

European Commission

May 27, 2025

Call for evidence for an impact assessment (ref. Ares[2025]3568687)

The Swedish Investment Fund Association welcomes the initiative to review the SFDR and shares the European Commission's view that the framework needs simplification, clarification, and better alignment with other sustainability-related regulations. We emphasise the importance of ensuring a realistic timeline and adequate transition period for the effective implementation of any changes to the SFDR.

A key issue with the SFDR is the lack of clear legal definitions for core concepts such as "sustainable investments", "consider", and "do no significant harm". This creates uncertainty and makes the framework difficult to apply. The Commission has attempted to provide clarifications through Q&A documents, but these are incomplete and non-binding. As a result, Member States interpret terms differently, making it difficult for fund managers to determine how their products should comply.

We support the introduction of a voluntary classification system for sustainable products. To be effective, it must be based on clear, distinct categories that are easy to communicate. All categories should consistently exclude certain types of investments and activities. The system should not require prior approval but allow for supervision by national authorities. It should be designed to avoid additional disclosure requirements and instead help clarify existing obligations, partly by replacing elements of the current SFDR and reducing duplicative reporting. A clear and well-functioning system would also help prevent greenwashing.

Another important issue concerns the presentation of sustainability-related disclosures. SFDR requirements are extensive, technical, and spread across various documents and websites, making them difficult for retail investors to navigate and leading to confusion rather than transparency. The framework should be simplified so that only concise and relevant information is required pre-contractually, with detailed content made available via hyperlink or cross-referencing, rather than repeated in multiple places. Aligning the format and delivery of information with the needs of retail investors would improve accessibility while also reducing the administrative burden for fund managers.

In addition, distributors should be required to provide sustainability-related information through their platforms. This would help ensure that retail investors have easy access to key disclosures, regardless of the distribution channel used.

We also see a need to improve the framework for reporting Principal Adverse Impacts. While the objective of highlighting negative impacts is important, implementation has proven challenging. Data is often unavailable, and the lack of harmonised

methodologies makes comparisons difficult. We therefore propose reviewing and simplifying the indicators, providing guidance on how to address incomplete data, and further standardising formats and methodologies to improve comparability. Without such improvements, the reporting risks becoming a compliance exercise with limited informational value.

Exclusion strategies are an important part of sustainable investing for many retail investors, particularly in Sweden. While other strategies may have a greater impact on the real economy, many investors wish to avoid certain sectors for ethical reasons. The framework should therefore ensure the necessary conditions for exclusions to be clearly communicated, e.g. through standardised reporting requirements for financial products, so that such information is presented in a consistent and understandable manner.

Finally, we stress the need for alignment between SFDR and other frameworks, notably the CSRD and the Taxonomy. There is a risk that fund managers may be required to report data that companies are not obliged to provide, increasing reliance on estimates and third-party data, with negative effects on quality and costs. SFDR requirements must therefore be proportionate and aligned with the availability of underlying data.

SWEDISH INVESTMENT FUND ASSOCIATION

Angelica Thornquist Lavicka
Senior Legal Counsel