Sustainable Finance Outlook Highlights

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In this issue, we explore the implications of proposed changes to the EU ETS on companies in heavy industry, construction, and real estate.

We will explore how EU carbon price trajectories influence the business case for decarbonization investments, as well as their impact on building costs and balance sheets.

Sustainable Finance Outlook webinar

Lead Scientist and Senior Advisor Gregor Vulturius hosts a discussion with Thomas Thygesen, Head of Strategy Equity Research, Samantha Arpas, Sustainable Finance Specialist, Ola Hansén, Public Affairs Director at Stegra; Bjarne Schieldrup Chief Analyst in Commodities covering energy at SEB; Anna Denell, Chief Sustainability Officer at Vasakronan; and Anders Enebjörk, Sustainability Specialist at NCC on the implications of the proposed changes to the EU ETS on companies in heavy industry, construction, and real estate.

Energy transition update

Geopolitical disruption and extreme weather will accelerate the transition to a clean energy system. We see two drivers: a larger part of energy consumed will be electricity, and a larger share of the electricity will come from non-fossil sources. Over the coming 5-10 years, we expect a sharper decline in fossil energy's share of the world's primary energy supply.

Sustainable finance market update

Sustainable bonds reached USD 1226bn resulting in a 15% YOY growth despite geopolitical headwinds. Electricity dominates CBAM sector sustainable bond issuance pointing out a lack of incentives for heavy industry to invest in decarbonization. Upstream built environment sectors lead sustainable bond issuance, while the downstream, most affected by EU ETS, sees low issuance volumes.

Sustainable finance regulatory update

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EU ETS reform and rising carbon costs in the built environment

Under the Commission's proposal, EU ETS prices could reach EUR 180–270/t by 2040, increasing steel prices by 50–100% and cement by 80–135%. Building costs may rise by up to 3%, yet developer margins could fall by 15–40%, depending on portfolio mix, incentivising value chain efforts to cut building material emissions and low-carbon alternatives.

Next Gen Finance

Lina Apsheva, a sustainability communications officer at SEB, talks to specialists in the field to help you navigate the sustainable finance market. Lina and her guests discuss recent developments and forecasts for the future, and dive into specific themes within sustainable finance.

Download Sustainable Finance Outlook report

SEB flagship report Sustainable Finance Outlook provides insights and market intelligence for navigating the sustainability transition. The report includes regular updates on energy transition investment, sustainable finance markets and regulations as well as topical research.

If you have any questions, please contact:

Gregor Vulturius, PhD Lead Scientist and Senior Advisor Climate & Sustainable Finance

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