

Nordic Roadmap for Circular Financing 2026-2030

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1. Executive Summary

The Circular Economy is a resource and energy efficient economic model, built on high value retention of products and materials. The transition to a Circular Economy is a fundamental imperative for managing the systemic risks associated with the triple planetary crisis, i.e., climate change, biodiversity loss, and pollution¹. For Nordic credit and investment financiers, supporting this shift from the traditional linear economy is no longer only a sustainability initiative; it is a critical driver for de-risking portfolios, identifying new sources of financial growth, and supporting long-term competitiveness.

Accelerating a transition from linear to circular economy requires more than business-as-usual economic development. While baseline economic development delivers gradual progress through incremental efficiency gains, an accelerated scenario depends on three additional forces:

- 1) business-led innovation and scaling,
- 2) increasing supply chain/resource risks and
- 3) supportive policy and regulatory intervention.

Together, these mechanisms increase market uptake of circular value propositions by improving their affordability, performance, user experience and customers' willingness to pay. Businesses can play a central role by innovating, reducing total system costs, and responding proactively to policy signals. Coordinated action across, and considering, economic development, business-led innovation, and policy is therefore essential to achieve faster and more resilient circular economy outcomes over time.

This report has been developed by RISE, Research Institutes of Sweden, together with a broad range of financial actors from the Nordic countries. It shows that additional engagement across all Nordic countries will enable Nordic markets to fully benefit from knowledge sharing and boost competitiveness and resilience. The report lays out a number of recommendations and a roadmap of activities to spur the financing of circular ventures, thereby enabling broader and accelerated transition to an economy where resources are properly valued.

The goal for 2030 remains clear; Financial actors want to seize the circular economy opportunity by integrating financing of circular assets and circular business models into their business-, risk management-, and credit and investment strategies and capabilities.

¹https://www.oecd.org/en/publications/environmental-outlook-on-the-triple-planetary-crisis_257ffbb6-en/full-report/the-current-and-future-state-of-the-triple-planetary-crisis_8249ffaf.html

2. Background & Method

The need for an updated Roadmap

The role of the Circular Economy is changing. From being driven mainly by the need to mitigate climate and environmental challenges, the geopolitical context has become a key driver of resource shortages and access to critical raw materials. This means that resilience and supply security are top priorities for nation states and the European Union as a whole, strengthening the urgency to speed up the circular transition. However, global warming has by no means slowed down. According to Berkeley Earth, 25 of the hottest years on record have occurred since 1998, with new temperature records set in 2023, 2024, and 2025². A more circular economy is a necessity not only to mitigate climate and nature system change, but also to provide a basis for continued value creation among industry and financial actors, which in turn will support a long-term sustainable society.

Despite the above-mentioned drivers and initiatives, the Circularity Gap Reports (CGR) for the Nordics highlights that the region's economy is surprisingly low in circularity, with estimates ranging from 2% in Norway to 3.4% in Sweden. These figures are well below the global average of around 7%, and far from Europe's circular material use rate target of 24% by 2030³, indicating that a vast majority of materials (more than 90%) are not cycled back into the economy, showcasing a significant, untapped potential for resource efficiency gains⁴. The untapped potential was estimated in value numbers, for the first time, in the recently published Circularity Gap Report (CGR) The Value Gap: Sweden⁵, which showed that value amounting to 600 billion SEK disappears from the Swedish economy every year due to wasteful linear practices.

² 2025 was the third-warmest year on record, Copernicus data show | ECMWF

³ https://publyon.com/eu-circular-economy-act-how-will-it-shape-the-future-of-the-eu-and-your-business/?switch_language=en

⁴ <https://www.circularity-gap.world/2025>

⁵ CGR-The-Value-Gap_-Sweden-EN.pdf

The societal role of capital markets is to allocate capital and manage risk. An increasing number of international and Nordic financial institutions are recognizing the Circular Economy not only as a sustainability imperative but as a significant source of long-term value creation and risk mitigation⁶.

Transition to a Circular Economy will take time, innovative methods, and mindset changes. There is also a need for financing transformative solutions. This may need support from public authorities in terms of regulations, and risk-sharing mechanisms such as blended finance instruments and financial guarantees. The leverage of such public support could be significant.

The Roadmap update work

The original Nordic Roadmap for Circular Financing was launched in November 2023⁷. It stated the need for collaboration between Nordic financial actors to boost the scale up of circular financing. It also addressed the need for a platform for sharing expertise, exchanging ideas and experiences, as well as supporting the creation of additional cases, data, and KPI's.

During 2025 and 2026 the work to implement the roadmap started with the purpose to continue and extend the collaboration from the first roadmap as well as to create a joint platform, this time funded by RE:Source and led by RISE, Research Institutes of Sweden. It has been performed in two work-streams, Debt and Equity financing. As the working groups of the roadmap have delved deeper into the methodology around risk and rewards, bearing the new context in mind, the group has developed a more refined problem statement as well as more detailed recommendations for possible solutions and next steps. This updated Roadmap is an important tool for continued anchoring and leverage among the Nordic Actors. The ambition is that the updated Roadmap may serve as a blueprint for Nordic financiers and investors, as well as other actors across the European Union.



This updated Nordic Roadmap for Circular Financing is a renewed call for action to the Nordic finance industry, and refines the steps needed to reach the vision of an inclusive and regenerative circular economy by 2030.

⁶ Circular Norway (2022): Finansnæringen som pådriver for en sirkulær økonomi. Circular Norway and Finansforbundet https://static1.squarespace.com/static/600eae28387b98582a62f142/t/62f3bc758c4ae64d-57fe133c/1660140665515/Finansnaeringen+som+paadriv+for+sirkular+finans_final.pdf

⁷ <https://resource-sip.se/app/uploads/2025/03/Nordic-Roadmap-for-circular-financing.pdf>



Circular Finance drivers and initiatives in the EU, the Nordics and globally

Circular economy related regulations in the EU span over a broad set of policies related to industry, product regulation and reporting. Developments relevant to circular business models are at the beginning of 2026 still mainly concentrated in framework legislation and consultation processes but there are several existing and upcoming legislations and directives, such as the Circular Economy Act, the Critical Raw Materials act and Eco Design directive. Figure 1 shows how the Circular Economy Action Plan (CEAP) drives risks and opportunities for financing across the value chain. The upstream focused regulations are creating demand for financing new business models (like PaaS and repair services), while the downstream focused regulations are creating demand for financing new infrastructure (like advanced recycling). Circular economy and circular business models are also affected by the sustainable finance frameworks such as the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy. While these are not seen as key drivers of the circular transition, they can indirectly support it through enhanced materiality analysis and disclosure requirements.

Fig 1. EUs Circular Economy Action Plan (CEAP)

EUs Circular Economy Action Plan (CEAP)

9R Framework	Eco-design for Sustainable Product regulation (ESPR)	Empowering Consumers and Right to Repair Directive (ECRRD)	Packaging and Packaging Waste Regulation (PPWR)	Circular Economy Act (CEA - prop)	Waste Framework Directive (WFD)	Batteries Regulation (BR)	End-of-Life Vehicles Regulation (ELV - recast)	Construction Products Regulation (CPR - revised)	Waste Shipment Regulation (WSR - recast)	Green Claims Directive (GCD - prop)
R0 Refuse	5	3	4	2	1	2	2	1	1	2
R1 Rethink	5	4	4	2	1	3	3	2	1	3
R2 Reduce	5	3	5	2	2	4	4	4	3	3
R3 Reuse	4	3	5	3	3	4	4	4	2	3
R4 Repair	5	5	1	3	2	5	4	2	1	2
R5 Refurbish	4	5	3	4	2	4	4	3	2	2
R6 Remanufacture	3	1	1	4	3	4	4	3	3	1
R7 Repurpose	3	1	1	4	3	4	4	3	3	1
R8 Recycle	4	3	5	5	5	5	5	4	5	2
R9 Recover	2	1	2	2	3	2	1	1	2	1

From 5 – Stronger/explicit obligations to 1 weaker

In addition to the regulative developments at EU level, reports and initiatives in the circular financing area have emerged both at Nordic, European and global level. These are mostly driven by NGOs, think tanks and the finance industry itself and include, but are not limited to, the following: The World Bank report *Squaring the Circle* was published already in 2022⁸, UNEP-FI released their *Circular Economy finance report in 2024*⁹, the *Circle Economy Finance guidelines* the Netherlands published an updated version in 2025¹⁰. The *Global Circularity Protocol for Business* by the World Business Council for Sustainable Development and the *IFC Harmonized Circular Economy Finance Guidelines*¹¹ were also published in 2025¹², and recently Goldman-Sachs released a report about successful circular investments¹³.

In the Nordic region, the Norwegian Coalition for Circular Finance was established by Circular Norway together with its knowledge partners, Finansforbundet and the World Wildlife Fund (WWF). The coalition serves as platform bringing together participants from the banking, insurance and investment sectors to

accelerate the circular transition. The coalition launched *The Circular Finance Industry Roadmap 2.0*.¹⁴ Across the Nordic region, new initiatives are gaining momentum. In partnership with Copenhagen Business School, BI Norwegian Business School, Danfoss and Vestre, Circular Norway is developing a pioneering framework for *Circular Due Diligence (CDD)*. At the same time, the Nordic initiative *Nordic Circular Investments*, led by Fundforward (Sweden) in collaboration with MiXi (Finland) and Circular Norway, seeks to uncover the financial structures and investment mechanisms that enable scalable and profitable circular business models.

⁸ *Squaring the Circle: Policies from Europe's Circular Economy Transition*

⁹ *Unlocking Circular Economy Financing: From Vision to Action – United Nations Environment – Finance Initiative*

¹⁰ *Circular Economy Finance Guidelines*

¹¹ <https://www.ifc.org/en/insights-reports/2025/harmonized-circular-economy-finance-guidelines>

¹² *Global Circularity Protocol (GCP) for Business | WBCSD*

¹³ *Circular Economy Investments Diversification, Resilience, and Growth - Goldman Sachs Asset Management*

¹⁴ *Circular Norway, Finansforbundet og WWF (2024): Veikart for sirkulær finansnæring 2.0 16mai_CircularNorway_rapport_2024_.pdf*



3. The Financing Situation for Circular Ventures

Why is circular financing different?

One can ask oneself, “what is really the problem with financing circular ventures?”, “are circular start-ups different from any other capital-seeking start-ups?” and “what makes circular financing different from other financing?”. These are relevant questions. There are two fundamental reasons why we believe Circular financing needs to be targeted differently and thereby needs special attention, such as this roadmap:

1. The cost of resources is currently not fully embedded in economic models and market prices. Our current economic models were created in a time when the global population was 2 billion people and natural resources in many ways could be considered abundant. Hence, the models treat the degradation of natural resources - and the environmental effects related to it - as externalities, some-

thing outside the market itself. The fact that they are finite is not priced into the markets. This means that the risk of resource scarcity and price increases are not part of standard financial risk-return models or due diligence processes.

2. When moving from linear to circular business models, the logic of the business changes from profit being driven by resource flow (the more resource use, the more profitable) to profit being driven by resource value retention (the less resource use, the more profitable). This shift in logic also shifts the time horizons for profitability, payback and cash flow, so that these companies need more time to prove themselves profitable in the long run. Not only is there a lack of data and benchmark - as for any new model - it will also take more time to get these benchmarks in place. This is especially true for the higher-end models in the 9R framework (see

figure 2). For financiers looking at standard KPIs, longer pay-back periods, cash flow moving into the future and more capital binding will be assessed negatively.

These two fundamental aspects of Circular financing demand both changes to risk models, new financing instruments and more patient capital, as we will outline below. They also, point to the need to rethink our economic models at a more fundamental level. There is a need to internalize externalities and price natural resources so that the economy can act economically towards them, and to reflect on the value of longer time horizons and balance sheets if we aim for long term survival for humanity. This is a fundamental shift that asks for a broader transformation of both economic theory and practice. It will involve not only financial actors, but also policy makers, academics, researchers and the broader society.

Debt and equity capital is currently not aligned with circular impact potential. Banks do provide funding to circular business models¹⁵, but as traditional debt. Investments are concentrated in asset-heavy infrastructure activities. As depicted in Figure 2, financing flows are negatively correlated with circular impact, so that the more potential circular impact a venture aims for, the smaller the financing flows in their direction are.

<https://www.ellenmacarthurfoundation.org/articles/circular-business-models-rethinking-how-value-is-created>



Fig 2. Financing flows in correlation to Circular Impact

Value hill	R-strategy	Strategy description	Circularity impact (system level)	Current funding situation
Circular design & production	R0 Refuse	Avoids the use of products and raw materials in the creation of goods, processes and services	Very high	Underfunded
	R1 Rethink	Fundamental shift in use patterns (e.g. PaaS, sharing)	Very high	
	R2 Reduce	Decrease the use of raw materials in products and services	High	
Use	R3 Reuse	Secondary use of products by another owner for the same purpose	High	Partially funded
	R4 Repair	Maintain and repair existing products for extended lifetime	Medium-High	
	R5 Refurbish	Restores products to satisfactory condition for extended use	Medium	
	R6 Remanufacture	Produce new products with the same purpose from discarded products or parts	Medium	
	R7 Repurpose	Use a redundant product or its parts in a new product with different function	Medium-Low	
Recovery	R8 Recycle	Recovers materials from discarded products to be used for new products	Low-Medium	Well funded
	R9 Recover	Process waste to recover energy	Low	

Source: Adapted from Circularity Gap Report 2025¹⁶

In Figure 3, we show that funding is more driven by the maturity of business (cash flow profile and enterprise value) rather than circular impact in the real economy. According to CGR, banks do fund circular business models, but based on traditional credit risk evaluations, meaning that if you are an established business with existing positive cashflows, you have better access to bank credit funding. Also, investment and pension funds target mostly established businesses. For start-ups and scale-ups, equity financing from Venture Capital (VC) and Private Equity (PE) actors are more likely sources of funding.

Fig 3. Suggested financing type in relation to maturity of business model

Business model maturity	Risk profile	Typical cash flow	Suitable financing
Venture / pre-scale	High risk	Uncertain	Public R&D grants, venture capital, angel/impact investors, guarantees, public financial institutions (EIB, NIB)
Scale-up	Execution & working capital risk	Emerging	Private equity, working capital finance, public R&D grants, public financial institutions
Established	Low-medium	Stable	Bank debt, leasing, pension and fund capital
Asset-heavy, infrastructure	High capex, long payback	Contract backed	Project finance, leasing, blended finance, pension and fund capital

Source: RISE Circularity working group, 2025

For established companies, primarily, bank debt can be structured to facilitate financing solutions that support Circular Economy objectives. Two main instruments are commonly used: green loans and sustainability linked loans.

- Green loans are a form of use of proceeds financing, where the borrower and the bank agree that loan proceeds are allocated to specific eligible activities, which may include circular economy initiatives.
- Sustainability linked loans (SLLs), by contrast, do not earmark the use of proceeds. Instead, the loan margin is linked to the borrower's performance against predefined sustainability targets, which can include circularity related key performance indicators (KPIs).

In practice, different financing instruments operate with fundamentally different risk-return logics. Debt financing typically relies on stable cash flows and established risk models, which are not yet fully adapted to account for material dependency risks or long-term resource exposure. Venture capital, by contrast, is designed for high-risk, high-reward opportunities with strong growth poten-

tial. Later-stage private capital generally requires clear proof of market demand and scalable revenue models.

As a result, many circular business models - particularly those that are asset-heavy, capital-intensive, or characterised by longer payback periods — fall between these financing logics. They may be too risky for debt, insufficiently exponential for venture capital, and not yet proven enough for later-stage investors. This creates a structural “valley of death” in the transition from pilot to scale.



4. Overcoming challenges towards Circular Financing

The reasons for the mismatch between higher circular impact strategies/ business models and access to funding can be broken down into a set of challenges. In the following section, a selection of these challenges is explained, together with potential solutions.

4.1 Definitions and metrics

The absence of standardized definitions and universally adopted assessment methodologies among financiers poses a barrier to scaling circular finance in the Nordics. Without a common language, individual financial institutions struggle to consistently assess, price, or report on Circular Economy risks and opportunities, ultimately hindering rapid market development. And without jointly accepted and harmonized KPIs it becomes difficult to consistently compare and assess circular performance. This fragmentation stifles the ability to effectively monitor the transition, complicating risk assessment and limiting the transferability and replicability of circular projects across jurisdictions.

Recommendations

To achieve market convergence and greater interoperability, Nordic financiers could jointly adopt and operationalize globally recognized CE frameworks.

- **Establish a clear hierarchy of circular finance frameworks:**
 Nordic banks are recommended to adopt a tiered framework architecture to ensure regulatory credibility, operational clarity, and global interoperability. We suggest the following frameworks as a basis for such a hierarchy.
 - » EU Taxonomy (the Circular Economy objective) is the primary regulatory classification system for defining what qualifies as circular economic activity under EU law.
 - » UNEP FI Circular Economy Finance Guidelines including the CE–Climate–Nature Nexus Guidance to guide the internal banking operating framework for portfolio attribution, target-setting, client engagement, and systems-level impact management.
 - » Global Circularity Protocol (GCP) as the primary client-level circularity measurement and management standard, enabling consistent KPIs, transition tracking, and linkage to ESRS E5 reporting.
 - » IFC Harmonized Circular Economy Finance Guidelines as a global eligibility and volume-tracking overlay, supporting interoperability with international investors, Multilevel Development Banks, and capital markets.

Fig 4. Suggested structure of tiered framework hierarchy*

Purpose	Framework	[Supervisory] relevance
Regulatory classification	EU Taxonomy	Legal compliance
Portfolio steering & targets	UNEP FI Guidance for banks	Governance & strategy
Client-level measurement	Global Circularity Protocol (GCP)	Data quality
Global interoperability	IFC CE Guidelines	Capital markets consistency

*) Subject to change based on global framework development.



- **Develop Nordic supervisory-ready application notes:** Nordic banks, in collaboration with e.g., academic and financial supervisory authority dialogue partners, could develop Nordic application notes clarifying how GCP indicators, UNEP FI attribution logic, and IFC eligibility categories map to EU Taxonomy defined activities and ESRS E5 reporting. This might reduce implementation friction and supervisory uncertainty while preserving global comparability.
- **Link circular financing to standardized circular KPIs:** Embed standardized circular performance KPIs into pilot circular financing products, loan documentation and monitoring processes. Thus, enabling e.g., step-up/ step-down pricing, and early risk detection. The use of e.g., GCP-aligned performance indicators, such as asset lifetime extension, utilization rates, and actual material recovery, as part of credit assessment and covenant structures can help reduce uncertainty around residual value and cash-flow sustainability, thereby supporting longer tenors, improved covenant calibration, and more accurate collateral trimming.
- For investment processes, **add standardized circular KPIs to Investment Due Diligence process.** Metrics should include aspects, such as circular value gain, avoided resource use and product economics. The KPIs need to reflect that investments happen in different time horizons and for different types of circular ventures. The types of circular ventures can be assessed for example in terms of the 9R framework presented above, but also in terms of the circular role of the company (for example these categories: Born circular, Enabling circular or Shifting from linear to circular). With this complexity in mind, it is equally important that actors can use harmonized and simplified metrics, enabling comparison and benchmark across the investor landscape.

4.2 Historical data

A regulatory barrier to updating credit risk modelling is the insufficient volume of historical default data on circular projects, business models and assets to statistically validate new assumptions and/ or variables in Internal Ratings-Based (IRB) models. Consequently, traditional financial institutions may therefore either misprice financing for circular ventures (making them excessively expensive) or reject them outright, viewing them as too volatile or complex or unproven. For financiers who fail to adapt, the implications could be severe: continued exposure to long-term systemic risks (such as supply shortages and stranded assets) in linear models, alongside a missed opportunity to transition to a more resilient, lower risk “circular portfolio”. From a prudential perspective, circularity may increasingly be understood as a response to material natural-resource-related financial risks, such as input price volatility, supply disruption, and asset obsolescence, rather than solely as a sustainability attribute.

Recommendations

The strategic imperative is to integrate circularity into risk assessment as soon as possible, beginning with a focus on data generation, testing and gaining credit application insights.

- **Use the Circular Risk Scorecard (CRS) as a transition overlay:** Nordic banks could position the CRS, developed in the Netherlands¹⁷, as a non-model, expert-based risk overlay used to inform credit decisions, sector strategies, and client engagement (including initial credit assessment, annual review, and sector concentration analysis) and not as a replacement for Probability of Default (PD) models. In the near term, CRS outputs may be used to: Identify hidden “linear risk” drivers (resource dependency, supply concentration, obsolescence risk); Challenge internal risk perceptions of circular business models; Generate structured, comparable data for future model testing. This positioning aligns with current IRB supervisory expectations and avoids premature model validation claims. CRS outputs should be treated as qualitative or semi-quantitative expert inputs, subject to existing model governance, documentation, and validation standards.

- **Create a Nordic circular credit data sandbox (pre-IRB):** Establish a pre-competitive Nordic data sandbox, potentially hosted by a research partner such as RISE, where participating banks contribute data such as anonymized CRS test outputs, financing structures, and observed performance metrics. The explicit objective would be learning and generating empirical evidence on risk drivers, cash-flow stability, and asset value retention in circular business models, not immediate model calibration. Only once statistically meaningful datasets exist could banks explore regulatory dialogue on formal IRB (PD/ LGD) integration and update. Potentially this sandbox idea could also be extended to include circular due diligence and investment cases to inspire joint learning among venture and private equity capital investors.

4.3 Product mismatch

The transition from traditional product ownership (selling units) to Product-as-a-Service (PaaS) or “user-ship” models shifts a business’s value creation model. In PaaS, the supplier retains the ownership of the product, enabling greater value retention and intrinsically incentivizing durability, repair, long-term asset performance and utilization (i.e., resource efficiency). However, this shift generates critical financial challenges: production requires high upfront capital investment in assets (CapEx), while revenue streams are dispersed over time through incremental recurring subscription or pay-per-use payments, often resulting in temporary cash flow troughs until sufficient customer base is reached where cashflows cover operational expenses. This cashflow mismatch coupled with the difficulty in assessing the uncertain residual value of the, often specialized, circulating asset as traditional collateral, makes obtaining bank credit challenging.

The mismatch causes key financial ratios (such as Return on Capital Employed, Debt Service Coverage Ratio and Loan-to-Value) to deteriorate in the short term, before revenues accrue gradually over multiple contract cycles. A structural misalignment that can stifle the scale-up phase for otherwise viable circular businesses.

This also leads to challenges for equity capital, where the standard 7-year time horizon for pay-back may need to be revised and “hockey stick” return curves are flatter than normal. This leads to a need for patient venture capital and/or new types of financing instruments to scale.



Recommendations

Credit financiers may want to consider shaping offerings, and actively partner with circular business ecosystems, to match novel financing structures to the intrinsic value of circulating assets in the economy.

- Explore circular finance and investment products: Consider developing and pilot tailored debt instruments that better align with recurring revenue streams, such as a PaaS contract financing product (borrowing against future contract revenue) or residual value financing (capital provided against the guaranteed future value of durable assets). Conventional asset-based or contract-based financing does not reflect how these service-oriented businesses operate - their value lies in continued product use, not in one-time sales.
 - » Leverage hybrid/ cashflow-based financing: Explore innovative financial structures, such as a borrowing base facility modelled on Product Lifetime Value (PLV) rather than short-term customer contracts. This could provide flexible access to capital based on the real-time cashflow capacity of the asset pool. For example, Austrian leasing company Linxfour uses a Pay-per-Use model for industrial machinery, linking repayment rates dynamically to equipment utilization. And Swedish bank SEB has a “financial twin” concept that enables it to issue loans based on projected cashflow generation, providing

a financing solution that is better aligned with service-based business models.

- » Embrace cross-sectoral risk sharing by combining existing tools/products: By combining elements of existing tools, banks/financiers can design hybrid models that integrate aspects of project finance and borrowing base structures (linked to active assets), while also sharing risk cross value chain, sectors and business eco-systems. This structure would allow financing to follow the revenue that the product is generating, even when contract durations are short or users change frequently - making circular business models more compatible with traditional banking requirements. This type of direct asset financing can help banks move from lending to a company that sells physical goods to financing a portfolio of cash-generating service units. The risk is mitigated not by the borrower’s credit “score”, but by the seniority of the financier’s claim on the cash from the assets, and the transparency of the asset data. It enables targeted investment without exposing the company’s full balance sheet.
- » It is also recommended to evaluate partnerships with public bodies to establish public-private risk-sharing mechanisms, such as a Nordic “Circular Transition Guarantee” (e.g. first loss) facility, providing essential de-risking support for innovative circular ventures. As an example, the European Investment Bank is offering risk-sharing instruments relevant to the circular econo-

my transition¹⁸. Collaborating with entities like the CiSe Platform/Foundation¹⁹ can help ring-fence assets in a bankruptcy-remote structure (a Special Purpose Vehicle), reducing collateral risk for financiers.

- » Cross-sectoral risk-sharing also opens the field for investments with revenue share, value gain share, or other agenda-driven returns connected to the nature of the activity and the circular infrastructure, service or long-term products and assets that are built or created from an investment. In the longer term, this implies that investments can be made in value networks or ecosystems, rather than purely in separate companies.
- » Leverage blended financing products with the goal to bridge the funding gap between traditional VC and the credit products that are available for more mature companies. This can come in the form of e.g. convertible loans/equity funding or pooling of smaller investment and loans into larger and more bankable fund structures.
- Financing products facilitated by internal sandbox financing budgets. Banks and other financiers can work with limited investment budgets to experiment with new types of investments and loans to circular ventures at their own risk. Controlled risk is combined with careful monitoring and results in an increasing learning curve.

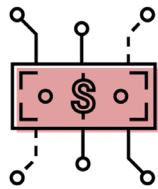
5. Call to action and Roadmap overview

The overall call to action from the last Nordic roadmap (see Figure 5) for circular financing remains valid. It is still important for financial actors to:

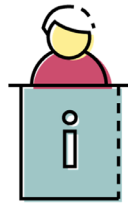
- continue to speed up the work to create more real examples of financing of circular businesses, by themselves and by teaming up with new partners.
- proactively assess resource-related risks within linear business models to ascertain their validity, recognizing that the underlying assumptions may be outdated due to the triple planetary crisis
- continue to spread success stories to both internal and external audiences.

And it is still highly recommended to drive the work forward through a sector-led coordination platform to engage more partners and create the basis needed for further work.

Fig 5. Call to action from Nordic Roadmap for Circular Financing (edition 2023)



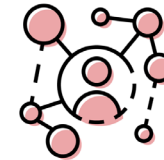
Financial actors should continue to speed up the work **to create more real examples** of financing of circular businesses, by themselves and **by teaming up** with new partners.



Financial actors should proactively **assess resource-related risks within linear business models** to ascertain their validity, recognizing that the underlying **assumptions may be outdated** due to the triple planetary crisis



We should all continue to **spread success stories** to both internal and external audiences.

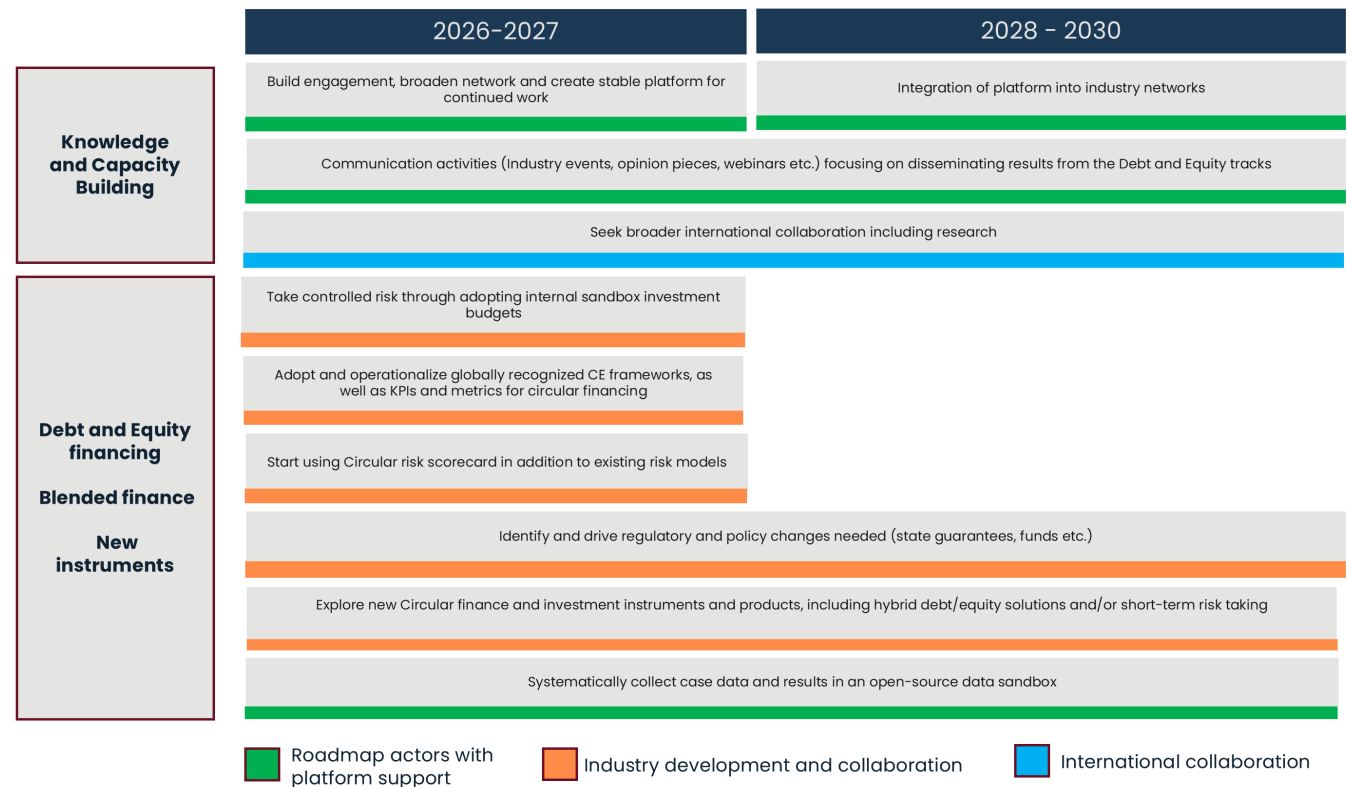


A **coordination platform** needs to be created to engage more partners and create the basis needed for further work.

Fig 6. Updated Nordic Roadmap for Circular Financing 2026-2030

Translated into activities for different actors over the coming five years, we launch the following updated roadmap for Nordic financiers to spur the funding of circular economy ventures. The roadmap activities are divided into those that can be run by the sector itself (orange), those where a platform coordinator is needed (green) and those that should be further explored with international collaboration in mind (blue).

The activities have been divided into activities in two swim lanes: Those targeted at knowledge raising and dissemination, and those targeted at changing ways of working. The latter is based on the recommendations presented above and is presented here as a joint swim lane for debt and equity financing, reflecting the fact that the main challenges are the same and that many potential solutions and recommendations have overlaps.



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