Government Offices of Sweden

Memorandum

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Ministry of Finance
Financial Markets and Institutions Department

Swedish additional comments to the consultation on the renewed sustainable finance strategy.

See in the table below for comments referring to questions in the consultation that did not have the option for elaborate answers.

Question	Additional comments
28	We leave the answer to the consultation question blank. Easily accessible information is key to investors, in particular retail investors. At the same time there is a risk that broader sustainability standards become watered down. However, to be able to fulfil the Paris Agreement transparency on sustainability data (for example a degree scenario) and climate risks need to be put on all investment funds. This is also a question of level playing field, not putting a larger administrative burden on fund managers making sustainable investments.
42	The answer to the consultation question is No but we would welcome assessments on if/how long-term engagement between investors and their investee companies could be improved, preferably I dialogue with different stakeholders.
46	The answer to the consultation question is Yes, as these issues [such as human rights violations, environmental pollution and climate change] are relevant to the financial performance of the company in the long term. Investors have an important role and leverage when it comes to sustainability (including environment, human rights, working conditions and anti-corruption). All countries that have adhered to the OECD investment declaration and

	OECD guidelines for multinational enterprises encourage their business to respect the chapters in the guidelines such as environment, human rights, working conditions and anti-corruption in their activities and also to prevent adverse impacts by conducting due diligence. Such interests have always been considered and should also in the future be taken into account. However, it should be regulated in legislation/rules other than the Companies Act. Moreover, if an EU framework is developed, it is important that it does not overlap, does not provide new barriers to trade and does not provide non proportional administrative burden to companies.
47	We leave the answer to the consultation question blank. However, we acknowledge and follow with great interest the process at DG Just regarding the "Study on due diligence requirements through the supply chain".
64	The answer to the consultation question is Yes, it is useful to have a category for R&I in the taxonomy. For instance, through the criteria and project categories as below: Two criteria: 1.Science-based breakthrough: Addressing specific "bottlenecks" and critical basic and/or disciplinary research issues that can support ground-breaking innovations and solutions for green transformation that business sector alone will not be able to accomplish. 2. Additionality: Verifiable "deep-decarbonisation" or "deep-transformation" effects beyond conventional methods and solutions. Two categories: 1.Transformative enabling methods and technologies for cross-sectional transformation. 2.Sectoral innovations that can support fast and deep transformation, beyond the "low-hanging fruits".

86	The answer to the consultation question if we consider the current macro-prudential policy toolbox for the EU financial sector to be sufficient is 3- neutral. In general, sustainability considerations could be further integrated in EU banking regulations, including the macro prudential framework. For example, more explicit references to sustainability considerations, could help increasing awareness of such risks. More generally, sustainability risks, incl. climate risk, increase risks for the financial system, implying that banks, in general, need to better integrate these risks and, overall, capital buffers should increase. Moreover, financial policy could also be used to internalize e.g. climate risk externalities. However, such changes to the relative price of investments should not jeopardize micro- or macroprudential objectives, although we acknowledge that climate risk, when viewed as a macro-risk, can result in potential trade-offs not least in terms of different time horizons. We would be open to explore if frameworks for further integrating climate risk in macroprudential and systemic risk frameworks could be warranted, possibly including trade-offs between different systemic risks and time horizons. Further, we would like to refer to the review of the macro prudential toolbox according to article 513 of the CRR that may provide an opportunity to consider whether the macroprudential toolbox is appropriate for addressing financial stability risks related to climate change
101	The answer to the consultation question is Yes, we see a role for EU in the area of insurability of climate-related risks. The occurrence of uninsurable risks may increase with increased frequency of physical consequences from environmental impacts such as climate change. As this may be costly to the society and the public sector, we would see benefits if EU explored the potential magnitudes and consequences of this.