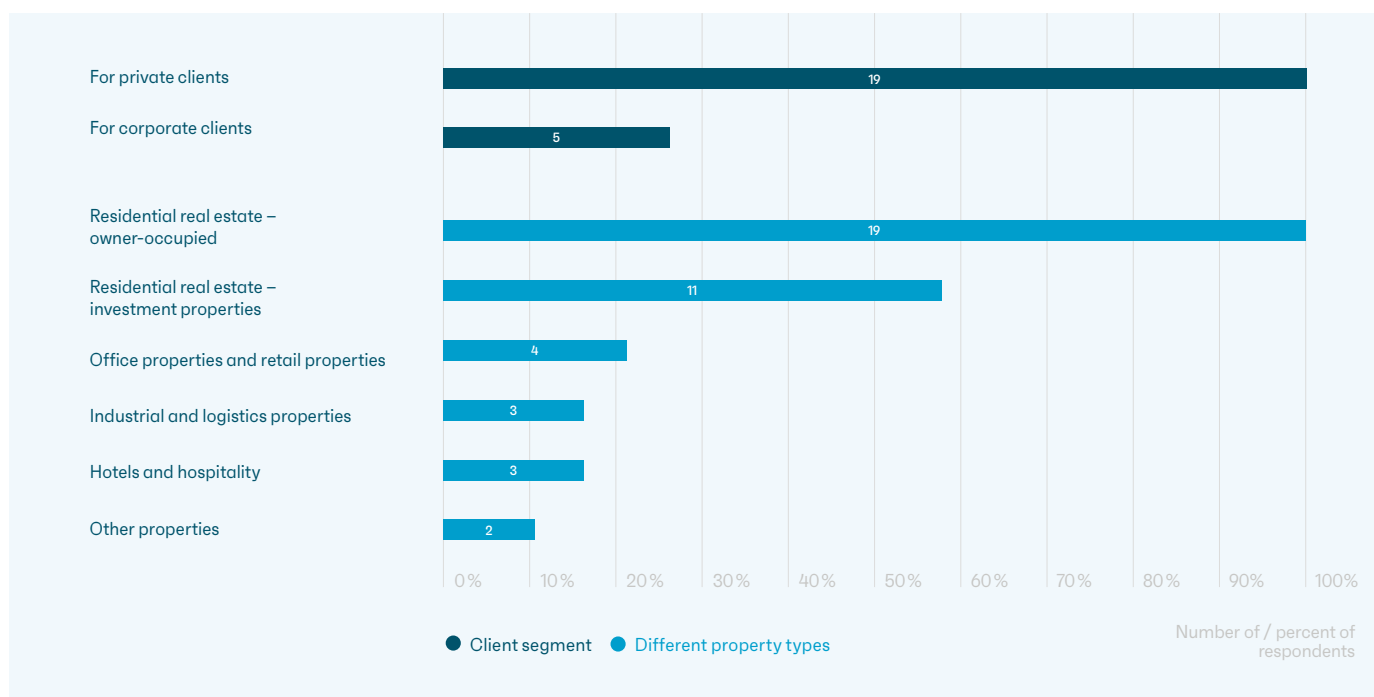


Figure 38: Sustainable mortgage as part of the product offering of banks for different client segments. (n=19)

Further survey results also suggest that the improved product offering is likely to continue. Ten of the 23 banks say they plan either to newly offer sustainable mortgage products or to continue to develop current products further.

Figure 39 provides an indication of emerging trends. Banks were asked to indicate which parameters could improve the dissemination of sustainable mortgage products, with multiple answers possible. The top levers include incorporating the benefits of sustainable buildings into affordability calculations or loan-to-value ratios; wider use of building certifications; and more incentives for clients and advisors.

constraints on replacing fossil fuel-based heating systems. The MuKEN are model regulations intended to be incorporated into cantonal legislation. When revising their respective energy laws, the cantons must adopt the provisions of the MuKEN. However, to date, not all cantons have formally implemented the MuKEN 2014.¹⁰

¹⁰ See EnDK (2025) Die Kantone verabschieden die Mustervorschriften 2025. Available at: <https://endk.ch/die-kantone-verabschieden-die-mustervorschriften-2025-und-beschreiten-den-pfad-der-energie-wende-konsequenz-weiter/> or HEV (2025). MuKEN 2025: Wie sind Wohneigentümer davon betroffen? Available at: <https://www.hev-schweiz.ch/news/detail/News/muken-2025-wie-sind-wohneigentuerer-davon-betroffen>

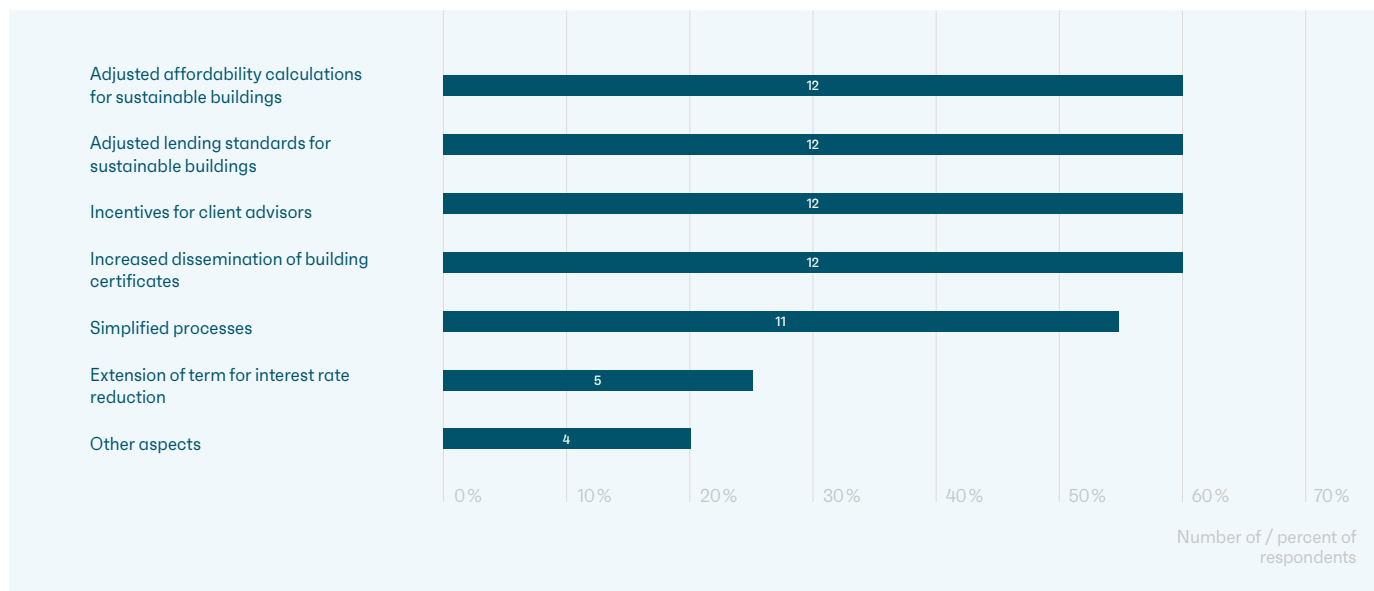


Figure 39: Factors supporting increased sustainable mortgage lending (n=20)

When it comes to prerequisites for clients to be granted a sustainable mortgage, building certificates continue to play a key role (see Figure 40). As in the previous survey, Minergie and GEAK remain the most commonly used certificates in the mortgage business. This reinforces the notion that energy efficiency remains the primary sustainability criterion currently driving efforts in the mortgage sector. Broader certifica-

tion schemes such as Swiss Sustainable Building Standard (SNBS: Standard Nachhaltiges Bauen Schweiz), which also consider additional sustainability dimensions, have not gained significant traction during 2024 – despite the growing awareness of sustainability in the real estate sector. However, it is noteworthy that an increasing number of banks are now relying on prerequisites beyond building certificates.

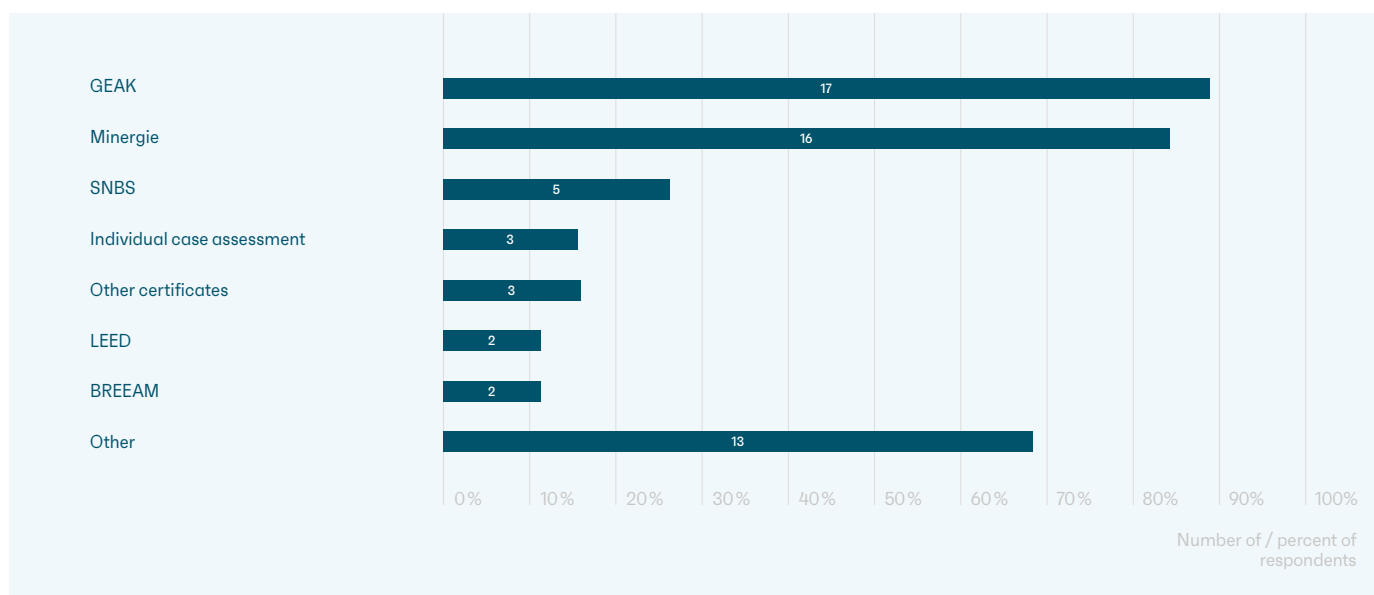


Figure 40: Certificates and criteria applied as preconditions for sustainable mortgages (n=19)

In this year’s study, a closer look was taken at how sustainable mortgage products are structured by different banks. There is no standard definition of a sustainable mortgage, and product characteristics vary significantly from one institution to another. Figure 41 shows that a common feature among most offerings is some form of interest rate reduction. However, this benefit typically applies only to a specific share of the total mortgage or a particular loan maturity. In many cases, it is also tied to lower minimum mortgage amounts or includes subsidies for building certifications, such as GEAK. This diversity in product design highlights both the growing relevance of sustainable mortgages and the current lack of harmonisation, which may limit transparency and comparability for clients.

Integration of Sustainability Factors

Sustainable mortgage products are not the only area where banks can advance their efforts in sustainability within the mortgage business. Figure 42 shows that more than 50 per cent of respondents are pursuing a strategy to integrate ESG factors into mortgage lending (including advisory process and standard products). More than half of the respondents rely on external building certificates, while others use internal data or ratings, or collaborate with external data providers to estimate the CO₂ emissions of buildings (see Figure 43).

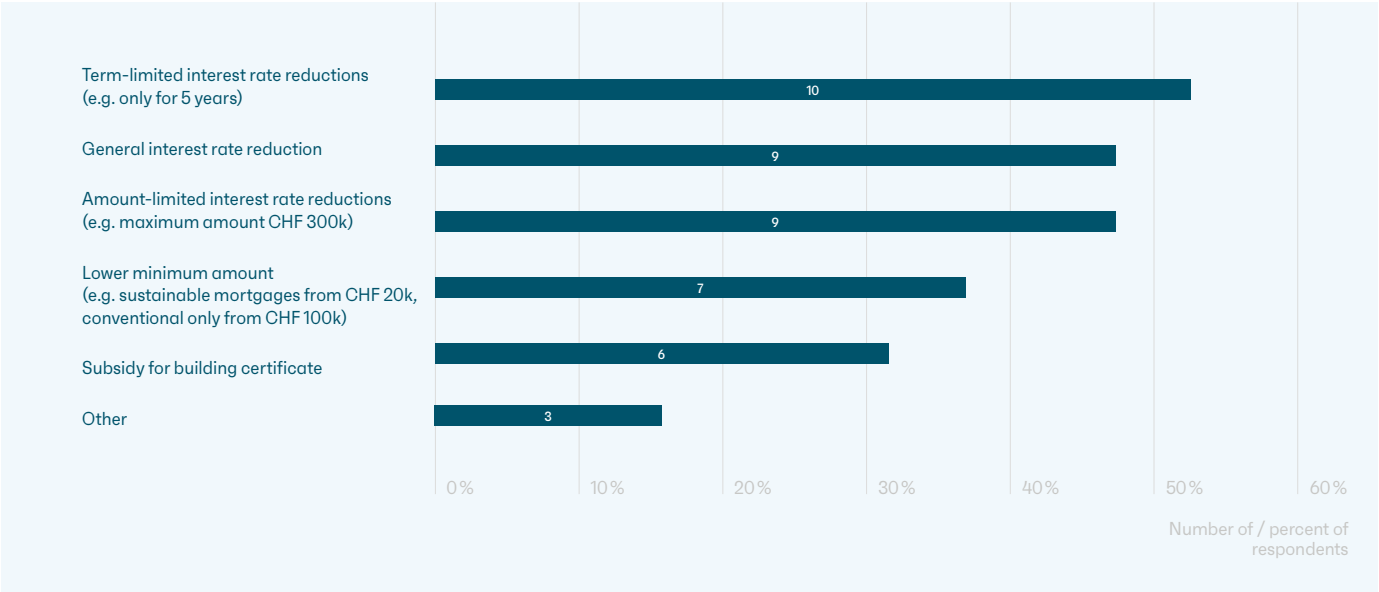


Figure 41: Characteristics of sustainable mortgages (n=19)

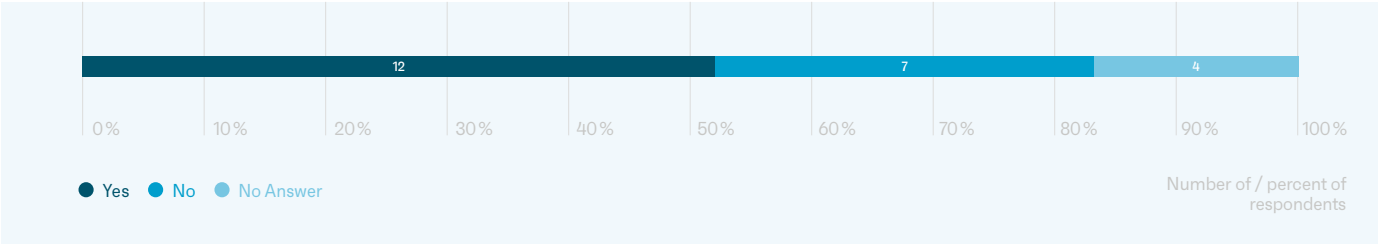


Figure 42: ESG integration in mortgage lending independent of the product dimension (n=23)

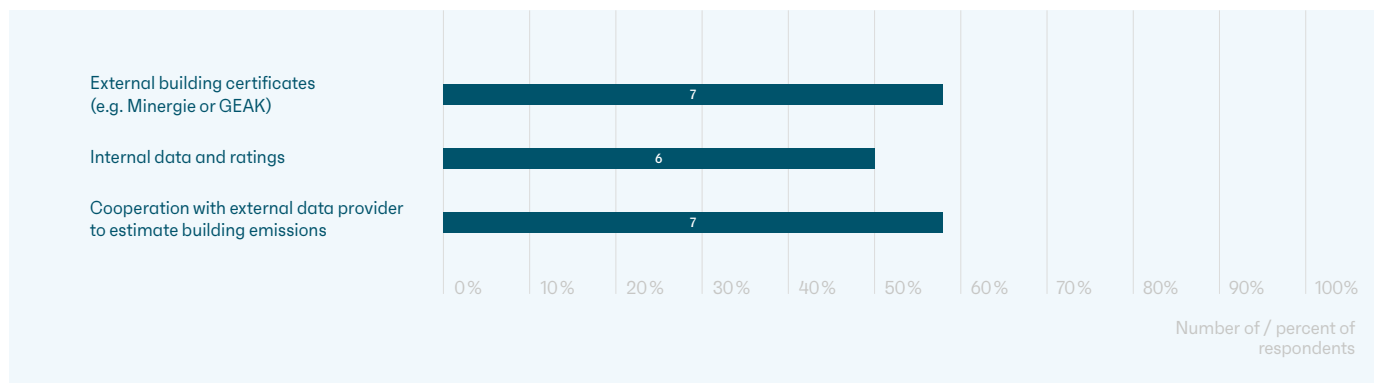


Figure 43: Aspects considered for ESG integration independent of the product dimension in mortgage lending (n=12)

Specific efforts of integrating ESG factors within standard products are shown in Figure 44. Sustainability considerations can be integrated without launching a dedicated product, simply by factoring them into real estate valuation. More than 40 percent of respondents report that they already do this. This can be achieved by adjusting discount rates (e.g., due to lower risk) or projected cash flows (e.g., accounting for a green rental premium) in discounted cash flow models. Certifications can also be factored into hedonic pricing models. This shows that banks are beginning to recognise the financial value of sustainability attributes, even when they are not explicitly branded as sustainable.

A small number of banks are also adjusting affordability calculations. One example for the consideration of sustainability in affordability calculations is the use of lower assumed

operating costs for green buildings compared to conventional ones. However, the current industry practice (i.e. static assumptions for operating costs) tend to disadvantage energy-efficient buildings. In theory, banks could also limit loan-to-value ratios for particularly inefficient buildings; however, only one bank currently does this. Furthermore, banks could use loan covenants to promote the sustainability of financed properties, but this practice remains rare. No bank mentioned any influence of ESG considerations on the amortization structure. Two banks also note that they use alternative approaches, highlighting the diversity of methods and the potential for ESG integration in mortgage lending. Overall, these developments illustrate the start of a gradual mainstreaming of ESG factors into core credit processes, which could eventually reduce the distinction between sustainable and conventional mortgage products.

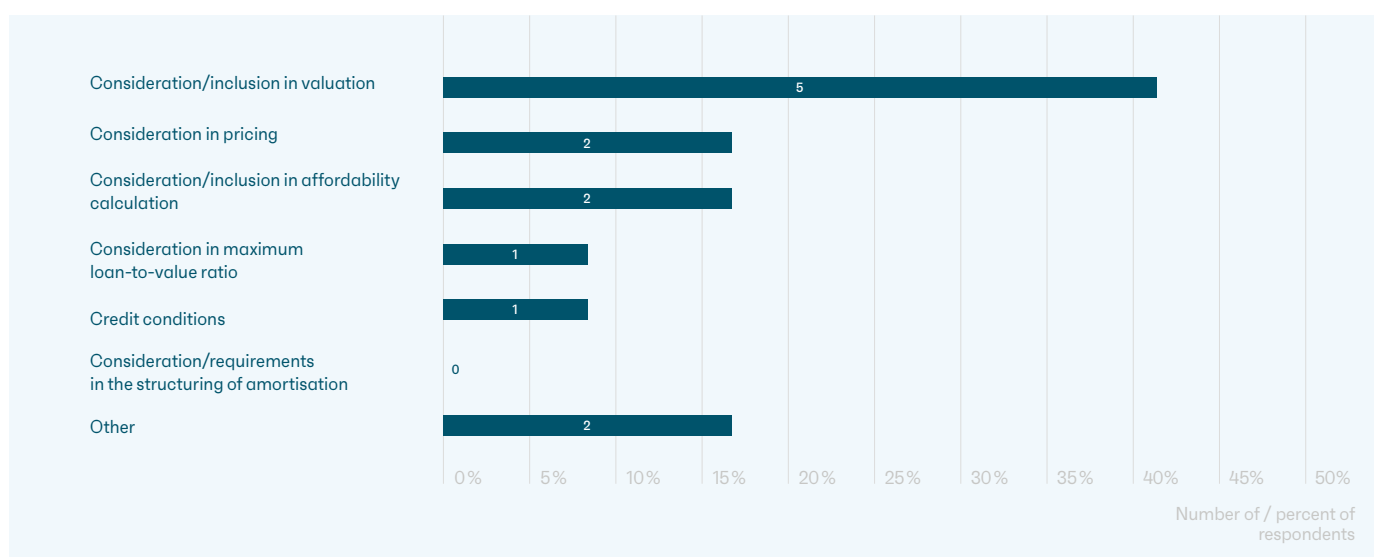


Figure 44: Implementation of ESG integration in mortgage lending (n=12)

2.4.3 Financing Sustainable Renovation

By financing energy-efficient renovations, banks can play a crucial role in transforming the real estate sector towards carbon neutrality. Measures such as replacing fossil fuel-based heating systems with low-carbon alternatives or enhancing building insulation are key steps in this transition and are often financed through mortgages. However, banks face challenges in singling out related mortgages and reporting their contributions, as renovations, including sustainable upgrades, have long been embedded in their core lending activities. As a result, they are enabling positive change – but currently lack the data to clearly demonstrate their role (see Figure 45).

The regulatory environment was largely favourable for energy-efficient renovations in recent years. However, the current renovation rate is clearly insufficient to meet climate targets for the building sector. Progressing in this area is essential to achieve international commitments, such as the Paris Agreement. In recent years, numerous measures have been imple-

mented to accelerate energy-efficient renovations. Switzerland maintains a substantial subsidy program (Gebäudeprogramm), even though subsidies are gradually being reduced due to budget cuts, and in general, cantonal energy laws have been strengthened to promote more sustainable energy production and improved insulation, particularly in new buildings.

Significant differences between cantons remain, however. Not all have adopted the MuKEN 2014 standards (see above). Moreover, the abolishment of the imputed rental value (Eigenmietwert) will lead to the abolishment of the tax deductibility of energy-efficiency renovations on the federal level. However, the cantons retain the authority to further maintain tax deductibility of energy efficiency measures.¹¹ While there are signs that momentum is slowing down, these developments can be seen as a temporary setback, given the pressing need for decarbonisation and the continued validity of climate goals. However, policies tend to go away from incentives (as e.g. tax benefits and subsidies) towards binding regulations (as e.g. stricter rules through enactment of MuKEN 2025).

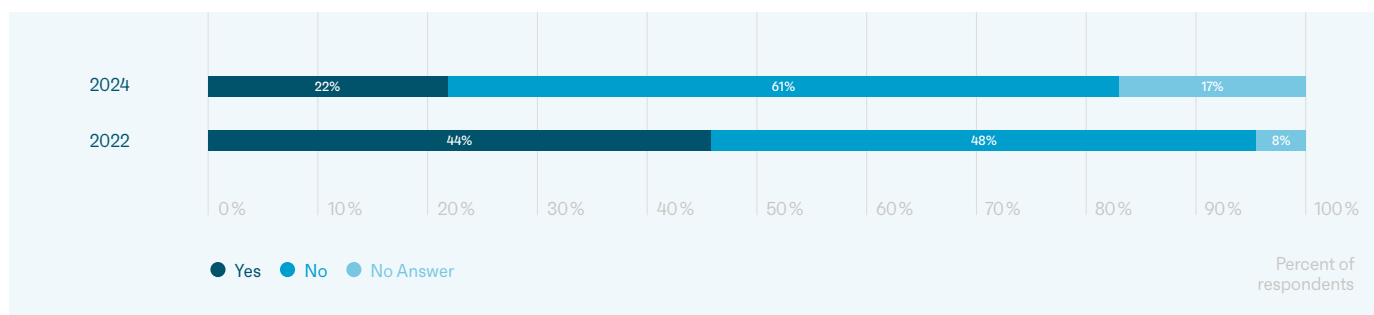


Figure 45: Product distinction between mortgages for new construction and renovation (2024: n=23, 2022: n=25)

11 See UBS (2025): Abschaffung des Eigenmietwerts – Folgen für Sanierungen, Available at: <https://www.ubs.com/ch/de/services/guide/mortgages-and-financing/articles/imputed-rental-value-abolition-impact-on-renovations.html>

Author name, function	Andrea Berger, Product Manager, Financing
Company name	Zürcher Kantonalbank
Number of employees	> 5'500 FTE
Total lending volume	> CHF 100 billion
Specific Sustainable Lending Process or Product described below	ZKB Umweltdarlehen zkb.ch/umweltdarlehen



If you are planning to renovate your house or apartment, it is a good idea to consider energy efficiency measures. Zürcher Kantonalbank helps its customers to identify and make the most of ways to optimise energy usage. As part of their advice, experts discuss action plans that can improve energy efficiency. The ZKB environmental loan provides attractive financial support for such projects.

Method

First, owners of properties in use that have renovation potential can attend a cross-thematic information event organised by 'starte!' to gain an overview of various measures and offers. ZKB is a programme partner of 'starte!'.

For comprehensive renovations, it is advisable to have an analysis of the whole building undertaken by GEAK, the cantonal association that provides building energy certificates. Their experts inspect the property on site and identify any weak

points and potential energy savings. The proposed actions are listed in the 'GEAK Plus' report, which also clearly sets out the costs and benefits.

Zürcher Kantonalbank will cover the costs of this GEAK advisory report for customers who take out a ZKB environmental loan with attractive financing terms.

The federal government, cantons and municipalities also often provide grants for energy efficiency measures. In these cases it is important to note that any application for funding must be submitted before construction begins.

ZKB environmental loan

The ZKB environmental loan is a fixed-rate loan with a fixed interest rate and a term of two to 15 years. Attractive features: To promote environmentally friendly construction and renovation, homeowners can receive an attractive interest rate reduction of up to 0.8% per year for a maximum of five years with the ZKB environmental loan. All that is required is a Minergie certificate, a GEAK certificate that meets the requirements, or the implementation of individual energy efficiency measures.

Heating replacement advice

For customers who are only looking to replace their fossil fuel heating systems, Zürcher Kantonalbank offers free, independent advice on replacing heating systems in partnership with EKZ and the cities of Zurich and Winterthur.

Conclusion and Outlook

Sustainability has become an integral part of Swiss banks' strategies, even though implementation varies considerably. Most institutions now pursue a sustainability strategy, typically supported by lending guidelines that are often more consistently applied for mortgages than for unsecured lending. Motives remain largely risk-driven with compliance, reputational considerations, and the mitigation of negative impacts dominating, while opportunities for new business or increased client demand are secondary. Dedicated sustainability units are common, and transition planning has gained traction, with many banks having adopted net-zero commitments and set 2030 milestones. However, the scope of such commitments often remains limited. Physical climate risks are increasingly integrated into mortgage valuations and collateral assessment, but integration is less advanced in unsecured lending.

Sustainability is increasingly embedded in client advisory, though integration differs widely by segment. For retail banking the integration into the advisory process is most advanced, with SBA self-regulation ensuring discussions on energy-efficiency is a standard element. For SMEs there is fragmented adoption, often driven by client initiative; for large companies a more structured dialogue is applied, yet with great variance. Motivations also vary: the main driver for retail clients are financial benefits and awareness, SMEs show limited interest, and large companies take a more strategic, risk-based view. Demand is strongest in regulation-sensitive, resource-intensive sectors such as energy, construction, and manufacturing, while service industries remain less active.

The Swiss lending market shows progress in embedding sustainability. Exclusion strategies are well established, particularly for controversial weapons, fossil fuels, and nuclear activities. ESG integration is applied across client segments, yet transparency on sectoral coverage and pricing is still limited, and only a small number of banks link credit conditions to sustainability performance. Financing for corporate transformation is likewise confined to a few players, often through mixed instruments such as sustainability-linked or use-of-proceeds loans. However, limited reporting on volumes restricts further insights. Sustainability-linked loans continue to expand, increasingly driven by regional banks and smaller bilateral transactions. By contrast, green and social loans remain available from only a handful of providers and largely tied to project finance in areas such as energy efficiency, pollution control, and the circular economy.

Sustainability in the mortgage business is advancing, but progress varies across different dimensions. Energy efficiency dominates as the primary focus, strongly reinforced by regulatory initiatives such as the Swiss Bankers Association's

self-regulation and cantonal energy regulations. Banks have translated this into practice by prioritizing energy-efficient renovations, expanding sustainable mortgage offerings, and increasingly integrating energy-related criteria into lending decisions. Despite this progress, other aspects of sustainability are only gradually entering the mortgage sector. Construction-phase impacts and circular economy principles, as well as broader ESG integration are rarely applied, although their importance is growing within the real estate industry. Social sustainability, particularly through lending for affordable housing, is beginning to gain recognition among some institutions but its integration into mortgage lending is far from mainstream.

Looking ahead, the challenge for banks will be to shift from risk-avoidance towards opportunity-oriented approaches that actively support clients' transition pathways. Clearer definitions can support a more consistent application of the different strategies. Guidelines will be crucial to improve transparency and comparability. Expanding transition planning to cover loan portfolios beyond mortgages and integrating physical and transitory climate risks more systematically into lending practices will further strengthen the resilience of lending portfolios. Ultimately, a more opportunity-driven perspective may position Swiss banks not only as risk managers but also as key enablers of the sustainable transformation of the economy.

Banks will need to strengthen both the depth and consistency of their advisory approaches, especially for SMEs and large companies. Further investing in advisor expertise, addressing time constraints on both sides, and tailoring services to sector-specific needs will be critical for fostering meaningful engagement. Tools, external partnerships, and standardised processes – already more advanced in the retail segment – could serve as models to professionalise practices across all client segments. Ultimately, banks that succeed in embedding sustainability as a natural part of client dialogue will not only respond to regulatory and market pressures but also position themselves as proactive partners in advancing the transition toward a sustainable economy.

A broader and more systematic ESG integration in lending is anticipated. This will necessitate greater data availability, especially from SMEs, further support from external entities, or harmonised standards. Data availability and transparency will remain key barriers, requiring significant development in internal systems and disclosure practices to effectively track and report sustainable lending activity.

Growth in bilateral SLLs is expected, enabled by simplified structuring and increased experience among regional

banks, though this also relies on data availability. The activities of several regional banks convey confidence that this segment will grow further. The pressure for more meaningful, sector-specific metrics is expected to rise, given the increasing importance of KPI quality and impact measurement. A stronger demand for specific solutions to finance the transformation is also anticipated as companies face increasing pressure to achieve climate goals defined for different sectors. Finally, increasing pricing differentiation based on ESG performance is expected, due to evolving understanding of the risks related to key sustainability trends.

In the mortgage market, regulatory developments, certification schemes, and market incentives will remain key drivers of change. Higher renovation rates, supported by both subsidies and bank financing, will be essential to meeting Switzerland's climate targets. At the same time, the evolution of sustainability debates – spanning embodied energy, material cycles, and social factors – will likely broaden the scope of what is considered relevant in mortgage financing. Banks that proactively integrate these dimensions into their lending practices will be better positioned to manage emerging risks, meet client expectations, and contribute to the long-term transformation of the real estate sector towards carbon neutrality.

The Client Perspective in Sustainable Lending

To provide a more comprehensive market overview, this special insight by e.foresight¹ complements the analysis of Swiss Sustainable Finance and ZHAW with a direct view from bank clients, focusing particularly on retail clients and the mortgage market. As part of its broad trend-scouting activities within the financial industry, e.foresight monitors the development of Sustainable Finance as a strategic field. This enables a deeper understanding of how the sector is evolving and what emerging trends may imply for banks in Switzerland and Liechtenstein.

¹ e.foresight is the independent trend scout and consultancy for foresight, innovation management and digital transformation in the Swiss and Liechtenstein financial industry – a service provided by Swisscom Banking. The analyses provided by e.foresight are compiled independently by the team and do not necessarily reflect the opinion of the Swisscom Group.

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The survey of Swiss Sustainable Finance and ZHAW sheds light on how banks steer their sustainable lending activities and which instruments are used in different client segments. While the focus is on the offering for different clients, such as retail, SMEs, and multinational firms, the client perspective is analysed only through the lens of the respective institution.

As the financial industry intensifies its focus on sustainable finance, a lot of Swiss banks have introduced products such as sustainability-linked loans and green mortgages. While sustainability topics are facing some headwinds, environmental concerns continue to be a high priority for Swiss consumers. For banks, this signals the need to innovate and align their offerings with tangible customer expectations, ensuring that sustainability is both accessible and economically appealing.

The following section covers key findings from such a customer survey on sustainability with the focus on the mortgage business and the role banks can play in supporting energy-efficient housing.

Client Demand Exists – But Barriers Remain

The representative survey conducted among over 1,000 participants – home and condominium owners aged 18 to 79 from the German-, French-, and Italian-speaking regions of Switzerland – sheds light on specific client expectations and attitudes towards sustainability, especially in the context of homeownership and renovation for improved energy-efficiency. Around 40% of respondents considered sustainability factors such as Minergie standards or heating choices when buying property. Their motivations? Primarily financial – lowering heating and electricity costs – and, secondarily, contributing to climate protection. However, two main barriers emerged:

1. High initial investment costs, and
2. Limited awareness of available support mechanisms, including financial products or public subsidies.

This highlights a clear opportunity for banks to position themselves as enablers – both through targeted financing solutions and trusted advisory roles.

Interestingly, only 5% of respondents cited the absence of sustainable financing offerings as a barrier. On the other hand, over 40% of respondents reported being unaware of their bank's sustainable products and services. This indicates not a lack of products, but rather a lack of visibility and communication. From the banks' perspective, reluctance to actively promote these offerings may also stem from the fact that sustain-

able products often come with lower margins – and that there is usually a lack of incentives for their promotion.

At the same time, many homeowners – especially younger ones – perceive sustainable renovations as complex, costly, and poorly supported. Notably, younger customers have significantly higher expectations regarding banks taking on a more proactive advisory role – offering clear guidance, tailored recommendations, and transparency about available financial and regulatory support. They are looking not just for financing but for comprehensive guidance: clear processes, expert advice, and bundled solutions that simplify decision-making and reduce complexity.

Moreover, 45% of homeowners have already undertaken renovation projects, with economic motives leading the way. However, a large share still sees untapped renovation potential in their property – waiting for the right financial and advisory support.

From Products to Ecosystems: Rethinking Banks' Role in Sustainable Living

The insights from the analysis by e.foresight point to an important shift in customer expectations: away from transactional products and towards integrated, outcome-oriented solutions. Currently, most banks' sustainability efforts linked to properties are limited to the "purchase" and "ownership" phases of the customer journey – for example, offering green mortgages for certified properties. Yet the phases "generating interest," "search," and "sale/inheritance" are currently underdeveloped (see Figure 46).

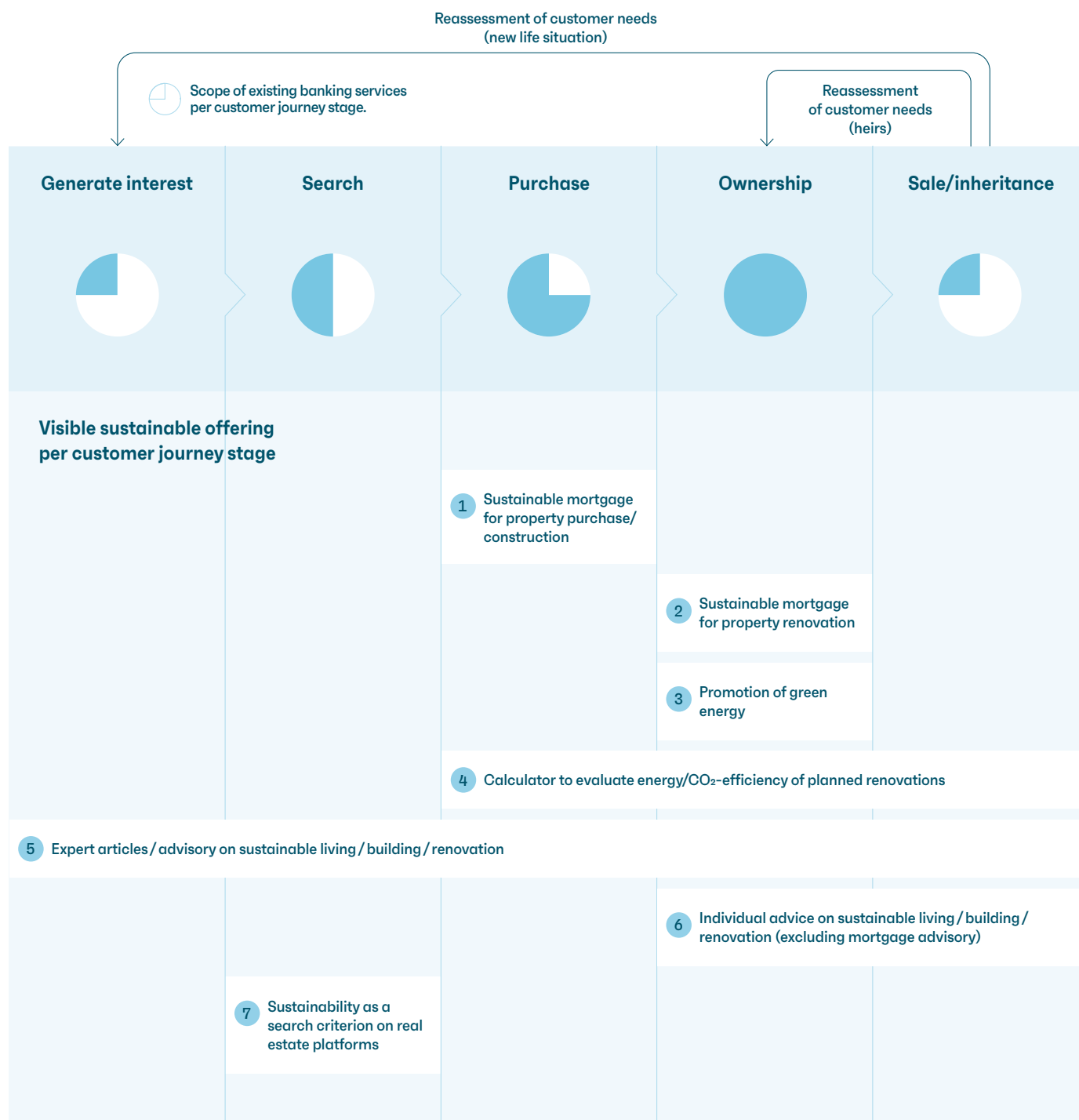


Figure 46: Illustration of the customer journey process and related banking services in sustainable mortgage financing (source: e.foresight)

Visibility is also an issue: sustainability is often hidden on subpages of bank websites, rarely promoted prominently or tailored to specific customer needs. Tools to search for sustainable properties (beyond filtering for Minergie standards) are lacking, and few banks provide end-to-end support that includes advisory services, subsidy navigation, and implementation partnerships.

To address this, banks could consider evolving from product providers to ecosystem orchestrators – especially for homeowners with renovation potential or for younger clients who seek guidance. Developing comprehensive “sustainable living” packages – bundling lending products, advisory, public funding guidance, and partnerships with energy consultants – can be a chance to create real differentiation in a competitive market. This ecosystem approach also makes it easier to offer customers a broader range of banking products covering additional needs. The associated cross-selling and up-selling in areas such as investments or advanced advisory services can also compensate for any potentially lower margins on sustainable products.

Better communication around financial benefits in the client advisory process is a prerequisite for more clients to opt for more sustainable choices. Customers are far more likely to act when they can see clear returns – be it lower energy bills or increased property value. Proactively integrating tools such as heating cost calculators or subsidy estimators into customer discussions can be an effective starting point for activating interest in sustainability. This also provides an opportunity to better assess a client’s affinity for the topic and respond more specifically to their needs. If these benefits are consistently embedded across the customer journey – from the first consultation to financing and follow-up – sustainability becomes a value driver, not a burden.

Conclusion and Outlook: Turning Latent Demand into Market Impact

The data obtained in the survey shows a demand that is present but not yet activated. Banks have a pivotal role to play – not just by offering sustainable lending products, but by communicating their value, guiding customers through complexity, and positioning themselves as partners in sustainable living.

Although these findings primarily relate to sustainability within mortgage offerings for private individuals, these insights open up opportunities for banks to extend their sustainability approach beyond retail lending. They can serve as starting points for refining client communication, enhancing product design, and shaping the overall approach to sustain-

ability across other banking segments and towards additional client groups, including SMEs. However, leveraging this potential effectively will require targeted action and clear positioning to translate opportunities into tangible value for clients and the bank.

For those banks willing to move beyond siloed offerings and develop integrated, customer-centric solutions, the long-term rewards are twofold: deeper client engagement and a stronger position in the market where sustainability is expected to maintain high relevance over time.

Sponsor Contributions

Main Sponsors' contributions
are spread across the document.
See page 62 for reference.

Main Sponsors

The logo for RAIFFEISEN, featuring the word in a bold, red, sans-serif font.

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Supporting Sponsors



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The BKB Group is aligning its climate strategy with Switzerland's net zero target for 2050 – in line with the owner's strategy¹ and the Paris Climate Goals. The Climate Plan addresses operational and financed emissions.

Based on science-based targets in accordance with SBTi² and a 1.5-degree scenario, the BKB Group focused on mortgage loans when it first drew up its climate plan for its core business.

In its core business, BKB is pursuing an impact-oriented approach, i.e. accompanying and supporting its customers. The aim is to support decarbonisation projects, particularly in the mortgage business. The targets for 2030 are as follows:

- Residential properties: –54%
 - Commercial properties: –50%
- (base year 2023)



The target is ambitious: there must be a significant increase in heating replacements and building renovations. Measures to achieve this goal include offering sustainability mortgages and a renovation calculator.

In corporate banking, reduction targets will be set at a later date based on improved emissions data from companies.

Sarah El Jaddar, Sustainability Specialist, Commercial Client Sales, Basler Kantonalbank

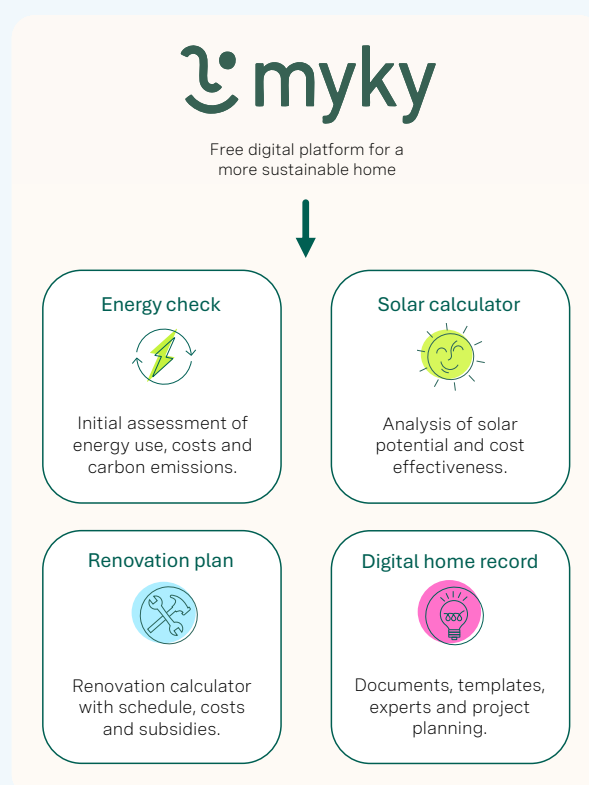
- 1 Owner strategy ("Eignerstrategie"): The owner strategy defines the strategic goals pursued by the canton as the owner of BKB. The cantonal government sets out the strategic goals that the canton of Basel-Stadt wants to achieve with BKB for a period of four years. It is primarily aimed at the Bank Council as the highest supervisory body of BKB and provides it with the parameters for the strategic direction of BKB.
- 2 Science Based Target Initiative, (<https://sciencebasedtargets.org/>)

myky & myky mortgages from BEKB



Berner Kantonalbank (BEKB) has been actively providing client consulting services through myky since October 2024, and with great success: many contracts have been concluded for refinancing, renovations and supplementary loans, and there has been marked growth in new myky clients. The digital myky platform shows homeowners the energy efficiency and renovation potential of their property, the costs involved and available subsidies – motivating them to take action. In line with this, BEKB offers the myky mortgage with attractive interest rates for green renovations. In this way, we support our clients from idea to implementation – and together help reduce carbon emissions. As co-founder of myky AG, BEKB is part of a strong network of 19 cantonal banks working to ensure better climate protection, greater impact, and a sustainable future for Switzerland's building stock.

Thomas Riesen, Head of Ecosystems, Berner Kantonalbank



Access to reliable, comparable data on a company's climate alignment remains a challenge. Without it, lenders lack the visibility needed to price climate-related risks and steer capital toward businesses that are truly driving the transition.

The **SIX 1.5°C Climate Equity Flag** provides a clear, data-driven signal of a company's alignment with the Paris agreement. Grounded in robust, forward looking climate data, it highlights companies that are committed to limiting global warming to 1.5°C and have credible, actionable plans in place. In doing so, the Flag can serve as a valuable reference point for companies seeking access to sustainability-linked or green financing – offering the transparency and scientific rigor lenders need to make informed decisions. Institutions can apply the Flag in several practical ways:

- **Supporting the issuance of sustainability-linked bonds or loans**, by helping to set meaningful KPIs and targets grounded in a credible company-wide climate strategy.
- **Enhancing credibility in green bond frameworks**, by evidencing project-level financing is embedded in a broader climate-aligned transition.
- **Facilitating access to debt capital from climate-conscious investors**, who may increasingly look for companies that not only set science-based targets, but also deliver clear, actionable roadmaps to 1.5°C alignment.

The Flag is based on robust, forward-looking climate data and is updated regularly to reflect the latest scientific and market developments. It is part of the broader SIX Sustainable Investment Flags framework, which aims to bring clarity, comparability, and credibility to sustainability claims in capital markets.

Tobias Lehmann, Product Manager SIX Swiss Exchange



Energy transition thanks to awareness-raising, advice and incentives



Thurgauer Kantonalbank (TKB) aims to reduce its greenhouse gas emissions to net zero by 2050. This goal includes the mortgage portfolio, for which the bank has defined scientifically based climate targets. TKB is contributing to the energy transition in the building sector through a number of initiatives, with awareness campaigns, expert advice and financial support as key pillars. For example, TKB organises public information events to raise public awareness of sustainable building practices. In cooperation with cantonal specialist offices, it offers expert advice on the subject. The bank also offers a modern range of mortgage products, including the energy mort-

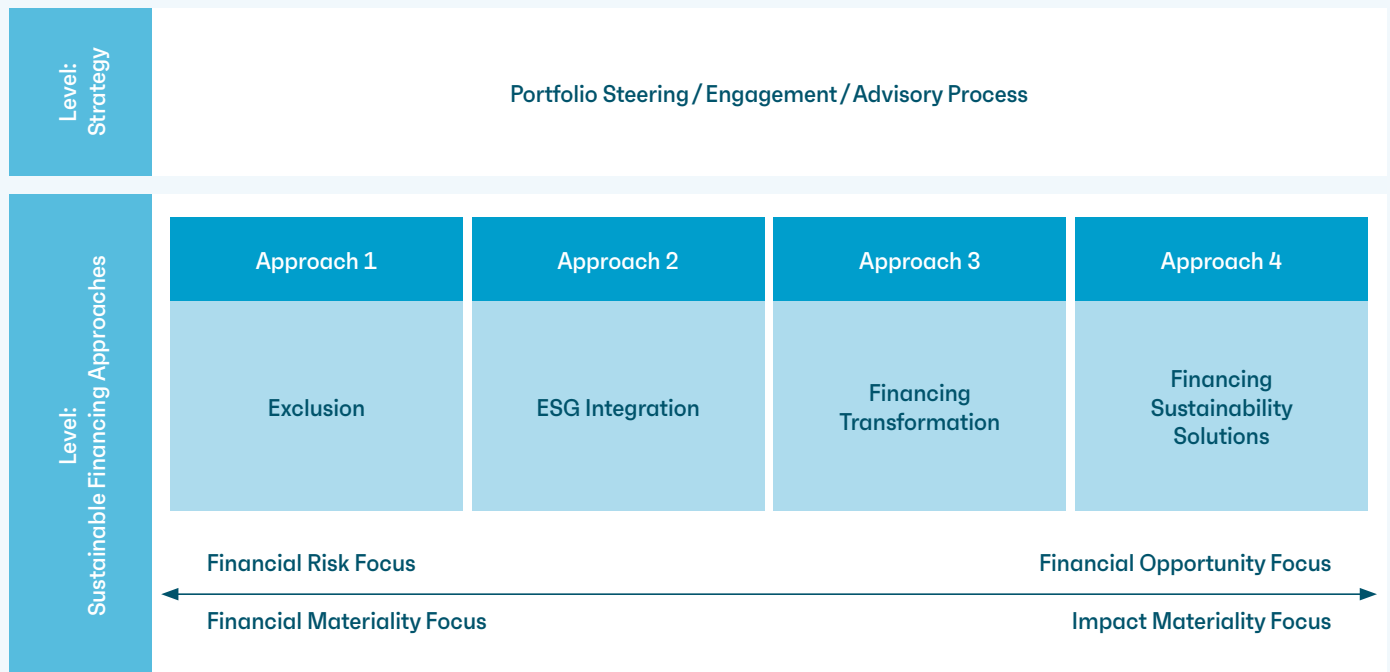
gage, which provides preferential conditions for energy-efficient construction and renovation. Additionally, the bank covers the costs of GEAK certificates obtained by its customers. Since its creation in 2022, the Sustainable Real Estate unit has established itself as an important centre of expertise within the bank. It supports the implementation of these initiatives and serves as a point of contact for employees.

Remo Thoma, Head of Sustainable Real Estate Office



Appendix

6.1 Sustainable Financing Approaches



Approach	Definition	Mortgages	Loans
Exclusion	The exclusion approach relates to financial institutions excluding certain sectors of the economy or certain activities from financing.	Refusal to finance properties that do not meet basic environmental standards (e.g., homes with low energy efficiency ratings).	Refusal to finance companies engaged in controversial sectors (e.g., coal mining, deforestation, or poor labor practices).
ESG Integration	The ESG integration approach encompasses the consideration of ESG factors in the risk assessment, pricing processes and/or loan approval.	A highly energy-efficient home may receive better loan conditions.	A company with strong sustainability practices (e.g., using sustainable materials in construction) might be charged lower interest rates.
Financing Transformation	The financing transformation approach encompasses all instruments aimed at financing or supporting transformations of companies or buildings.	Building owners may receive better loan conditions to upgrade existing buildings with energy-efficient solutions (e.g., better insulation, solar panels, or heat pumps).	A bank may tie a loan's interest rate to the sustainability performance of the borrower. If it improves, the interest rate decreases and vice versa.
Financing Sustainability Solutions	The sustainability solutions financing approach refers to instruments that specifically fund sustainability innovations in business and buildings with positive sustainability outcomes.	–	Specific funding of innovative companies (e.g., carbon capture, clean infrastructure, IT-solutions).

6.2 Sustainable Financing and Mortgage Instruments

Sustainable financing instruments

New credit market instruments have emerged to support companies transitioning to more sustainable business models, similar to sustainability-related bonds. These include green and social loans (GSLs) and sustainability-linked loans. GSLs fund specific projects (use-of-proceeds)¹², while SLLs are general-purpose loans tied to meeting sustainability targets by the borrower as a whole.¹³

GSLs grant interest-rate subsidies upfront, based on a reviewed project plan. In contrast, SLLs involve ongoing performance reviews, with interest rates adjusting based on target achievement – reductions typically range from 2.5 to 25 basis points.¹⁴

SLLs are often structured as bilateral or syndicated revolving credit facilities, especially by companies with established sustainability processes. Firms with low ESG risk tend to use internal KPIs as targets, while those with higher risk use broader ESG ratings. Measuring these indicators can be costly, particularly for SMEs, where reporting costs may outweigh interest savings. Until more affordable measurement methods are developed, SLL adoption in the SME sector will remain limited.

Green/Social Loans (GSLs)

- Use of proceeds financing
- Main objective: Financing a clearly defined and described ecological (green), social or sustainable project
- Demonstration of an environmental, social or sustainable benefit of the project
- Transparent communication of process for project evaluation and selection
- Guaranteeing traceability of loan proceeds
- Regular and transparent reporting on the use of proceeds

Sustainability-Linked Loans

- General corporate purpose financing
- Main objective: Improving the borrower's sustainability profile during the term of the loan
- Selection of relevant, core, measurable and comparable measurement criteria (KPI)
- Setting ambitious, material and realistic sustainability targets (Sustainability Performance Targets (SPT))
- Interest rate linked to SPT achievement, reviewed on a regular basis
- Regular and transparent reporting on the status of the KPIs and their impact

Sustainable mortgage instruments

There is no standard definition of sustainable mortgage instruments. The term is applied to various products such as mortgages with a reduced interest rate for buildings with specific certificates or for energy-efficient renovations. As a result, names and structures of such products vary considerably (e.g., green, environmental, or energy-efficiency mortgages).

Discounts differ between banks and are often capped by loan size or time period (e.g., limitation of discount to five years). Beyond interest-rate reductions, some banks offer subsidies for building certification costs or allow smaller loan amounts to support modest energy-efficient renovations. Such features expand access to financing for energy upgrades.

Sustainable mortgages may be marketed as stand-alone products or as features within conventional mortgages. Banks usually set differing requirements for new buildings and renovations. New constructions often need high-standard certificates like Minergie or GEAk (classes A or B). For renovations, criteria are usually more flexible, allowing for certified energy improvements, specific upgrades (e.g., solar panels), or significant progress even if top standards aren't reached.

Most products focus on environmental aspects, particularly energy efficiency during operation. These instruments are typically offered in retail banking for individuals or SMEs, while large real estate firms use separate credit tools.

12 See APLMA, LMA, & LSTA. (2023). Green Loan Principles. Available at: <https://www.lsta.org/content/green-loan-principles>.

13 See APLMA, LMA, & LSTA. (2023). Sustainability-Linked Loan Principles. Available at: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp>.

14 See Pop, D., & Atanasov, V. A. (2021). Sustainability Linked Loans. Available at SSRN: <https://ssrn.com/abstract=4446185>.

6.3 List of Abbreviations

BREEAM	Building Research Establishment Environmental Assessment Method
CO ₂	Carbon dioxide
ESG	Environmental, Social, and Governance
FINMA	Swiss Financial Market Supervisory Authority
GEAK	Gebäudeenergieausweis der Kantone (Cantonal Energy Performance Certificate). A Swiss certification showing the energy efficiency of a building.
GHG	Greenhouse gas
ICT	Information Communication Technology
KPI	Key Performance Indicator
LEED	Leadership in Energy and Environmental Design
MuKE	Mustervorschriften der Kantone im Energiebereich (Model Regulations of the Cantons in the Energy Sector). A Swiss regulatory framework that sets energy-efficiency standards for buildings; cantons are expected to incorporate it into their energy laws.
SBA	Swiss Bankers Association
SLL	Sustainability-linked loan
SME	Small and Medium-sized Enterprises
SNBS	Standard Nachhaltiges Bauen Schweiz (Swiss Sustainable Building Standard)
SSF	Swiss Sustainable Finance
ZHAW	ZHAW School of Management and Law

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(source: e.foresight)

6.5 Study Participants

- Aargauische Kantonalbank
- Banca Popolare di Sondrio (Suisse)
- Bank Cler
- Banque Alternative Suisse SA
- Banque Cantonale de Genève
- Banque Cantonale Neuchâteloise
- Banque Cantonale Vaudoise
- Basellandschaftliche Kantonalbank
- Basler Kantonalbank
- Berner Kantonalbank
- Graubündner Kantonalbank
- ING Bank N.V., Amsterdam, Lancy/Geneva Branch
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- UBS Group/ Personal & Corporate Banking und Wealth Management Switzerland
- Valiant Bank AG
- Zuger Kantonalbank
- Zürcher Kantonalbank

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The mission of Swiss Sustainable Finance (SSF) is to strengthen Switzerland's position as a leading voice and actor in sustainable finance, thereby contributing to a sustainable and prosperous economy. The association, founded in 2014, has representative offices in Zurich and Geneva. Currently, SSF unites over 260 members and network partners from financial service providers, investors, universities and business schools, public-sector entities and other interested organisations.



The Zurich University of Applied Sciences (ZHAW) is one of the leading universities of applied sciences in Switzerland. It offers teaching, research, continuing education and other services that are both practice-oriented and science-based. The Center Corporate Performance & Sustainable Financing is part of the Institute of Financial Management and focuses on the topic of sustainable financing. Its activities range from specific continuing education products (e.g. Sustainable Financing Expert) and in-house training courses at banks to application-oriented and academic research as well as innovation projects together with industry partners.

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