Green Deal tracker: review & outlook

DNB CARNEGIE'S GREEN DEAL & SUSTAINABILITY TRACKER SUMS UP KEY NEW AND ONGOING ESG-RELATED REGULATORY OUTCOMES, AND HIGHLIGHTS THOSE WE BELIEVE WILL HAVE NOTABLE NORDIC MARKET EFFECT



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A note from DNB Carnegie Equities Research ESG team

This report covers key recent legislative changes and outcomes affecting Nordic corporates, and is best read as a supplement to our previous Green Deal and Fit for 55 publications. As always, please contact us if you would like further information on the EU's Sustainable Finance or previously passed regulations, such as the Euro 7, EU ETS Reform, ReFuelEU and FuelEU Maritime, Critical Raw Materials Act and Renewable Energy Directive.

RECAP AND EXECUTIVE SUMMARY

At year-end, the EU legislative train typically speeds up. Thus, the EU was particularly busy during December 2025, formally adopting – and delaying – key climate and environmental policies, while attempting to still signal steady legislative progress towards a 55% emissions cut by 2030.

Most policy outcomes have been as we expected in previous legislative previews. Nonetheless, given heightened political and economic pressure, this autumn's final EU votes have seen setbacks and breakthroughs in pushing through ESG-related legislation. In this report, we briefly summarise the key outcomes and potential impact on Nordic markets.

The overall trend has been simplifications in the name of accelerated action and competitiveness – especially for SMEs. Our view is that delays and rollbacks have created market uncertainty, but note that the EU maintains ESG-legislation for material sectors and large, listed corporates.

Up ahead, we believe the following political trends will affect enactment of ESG-related policies: 2026 is set to be another year of politicians and corporates challenging Green Deal policies (especially those related to increased cost for sectors under cost-pressure, e.g. automotives, fertilizers), but we will also see new ESG law-making and tightening (especially on concrete resource efficiency/circularity issues, e.g. for real estate, materials). **Key to watch are potential pricing changes to the EU's carbon emission trading and tariff schemes (EU ETS and CBAM) around Q2-Q3.**

In short, this tracker looks at the changes made in the final months of 2025 and run through what to expect in 2026, including notable themes from the European Commission's 2026 work programme – named 'Europe's Independence Moment'.



Green Deal tracker: Key regulatory changes, H2 2025

OMNIBUS 1: EU'S ESG REPORTING SIMPLIFICATIONS AGREED

Recap

In February 2025, the EU proposed the anticipated 'Omnibus' regulation. Omnibus means a joint recast of several existing regulations, in this case easing sustainability disclosure: EU Taxonomy, Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CS3D). The purpose is disclosure simplification and eased administrative burdens for European corporates (especially SMEs) so that they prioritize competitiveness as recommended by the 2024 Draghi-report.

What is new: Notable simplifications agreed

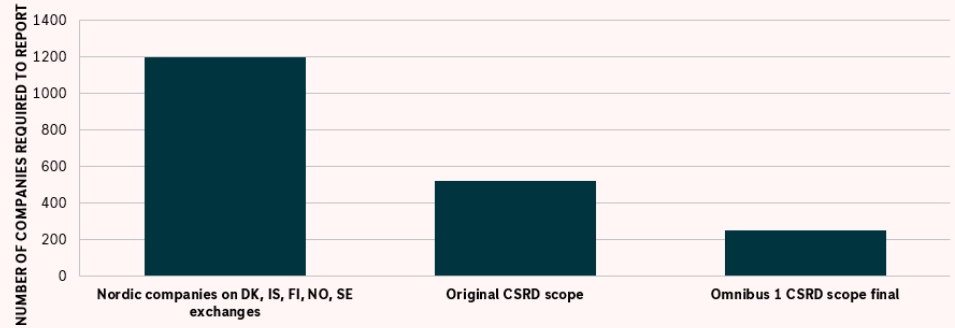
In end-December 2025, the EU finally agreed simplified on ESG-disclosures, applicable for 2025 FY-reporting for companies >1000 employees and >€450 turnover, including:

- **Significantly lower reporting burden:** Estimated reduced reported data points by ~64% for non-financial companies and ~89% for financial institutions.
- **No sector-specific standards:** The planned sector-specific European Sustainability Reporting Standards (ESRS) are deleted, meaning companies will report solely on general, sector-agnostic ESRS.
- **Voluntary reporting for SMEs:** Based on new voluntary reporting standard (VSME).
- **Value chain cap:** Limiting the amount of data large companies can request from smaller suppliers/companies, i.e. those below the threshold.
- **Stronger focus on financial materiality:** Companies are no longer required to assess Taxonomy eligibility or alignment for activities that are not financially material (defined as <10% of revenue, capex or opex). This allows reporting and capital allocation to focus on core business activities and transition-relevant investments.
- **Greater flexibility for financial institutions:**
  - Financial assets representing <10% of loans and investments may be excluded from detailed Taxonomy assessment and reported separately as non-material exposures.
  - Banks may omit specific Taxonomy KPIs (e.g. Green Asset Ratio) where the underlying activities contribute <10% of revenues (e.g. trading portfolios).
  - Financial institutions may postpone EU Taxonomy reporting until end-2027, provided they state that they do not claim Taxonomy-aligned activities or products.
- **Nuclear and gas reporting streamlined:** Separate reporting requirements are removed. These activities are disclosed only if financially material.
- **Simplified DNSH disclosures:** Reporting on pollution prevention and chemicals is streamlined by narrowing the scope of substances covered.

Market impact: Positive outlook, but lack of data matters

By and large, European companies have welcomed the Omnibus 1, claiming it will ease the administrative burden and improve clarity and consistency. However, lack of data might complicate matters. By reducing the amount of data companies must collect and disclose, some investors, particularly those regulated under the SFDR (see below) and thereby rely on ESG company data, argue that compliance and ESG assessment will be a challenge and based on estimates – potentially reducing the accuracy of ESG risk assessment.

In practice, as seen below, for Nordic large listed companies (c1200 in total), the number of companies with CSRD reporting requirements will be reduced by roughly 50%[1].



Agreed timeline and in-scope thresholds for CSRD as proposed by the Omnibus 1[2]

Entity	Threshold	FY 2025 - Reporting in 2026	FY 2026 - Reporting in 2027	FY 2027 - Reporting in 2028	FY 2028 - Reporting in 2029	FY 2029 - Reporting in 2030
Listed EU PIEs; those previously reporting	>1000 employees & >€450m turnover	Above threshold: normal reporting				
		Below threshold: voluntary reporting				
All other large EU companies; those not previously reporting	>1000 employees & >€450m turnover			Above threshold: normal reporting		
				Below threshold: voluntary reporting		
Listed SMEs		Only voluntary reporting				

Sources: 1) DNB Carnegie (assessment), Bloomberg (underlying data); 2) European Commission.



Green Deal tracker: Key regulatory changes, H2 2025

SFDR 2.0: ADJUSTED FUND CATEGORIZATION SHOULD GIVE CLARITY

Recap

EU-regulated investors and capital market participants are required to report under the Sustainable Finance Disclosure Regulation (SFDR), whose purpose is to boost transparency on sustainability, help investors make more informed decisions, and prevent greenwashing, both at entity and product levels. SFDR has, since its inception in Q1 2021, reshaped the EU fund market: Article 8 and Article 9 funds now represent about 60% of all EU funds and the EU hosts about 85% of global categorised sustainable fund assets.

What is new: SFDR Review ('SFDR 2.0') unveiled[1]

In mid-November 2025, the EU proposed the long-planned review of the SFDR 2.0 to remodel the EU's sustainable finance rules for financial market participants. The purpose is to address SFDR's shortcomings that have grown evident since inception: complexity and limited read-across to other EU policies. Some changes now addressed in the review are:

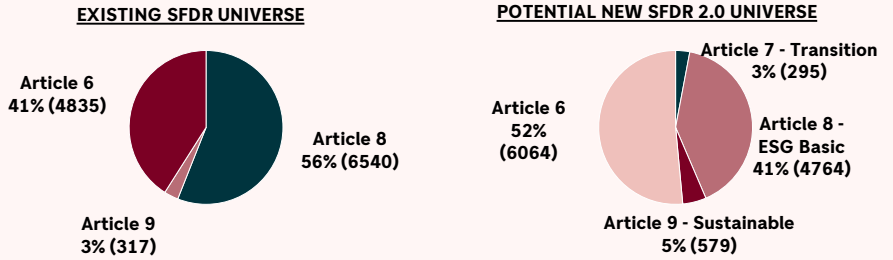
- **Simplified disclosures.** Removal of the required disclosure of entity-level Principal Adverse Impact (PAI), which is mandatory for asset managers with >500 employees – and criticised as too burdensome, while not creating significant value-add. However, at the fund level, there is a maintained requirement to identify, disclose and explain actions related to PAI – whose purpose is to assess material ESG risk.
- **'Sustainable investment' removed.** As a screening criterion, 'sustainable investment' is removed due to the consensus that it caused confusion as fund managers are left to define 'sustainable investments' themselves. Investors will instead assess investments against detailed exclusion and positive contribution criteria, summarised below.
- **Three new categorisations for funds deemed sustainable.** 1) ***Transition*** **(Art 7)** – Portfolio of investments not yet sustainable, but on a credible transition path; 2) ***Basic ESG*** **(Art 8)** – Portfolio of investments that integrate ESG criteria, but do not meet the Transition or Sustainable criteria; and 3) ***Sustainable*** **(Art 9)** – Portfolio of investments proved to contribute to sustainability goals.
- **Maintained basic ESG risks assessment for all.** All financial products are subject to ESG risk assessment as "all products /financial market participants […] must disclose how sustainability risks are integrated in the investment decision process when relevant, as well as the results of the assessment of the likely impacts of sustainability risks on the returns of the products" (Art 6).
- **Regulatory coordination:** SFDR 2.0 promotes read-across and coordination with existing measurable screening standards, namely the EU Taxonomy, EU Climate Transition benchmarks (CTB), EU Green Bond Standard (EU GBS), EU Paris-aligned Benchmarks (PAB) and ESMA Guidelines. This should improve the collective market understanding of sustainability targets and corporates' delivery on them.
- **15% Taxonomy-aligned criteria.** To encourage the use of the Taxonomy in particular, fund products with ⩾15% or more invested in Taxonomy-aligned assets are considered to meet the 70% positive contribution criterion in the Sustainable (Art 9) and Transition (Art 7) categories. In our view, reaching the 15% threshold is challenging for funds. Most current Art 9 funds have an approximate 10% Taxonomy alignment share.

Market impact: Positive long-term, short-term administrative burden

During the negotiation and implementation phases (2026–27, the EU estimates), we believe in-scope investors and funds will face: 1) administrative changes, likely significant for those with numerous funds and complex ESG-screening based on ESG data (despite reduced reporting requirements); and 2) adjustments to fund holdings in most cases – but particularly those sustainability-angled. Notably, however, Nordic investors we talk to as well as European regulators and the EFAMA (the European Fund and Asset Management Association) stress clear longer-term benefits such as improved calibration with other capital markets' legislation (including Mifid/IDD and CSRD) and consumer readability.

In short, as an increasing number of funds report on the EU Taxonomy as part of general disclosure requirements, we see continued attention and circumspection given to the EU Taxonomy as screening criteria for defining sustainable activities – albeit in combination with other criteria. We believe that after the SFRD review, the Taxonomy's roles as a screening indicator is likely to be strengthened further.

Market impact: Reclassification may change proportion of sustainable funds[2]



Sources: 1) European Commission, 20 November 2025. Legislative proposal to review the Sustainable Finance Disclosure Regulation (SFDR); 2) Morningstar, 27 November 2025. SFDR 2.0 in Figures: Impact Analysis



Green Deal tracker: Key regulatory changes, H2 2025

CBAM: 1ST JANUARY 2026 KICK-OFF FUELS OPPOSITION AND UNCERTAINTIES

Recap

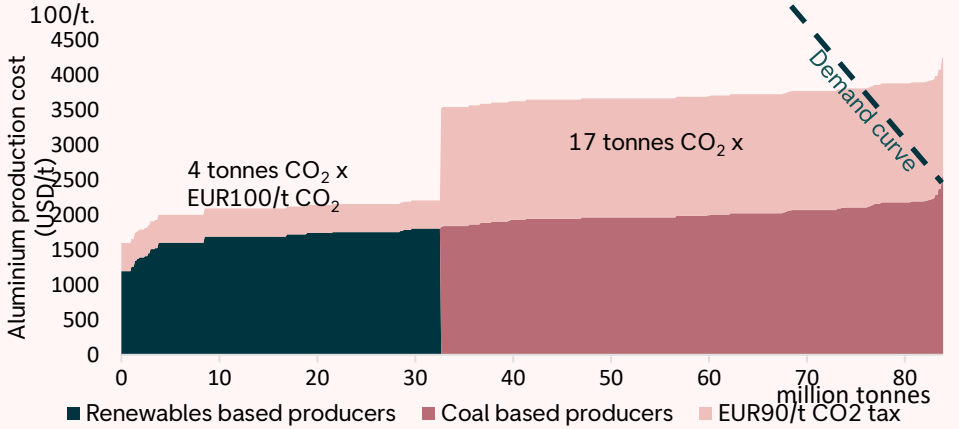
The Carbon Border Adjustment Mechanism (CBAM) has been in trial since October 2023 and formally kicked-in on 1 January 2026. It gradually sets a toll on carbon emitted from imported goods into the EU, paid for by the importing companies. The purpose is twofold: to maintain the competitiveness of the EU's manufacturers (of cement, aluminium, fertilisers, electric energy production, hydrogen, iron and steel, as well as some precursors) as they face gradually increased CO_2-related costs due to the EU ETS and to give incentives to low-carbon product (see graph[1]). In June 2025, CBAM was proposed simplified to apply only for imported tonnage above 50 tonnes per year, to ease the burden for SMEs while still covering material emissions from EU-imported goods.

What is new: Simplifications and exemptions – despite good intentions

- **SMEs exempted.** In October, the EU finally approved the raised CBAM mass threshold of 50 tonnes per year, exempting most SME's and individuals (c90% of companies, while still covering 99% of emissions from imported goods, according to the EU).
- **More goods from 2028.** In December, mere weeks ahead of the CBAM-cost kick-in on 1st Jan 2026, the Commission proposed a new extension of CBAM: starting 1st Jan 2028, the CBAM scope is proposed to expand to 180 specific steel and aluminium-intensive downstream products, such as machinery and appliances[2].
- **Goods removed if severely harmed by CO_2 costs.** Importantly, this new expansion introduced a clause ('Art 27a') where the Commission may temporarily remove a good from the CBAM scope if its CO_2-cost "causes severe harm to the internal market". If this new CBAM extension, including Art 27a, is approved by the European Parliament and Council (likely, in our view, in 2026), the removal of a certain good from the CBAM-scope could be retroactive to 1 January 2026.
- **Financial aid.** The December-proposal also proposed a new 'Temporary Decarbonisation Fund' allowing CBAM-revenues to be channelled to, and protect, European companies at risk of 'carbon leakage' (i.e. carbon-intensive industry facing high carbon costs, and thus low international competitiveness, due to CBAM and phase-out of EU ETS allowances).
- **UK wants in.** In parallel, the UK has begun negotiations to re-enter the EU ETS, which it left post-Brexit to set-up its own quota scheme. The reason is to avoid CBAM costs and because the UK quota scheme has consistently had higher prices than the EU ETS.

Market impact: More flexibilities could water down CBAM, we believe

- **Continued international opposition**. As EU trading partners are in opposition to CBAM, it plays a key role in **EU-India** trade deal, which was sealed late January. In it, duty-free quotas for India steel will be negotiated, which might negatively effect EU producers. This could create industry-opposition among steel producers, such we now see among fertilizers (see below). **China** is supposedly weighing countermeasures against EU-produced imports.
- **Likely fertilizer-exemption creates vacuum and may get ripple-effects.** Key EU agriculture ministers called for a temporary suspension of fertilizers from CBAM as soon as 7 January 2026, and 12 EU countries have now formally demanded fertilizer exemption. They have used the not-yet-approved 'Art 27a', and claimed farmers were unable to bear the CBAM import cost on top of high fertilizer prices (c60% above 2020 levels). Notably, in our view, although the Commission has neither approved the temporary suspension nor the retroactive effect, the mere risk of a suspension creates market uncertainty and unwillingness to fulfil CBAM requirements. We believe this stalemate is likely replicable to other critical sectors and could cause further delays.
- **Yet, in principle an effective tool for competitiveness.** Notably, key Nordic companies such as **SSAB, Yara** and **Hydro** have argued for CBAM as it levels their quota costs under the EU ETS. CBAM also offers incentives for imports of low-carbon products. The graph below shows the substantial difference in cost of e.g. aluminium imports: from renewables-based producers compared to coal based producers, where CO_2 price is EUR 100/t.



Sources: 1) DNB Carnegie Equities Research Industrials team; 2) European Commission. Press Release 17 December 2025.



Green Deal tracker: Key regulatory changes, H2 2025

EU CLIMATE TARGETS – MORE FLEXIBLE THAN EARLIER, BUT LEGALLY BINDING

Recap

Tough negotiations on EU 2040 emission reduction targets marred the EU throughout 2025. These are a required part of the EU Climate Law, and of the Paris Agreement.

What is new: Maintained ambitious target, but more flexibility

Finally, on 5 November, just ahead of COP30 in Brazil, the EU's environmental minsters adopted a target to cut 90% by 2040 compared with 1990 levels. This is ambitious and signals long-term commitments, but the deal has been watered down somewhat, although in our view is more realistic than the original proposal as it opens the way for more flexibility:

- In practice, the reduction target is 85%, since 5% of it is set to be achieved by outsourcing pollution cuts abroad through the purchase of international carbon credits. Member states are allowed to use credits to outsource another 5%-points of their own national emissions reduction goals. We believe using carbon credits provides incentives for global cuts, but does not necessarily reduce national emissions.
- Also, key to this deal is the inclusion of a review clause that allows the EU to adjust the 2040 target in the future if the climate policy is proved to have a negative impact on the EU economy (for example, from raised energy prices).
- The deal also includes a one-year delay for incorporating real estate and transport into the EU ETS, which was originally set for 2027 (see 'EU ETS 2').

Market impact: All eyes on carbon price negotiations (EU ETS)

- EU Climate targets requires a planned review of the EU's original Emission Trading Scheme (EU ETS 1, expected Q3 2026). EU ETS 1 governs c40% of the EU's carbon emissions, hence tweaks to emission caps will have large consequences on pricing (see graph). We expect heavy industry sectors and governments, such as Germany, to push for no further tightening of the current scheme price scenarios.
- In end-Q2 or Q3 2026, the Commission plans to in parallel publish the actual package of proposals for how to meet the 2040 Climate target. We expect this package to largely be based on the extension of existing policies (rather than on introducing new ones), such as renewable –and energy-efficiency rules.

EU ETS 2: DELAY FROM 2027 TO 2028 COULD OPEN FOR MORE BACKTRACK

Recap

'EU ETS 2' was approved in 2023, and is an extension of the original EU ETS to cover CO_2 emissions from combustion in buildings (heating/cooling) and cars (fuels). ETS2 will be a cap-and-trade system like the existing EU ETS, but with its own carbon price to provide incentives for building renovations and transportation CO_2 cuts. Under ETS2, fuel suppliers will be required to calculate and surrender sufficient allowance to cover their emissions, whereas costs are likely to be in part passed on to end-consumers. Monitoring and reporting of these emissions began in 2025, and costs were originally set to kick in from 2027.

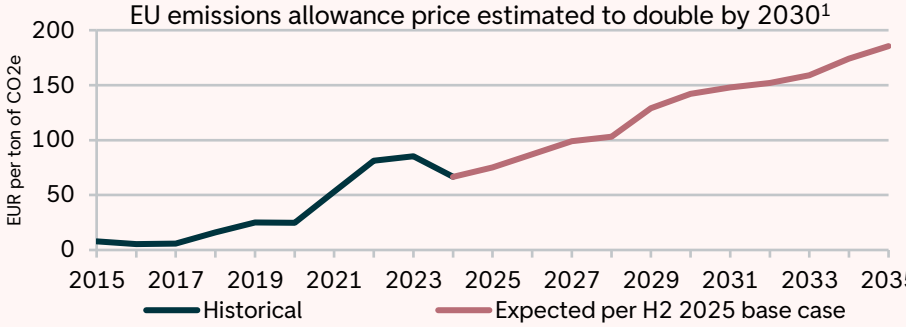
What is new: Delay.

Opposition to ETS2 from real estate and transport sectors escalated throughout 2025. In November, in order to land political consensus for the ambitious 2040 Climate target, the EU agreed to approve a one-year delay of ETS2, to be operational from 2028.

Market impact: Short-term relief, but uncertainty as carbon price negotiations are set to heat up

In our view, the short-term market implications are the immediate relief of CO_2 costs for the real estate and transportation sectors. But this delay could give sceptics a chance for further tweaks as the mechanisms for setting the carbon price is now taking place (EU Allowance broke EUR90 in December). Several opposing member-states, mostly Eastern European, now also eye a further postponement until 2030 (a critical Czech MEP will lead negotiations).

EU emissions allowance price estimated to double by 2030[1]



Sources: 1) BNEF November 2025



Green Deal tracker: Key regulatory changes, H2 2025

CO_2 EMISSION STANDARDS FOR TRUCKS AND CARS: TARGET BACKTRACKED

Recap

First passed in 2023, the law bans the sale of new combustion cars by 2035. However, in 2024, Germany led key member states calling for a backtrack, citing consumer costs, slow EV-market and impaired competitiveness for Europe's ailing car sector. In 2025, a tweak from a full ban to a 90% reduction target by 2035 has seemed likely, in order to keep the law alive (as transportation accounts for 40% of the EU's total emissions, but car manufacturing is responsible for 13m direct and indirect EU jobs).

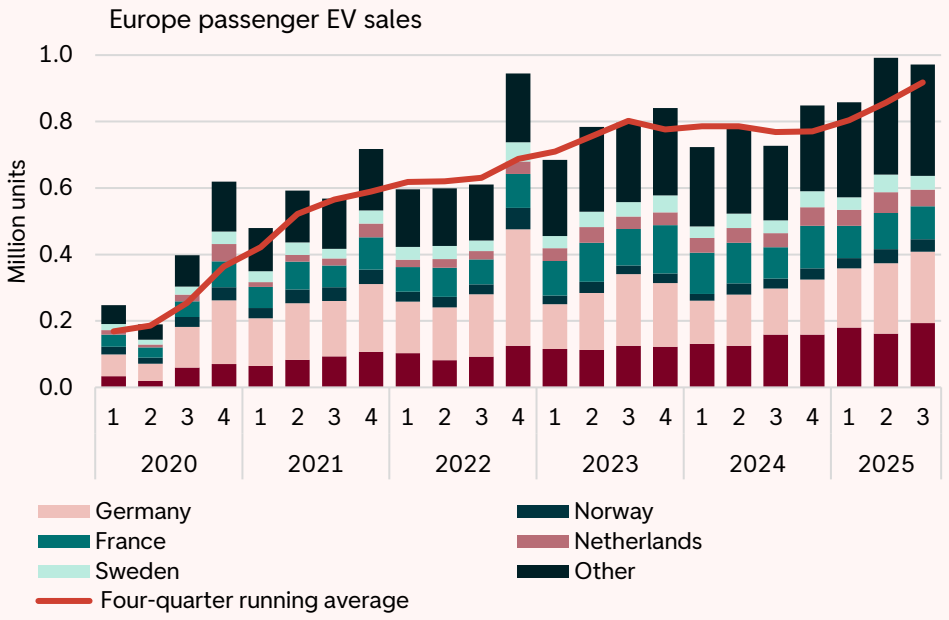
What is new: Backtrack finalised, opening for flexibilities

Finally, in December, as part of the Automotive Package, the Commission succumbed to the pressure and published a reformed proposal – backtracking the full ban by 2035, but introducing certain new restrictions:

- From 2035, carmakers would need to lower tailpipe emissions by 90% from 2021 levels. The remaining 10% emissions would need to be met through the use of low-carbon steel in car-manufacturing, either made in the EU, or from e-fuels and biofuels.
- The 90% reduction target allows for hybrids, range extenders and internal combustion engines, in addition to EVs and hydrogen vehicles.
- From 2030, the target of 50% reduction remains, but it is watered down since automakers can calculate average emissions over three years (2030 to 2032).
- Small EVs have their own regulatory category benefiting from subsidies and higher emission credits.
- Member states must set targets, based on their GDP, for what proportion of vehicles owned or leased by companies for business purposes should be zero –or low-emissions.

Market impact: Opportunity for related sectors, e.g. steel and biofuels

- We believe this backtrack will give much-needed flexibilities to car manufacturers. Although EU's EV demand in general continues to grow (battery-electric vehicles reached c16.5% market share in Q3 2025, up from c13% in Q3 2024; in 2026, EVs are forecast to account for 34% of all passenger vehicle sales in Europe[1]), we believe this reduced target has already been picked up by car manufacturers (e.g. **Volvo Cars** abandoned its target to produce only fully electric cars by 2030, citing changing market conditions).
- We further believe that the remaining 10% must be compensated with other sustainable measures, such as green steel and biofuels. We therefore think this news is positive for renewable diesel manufacturer **Neste** and green steel manufacturers such as **SSAB.**
- Even though the backtracked target may create some hesitance from the automakers to grow EV sales significantly, BNEF estimates shorter-term forecasted European passenger EV sales is to reach 1.15 million by Q2 2026[2].



Sources: 1) and 2) BNEF, November 2025.



Green Deal tracker: Key regulatory changes, H2 2025

EU DEFORESTATION REGULATION: DELAYED. AGAIN. NOW STARTING 2027.

Recap

This milestone global forest protection was set to begin on 30 December 2025 (first delayed from 2024). It states that all products from palm oil, soya, wood, cocoa, coffee, cattle, and rubber may be placed or made available on the EU market, or exported from the EU, only if they meet the following requirements:

- **Deforestation-free:** Relevant products must be traceable to the plot of land where the relevant commodities were produced/harvested, and such plot of land must not have been subject to deforestation or to forest degradation after 31 December 2020.
- **Legality:** Production/harvesting of the relevant commodities on the respective plot of land must be compliant with relevant legislation of the country of production.
- **Due diligence statement (DDS):** Each batch of relevant products must be covered by a DDS and submitted/approved into the EU Information System. EU companies that import these commodities would need to improve supply-chain transparency by end-2026.
- **Practical implementation:** Companies, if they make these products available on the EU market or export them, are considered an operator under the EUDR and responsible for compliance, due diligence and reporting that can trace imports back to the field where they were grown. Member-states, must ensure that their supervisory authorities perform compliance checks of 1% for low risk, 3% for standard risk, and 9% for high-risk countries.

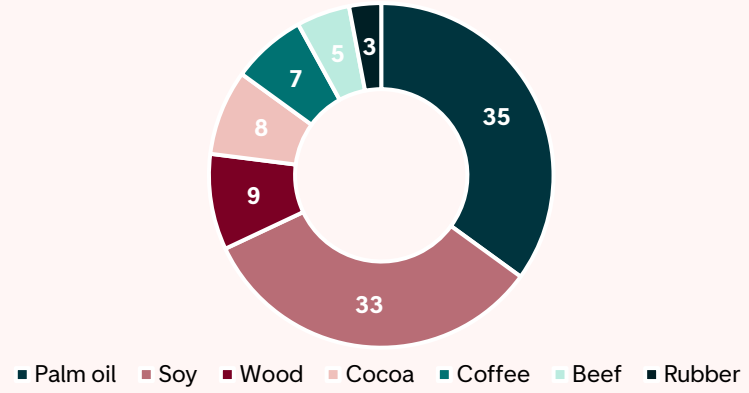
What is new. Pushed to 2027 at the last moment.

- In December 2025, the EUDR was delayed yet again (which is rare in the EU, signalling how strong the political opposition is). The entry into application is: 30 December 2026 – Large and medium operators; 30 June 2027 – Micro and small operators.
- Throughout the autumn, country benchmarking has been scrutinised. The categorisation (Low risk – e.g. most countries including the EU, US/Canada, China; Standard risk – e.g. major producers including Brazil, Indonesia, Brazil); High risk – only Belarus, Myanmar, North Korea and Russia) is deemed 'toothless' given the low number of high-risk labels.

Market impact.

- **Costly compliance, costlier penalties.** Compliance costs (e.g. developing IT capabilities to track supply chains) are the main financial consequence of the law, in our view. This is the main argument for simplifying it, and for introducing the six-month grace period for SMEs. The European Commission, in its own impact assessment of the law last year, estimated that compliance costs could be USD170m–USD2.5bn per year. However, penalties for non-compliance could reach 4% of a company's annual turnover, depending on the scale of the offence. Given the conservative risk-categorization, we believe the EUDR risks are being mainly a paper exercise in the shorter-term.
- **Countries critical, companies confident.** The main opposition has largely been driven by the EU's trading partners (e.g. Brazil, Malaysia and Indonesia – which finalised a trade agreement with the EU in September where forestry conservation was a key topic) over the potential negative effect of the strict compliance requirements on competitiveness. However, companies – especially those ahead of the curve (see below) – have pushed for implementation. Forest industry associations, such as the Swedish Forest Industries Federation, support the main goals and proposed simplification, but called for an extended deadline, citing the administrative burden for forest owners in particular. In the end, the companies' interests now look set to win the day, although simplifications and implementation flexibilities are likely, in our view.
- **Nordic effect: Limited, as most are ahead of the curve.** There is a potential effect on importers of rubber (e.g. **Nokian Tyres**) and of palm oil (e.g. **AAK, Orkla**), as well as on importers/exporters of forestry products (e.g. **Holmen, SCA, UPM**), but most – in our view – have indicated solid progress in implementing traceability and are hence well-positioned. *For more details, see our NewsComment, published October 2025.*

Share of EUDR goods on global deforestation when consumed in the EU[1]



Sources: 1) European Council



Green Deal tracker: Key regulatory changes, H2 2025

ENERGY PERFORMANCE OF BUILDINGS DIRECTIVE (EPBD): ON TRACK IN THE EU

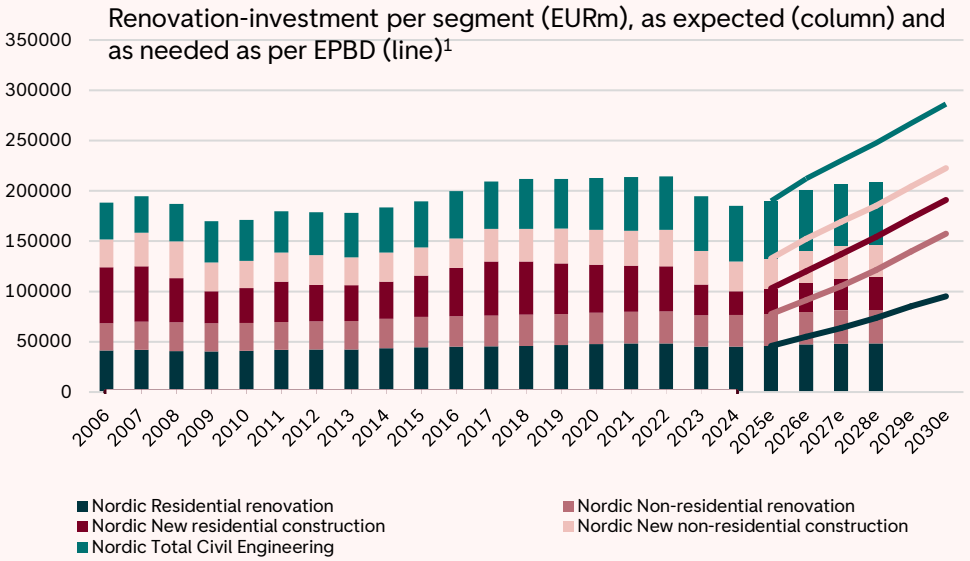
Recap

On track. At the EU level, not much is new after the EPBD was completed and published in the Official Journal in May 2024. However, member-states have started to incorporate the rules into national legislation by the deadline June 2026. In practice, this means that all local laws and standards must be updated to mirror those of the EU. Thus, we see changes in the Nordic countries, where Sweden leads.

What is new and potential market impact

- **In Sweden,** the Swedish National Board of Housing, Building and Planning (Boverket) plans to integrate the EPBD into Swedish law by 29 May 2026. While Sweden's renovation rate remains below target, it has shown good regulatory progress in identifying building types in need of renovation (c7.8% by 2030, c15% by 2033) and assessing which national regulations need to be altered.
- **Eyes are on Boverket's publication of updated building regulations, expected January 2026, including rules on energy management –and on energy declarations in buildings.**
- However, based on our preliminary research, we have estimated that **Entra, Catena, Hufvudstaden** and **Fabege** are ahead of the curve with the lowest share of the property stock in % needing an upgrade, whereas **Sagax, Corem, Castellum** and **Balder** are on the opposite end with the largest share of their property stock that needs an upgrade.
- In terms of energy efficiency measures, the best estimated return on investment is on average achieved by improving ventilation, installing heat pumps, and swapping to LED lights, in that order. But the largest reduction in CO2 is achieved by installing heat pumps and solar cells. Companies that stand to benefit from more investment in the property sector include **Bewi, Systemair, Lindab, Rockwool, Fagerhult** and **Fasadgruppen**.
- **In Norway,** the government has not confirmed that EPBD will be implemented, and the delayed decision has created unpredictable issuer and investor sentiment. In the autumn, EPBD underwent a public consultation on EPBD (deadline January 2026), and more than 300 positions are now set to be assessed by the Ministry of Energy.
- It is too soon to assess the Norwegian market implications as energy efficiency thresholds are not yet published. In June 2025, Norwegian energy efficiency thresholds were published in June 2025 for the top-performing buildings (either energy label A – C or rank among top 15% most energy-efficient nationally), but thresholds for the worst-performing buildings that require potentially substantial capex have not been published and will be key to watch, in our view, as around half of Norwegian commercial real estate has a current energy label of E or lower).
- *For further information on effects in Sweden and Norway markets, please see our reports from March 2024 and April 2025.*

Nordics: Current investment outlook shows sector not on track



Sources: 1) DNB Carnegie; Euroconstruct 2027e outlook



Regulatory outlook for 2026

2026 REGULATORY OUTLOOK, OTHER POLICIES TO WATCH

- **Circular Economy Act**
  - Regulatory push to establish a Single Market for secondary raw materials, and to stimulate demand and supply for recycled materials within the EU.
  - Expected **Q3 2026**, according to the Commission's 2026 work programme.
  - **Save the Date: DNB & DNB Carnegie Nordic Circularity seminar, 19 May 2026 in Oslo.**
- **Climate package for the decade ahead**
  - Revision of national targets and flexibilities in the EU climate policy framework, likely to include the phase-out of fossil fuels subsidies (legislative, Q4 2026).
  - **Review of the EU ETS**, including the role of carbon dioxide removals, the expansion of the current scope to additional sectors (GHGs not yet covered by ETS), new rules on non-permanent carbon capture and utilization/risk of carbon leakage, plus review the market stability reserve and the use of EU ETS revenues generated through auctioning (legislative, Q3 2026).
- **Critical Raw Materials Centre.** Monitor, jointly purchase and stockpile minerals under the Critical Raw Materials Act (legislative, Q2 2026).
- Development of the **CO2 transportation infrastructure and markets** (legislative, Q3 2026).
- **EU Electrification Action plan** and **EU Heating and Cooling strategy** (part of **European Grids Package** presented December 2025). Strengthen energy security including improving governance, upgrading grids, removing bottlenecks, cutting red tape for cross-border energy projects and boosting electrification and the resilience of the electricity system, as electricity accounts for only c25% of final energy use, with the rest coming from fossil fuels (legislative, Q1 2026).
- **EU Deforestation Regulation.** The 'Simplification Review' will be presented by the Commission including solutions for SMEs (legislative, Q2 2026).
- **Omnibus VIII (Environment).** Simplifying industrial emissions standards, Extended Producer Responsibility (EPR); environmental permitting (legislative, 2026).
- **Other various Omnibus packages.** Omnibus III (Agriculture), IV (Digitalization – including batteries), VI (Chemicals), IX (Food and Food safety).
- European **Strategy on sustainable tourism.** Balance economic, social and environmental effects (non-legislative, Q2 2026).
- European Integrated **Framework for Climate Resilience** (non-legislative, Q4 2026).
- **Vision 2040 for fisheries and aquaculture**. Boost competitiveness and sustainability (non-legislative, Q3 2026).
- **Water Resilience Strategy.** Including Digital Action Plan and a Water Resilience Platform to mobilize all actors, drive water efficiency and strengthen the sector's competitiveness (non-legislative).



Simplification as a central focus

A significant share of next year's initiatives focuses on making EU law simpler, clearer, and easier to implement. Omnibus and other simplification proposals will simplify rules across key sectors, including energy product legislation, taxation, defence, competitiveness, and innovation.

The Commission has already put forward omnibus and other simplification proposals aiming to bring more than EUR 8.6 billion in annual savings for European businesses.

DNB Carnegie Equities Research ESG team

This report covers key recent legislative changes and outcomes affecting Nordic corporates, and is best read as a supplement to our previous Green Deal and Fit for 55 publications. As always, please contact us if you would like further information on the EU's Sustainable Finance or previously passed regulations, such as the Euro 7, EU ETS Reform, ReFuelEU and FuelEU Maritime, Critical Raw Materials Act and Renewable Energy Directive.

Sources: European Commission 2026

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