

# Bank behind world's first green bond is set to blaze a new trail

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Stockholm

THE Swedish bank that helped usher in the era of green bonds may be just months away from blazing a trail for a new kind of sustainable finance in its home market.

SEB AB expects to be the first to arrange a sustainability-linked bond in the Nordic region, according to Mats Olausson, a senior adviser for climate and sustainable finance.

Nordic banks such as SEB and Nordea Bank Abp are all vying to be first to push out the new debt instrument which, unlike green bonds, doesn't target a specific green project, but instead links borrowing costs to environmental, social or governance goals.

Mr Olausson says SEB is "in a number of discussions with clients who fulfil the requirement of having a well-defined and ambitious strategy."

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When it comes to sustainability-linked bonds, only a handful of companies have issued so far, including Novartis AG and Suzano SA. Globally, sustainability-linked bond issuance totalled US\$1.1 billion in the first half of the year, compared to US\$5.1 billion in 2019, according to data compiled by BloombergNEF.

The new financing form got a further boost recently, after the European Central Bank said it will start accepting the instruments as collateral from January.

According to Mr Olausson, some obstacles remain, including the question for investors of how "to book an instrument where the return includes an unknown which is outside the financial markets".

But appetite for ethical investments is high, as asset managers, pension funds and life insurers respond to intense customer demand in the wake of the Covid-19 pandemic and amid growing evidence of climate change.

SEB helped arrange the first ever green bond back in 2008, after Swedish pension funds turned to the World Bank to find climate-friendly projects in which to invest. More recently, SEB designed the framework for Sweden's debut green government bond programme. BLOOMBERG



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