Global Sustainable Buildings Guide - Sweden

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# Authors

# Green Certification

## Is there a nationally adopted and recognized form of certification for buildings? What is it and is it mandatory for all new buildings and refurbished buildings?

There are no mandatory certifications in Sweden. However, the use of certifications for buildings is increasing. In 2015, Sweden was ranked 10th on a worldwide ranking of the use of Leadership in Energy and Environmental Design (LEED), measuring the amount of certified square meters and the amount of LEED projects. On a per capita measure, Sweden ranked fourth. The following are examples of classifications and certifications used in Sweden:

The classification "Environmental Buildings" is a system for classifying standards of building in relation to energy, interior environment and materials. There are three levels within this classification system: (i) GOLD; (ii) SILVER; and (iii) BRONZE. The classification system can be used both for existing and newly constructed buildings and, as of December 2022, there were more than 2,300 buildings certified or provisionally certified as Environmental Buildings.

The Building Research Establishment Environmental Assessment Methodology (BREEAM-SE) is used to certify new production buildings, and the building's environmental performance is assessed in several different areas, such as the building's energy use. GreenBuilding is a certification system with a focus on low energy use and energy efficiency. The Sweden Green Building Council (SGBC) controls both the BREEAM-SE and the GreenBuilding certifications. The GreenBuilding certification will be phased out due to increased investment in other certification schemes. A two-year phase-out began in 2023, and no new registrations will be made in the system. For existing projects, the last reporting dates will be January to April 2024. These reports will continue until 30 April 2025, after which GreenBuilding will be completely phased out. BREEAM-SE is used to assess the building's environmental performance in a number of different areas. For example, the building's energy use, indoor climate, water management and waste management are assessed and scored.

The SGBC has also introduced Citylab, an optional program for creating sustainable urban areas. It is the first certification system for sustainable urban development developed for Swedish conditions. Different organizations and companies participate in this program, and sustainability is top of mind throughout the development process. Within Citylab, two different certifications are possible: (1) certification of the planning process for the implementation of urban development projects and (2) certification of the sustainability of a city district.

Another classification is called KRAV, which is also optional and relates to energy consumption. This is intended particularly for tenants with store businesses. The classification requires that 100% of energy used in the store come from renewable energy sources and also addresses other issues to decrease the use of energy.

# Energy Performance Certificates and Minimum Energy Standards

## Is there a mandatory form of energy performance certification? When does it apply and are there any prescribed minimum standards?

The mandatory form of energy performance certification in Sweden is provided for under the Energy Performance Certification Act (Sw. Lag (2006:985) om energideklaration för byggnader). The legislation prescribes that owners of certain buildings must ensure that an energy performance certification is obtained if the building concerned has a floor area greater than 250 square meters and is frequently visited by the public. An energy performance certification should also be obtained when constructing a new building. The requirements also apply to buildings that are completely or partly leased. In addition, the property owner needs to obtain an energy performance certification if the building will be sold. The legislation applies to private houses and public buildings and buildings used for commercial purposes.

However, there are exceptions to the requirement for energy performance certification. Among those exempted from obtaining an energy performance certification are the following: (i) buildings that are mainly used for religious purposes; (ii) industrial plants and workshops; (iii) certain types of vacation homes; (iv) agricultural buildings; or (v) buildings with a floor area of less than 50 square meters (mainly private houses).

The Swedish National Board of Housing, being the supervisory authority, issues regulations regarding the energy performance certification and provides experts in charge of certification. The new system was introduced on 1 January 2014, and states that all buildings classified after that date must get a classification, which ranges from A to G. There are no prescribed minimum standards regarding the outcome of an energy performance certification, since older buildings may have a poorer rating than newly constructed buildings. If the owner did not comply with the required certification, the supervisory authority has the right to demand a penalty.

# Incentives for Green Retrofit

## Are there any government-funded or sponsored schemes for improving the energy efficiency of existing buildings and, broadly, how do they work?

Sweden's local governments established an information council to spread knowledge on energy-saving measures to owners of buildings, landlords and consumers, in accordance with the recommended means in the EU Directive. This information council is organized by the local governments. There is also the Swedish Energy Agency (Sw. Energimyndigheten), which is responsible for widespread information and supervisory of energy issues.

# CO2 and Energy Targets

## Are there any national targets for CO2 reduction and/or energy use reduction from buildings? If there are, are there any exclusions?

The Swedish government aimed to reduce its 1990 CO2 emission level by 40% by 2020. To comply with the EU's Energy Efficiency Directive, which states that, by 2021, all new buildings should be so-called "nearly zero-energy buildings," the Swedish government decided on two goals.

The first goal was to have the intensity of energy lowered by 20% between 2008 and 2020.

The second goal stated that, by 2016, the energy savings in the end consumption should be at least 9% of the annual average quantity between 2001 and 2005, which is equivalent to 33 kilowatt-hours (kWh). The end consumption is mainly relevant for buildings, since buildings account for a large part of the emissions.

By 2045, Sweden must have no net emissions of greenhouse gases into the atmosphere and, after that, achieve negative emissions. To achieve net-zero emissions, additional measures may be credited. Emissions from activities within Swedish territory must be at least 85% lower than emissions in 1990. By 2050, public buildings should have reduced their use of purchased electricity by 50% compared to the 1995 levels. The construction and industry sectors are imposed with specific interim targets, given that they account for approximately 40% of the end consumption of energy.

Other measures are also taken to increase the portion of nonhazardous waste from the construction industry. At present, 50% of the prepared waste from the construction industry is being recycled. By 2020, the Swedish government aims to increase this to 70%. Even if the statistics are not entirely reliable, the Swedish Environmental Protection Agency announced that Sweden had already reached the goal for 2020 in 2015.

# Renewable Energy

## Are there any regulations requiring a percentage of energy consumption to come from renewable sources?

There are no such binding regulations. According to the consideration rule in the Swedish Environmental Code, practitioners should primarily use renewable sources when taking measures that would affect the environment. Nonetheless, the Swedish government set a goal that, by 2020, 50% of the total energy consumption should come from renewable energy sources. That goal had already been reached in 2012, when as much as 51% of the total energy consumption was based on renewable energy sources.

# Regulation

## What other national regulatory measures are there, such as taxes on energy consumption and/or tax reliefs on energy-saving measures, that can encourage more efficient use of energy in buildings?

Sweden has a number of instruments for supporting the development of renewable energy sources. The following are examples of these instruments:

There is a system that concerns energy certificates whereby producers of renewable energy, mainly solar energy, hydro power, wind power and biofuel, are assigned a certificate for every kWh produced. The producers are then able to sell the energy to electricity companies, which, in turn, sell the energy to end consumers. In this way, the producers get extra revenue above the market price, with the purpose of increasing interest in investing in renewable energy sources. The goal for 2030 is that Sweden, together with Norway (which has a common energy certificate market), should produce at least 46.4 terawatt-hours of new renewable electricity generation and meet volume-related obligations by 2035. The system was introduced in 2011 and is regulated in the Energy Certificate Act (Sw. [Lag (2011:1200) om elcertifikat](http://www.notisum.se/rnp/sls/lag/20111200.htm)). The Swedish Energy Agency is the supervisory authority and issues the energy certificates.

To provide incentives for producing energy from sustainable sources, smaller producers of energy from renewable sources, such as solar energy, are entitled to a tax deduction of SEK 0.6 (approximately EUR 0.06) per kWh produced. Private individuals who invest in systems for storing self-generated electricity have the opportunity to apply for a tax reduction of 50% of the cost of labor and materials, with a maximum amount of SEK 50,000. The tax reduction is available for installations carried out and paid for after 1 January 2021.

One of Sweden's main tools to decrease the level of emissions is its tax on CO2 emissions. Nonetheless, there is still a deduction right for certain businesses concerning taxes on CO2 and other energy taxes. The Swedish Environmental Protection Agency suggests that this deduction right be modified, but no change in legislation is expected in the near future.

# Financing

## Are there any public or private “green” financing initiatives for sustainable real estate projects?

There are private initiatives that focus on informing and developing sustainable real estate projects. One of the private initiatives that has emerged in Sweden in recent years is the issuance of green bonds, which aims to support the expansion of sustainable investments and act as an attractive tool for both issuers and investors, where the listed real estate industry has played a key role in the development (e.g., the Swedish real estate company Vasakronan issued and listed its first green bond in 2013 and, subsequently, retail companies such as H&M have done the same). Although green bonds have existed globally for over a decade, they are still not standardized in Sweden, and there is no universal definition of a "green" bond. Instead, the available guidelines for green bond issuers consist of voluntary frameworks, leading to different methodologies and regulations between issuers, arrangers and investors. The Green Bond Principle and the Climate Bond Standards are examples of voluntary guidelines that promote transparency and integrity in the green bond market by clarifying the process and requirements of green bond issuance.

**Commercial leases**

The Swedish Energy Agency, together with different representatives for landlords, tenants and authorities, has funded a project that is led by the industry association, the Swedish Property Federation (Sw. Fastighetsägarna). The project was introduced in 2011, and mainly focuses on developing a standard agreement for green leases to be used by its members. The standard agreement states the minimum demands for green lease agreements. There are also optional commitments for both landlords and tenants. The standard green lease agreement is optional to use, aims to increase the use of environmentally friendly premises, and underlines, for instance, the positive effects of gaining the acknowledgment of customers, employees and distributors. There are a number of landlords that have implemented, or who have had their own green lease agreements influenced by, the standard green lease agreement.

**Construction**

The Swedish construction industry has developed an information system (BASTA) that aims to spread information on sustainability, particularly on chemicals used in the construction industry.

# Planning

## Is the national or local/state government able to mandate green initiatives via the planning/zoning regime (e.g., district heating systems on large developments)?

The local government has the ability to prescribe rules on the extent of development in accordance with the Swedish Planning and Building Act. However, the local government has no authority to specifically impose requirements on green developments and buildings. An overall objective for the local governments is to comply with the national objectives set by the Swedish government. Therefore, the local governments should take into consideration the overall effects of their planning, one of which is the environmental effect. According to the National Board of Housing, there is an increased interest in planning the measures so that cycle paths, walkways and public transportation are given increased space in the urban development.

The Swedish government currently provides no rules on the extent of local development. The Swedish government may prescribe plans concerning regional development, but these plans have an overall perspective.

# Green Leases

## Are green leases or green lease provisions mandatory or optional? If mandatory, to whom do they apply? If optional, is there significant take up?

Green leases are not mandatory in Sweden. However, a number of operators in the real estate industry are starting to use green leases. There is an ambition to try to increase the use of green leases without public intervention. Private initiatives from the construction and leasing sector, which are supported by authorities, such as the standard agreement on green leases developed by the Swedish Property Federation, indicate that take-up is increasing.

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