



Entry into force of the EU Taxonomy in Norway delayed - disadvantage for the competitiveness of sustainable finance and green investments in Norway?



Line Voldstad
Partner, Head of Regulatory and
FPR (Norway)



Katrine Lillerud
Lead Lawyer



Marthe Oldernes
Associate, (On leave)

On 17 December 2021, the Norwegian Parliament adopted a [new act on sustainable finance](#) that implements the [taxonomy regulation](#) and the [regulation sustainability-related disclosures in the financial services sector](#) in Norwegian law.

The taxonomy regulation lays down a classification system for various sustainable activities. The purpose is to establish a common understanding of which activities and investments can be considered sustainable in line with the EU's long-term climate and environmental goals. The regulations will primarily involve new disclosure and reporting obligations to make it possible to see how and to what extent encompassed enterprises' economic activities are considered sustainable. This should make it easier to compare investment opportunities in all EEA countries and in different sectors, and reduce misleading marketing or communication where a business presents itself as more sustainable than it is (so-called "greenwashing").

The taxonomy regulation has been in force in the EU since 1 January this year, while most of the regulation sustainability-related disclosures' requirements have been in force since March 2021.

The regulations were expected to enter into force in Norway just before the New Year through the new act. However, the act can only enter into force when the decision to incorporate the two regulations into the EEA-Agreement have entered into force. This has been delayed due to matters that need to be clarified on Iceland's and Liechtenstein's side. The [Ministry of Finance](#) now expects that the new Norwegian act will be able to enter into force in the first half of 2023 and not in 2022, as previously assumed.

The delay does not, however, prevent Norwegian actors covered by the regulations from adapting to the new information and reporting obligations on a voluntary basis already from this year. The Ministry of Finance has actually encouraged companies to include taxonomy-related information in their annual reports for the financial year 2021, even though the law will not be in force at the time of the submission of the annual report. Because the EU already has implemented the taxonomy, it might lead to a competitive disadvantage not to report everything now on a voluntary basis, otherwise they are not comparable to the investment opportunities in the rest of the EEA area. Voluntary reporting will probably help Norwegian market players to not lag behind and be considered less attractive investment objects. Failure to report, however, will not be punishable by law due to the delay.

The reporting obligation in Norway initially means that listed companies with more than 500 employees are recommended to report key figures that show the proportion of the business that is linked to activities covered by the taxonomy regulation. It includes the share of total turnover, investments and operating costs that satisfy the requirements for sustainability defined in the taxonomy.

DLA Piper assists businesses in a number of EU countries to maneuver and fulfill their obligations under the taxonomy regulations. If you are wondering what the regulations mean for your business and whether and how your business must report on a voluntary basis, do not hesitate to get in touch.