

To: The European Commission

March 31, 2026

## Proposal for a regulation - COM(2025)841

The Swedish Investment Fund Association is broadly supportive of the European Commission's proposal to revise the Sustainable Finance Disclosure Regulation (SFDR). The proposed shift towards a more product-oriented framework, a clearer scope limited to financial products, and more proportionate disclosure requirements is welcome. These changes better reflect how SFDR is applied in practice and have the potential to improve comparability and usability for investors.

The introduction of a voluntary product categorisation system with three categories (Transition, ESG basics, and Sustainable) is welcome. A limited number of clearly defined categories can enhance comparability across products. However, for the system to function effectively, the criteria for each category must be sufficiently clear, aligned with investor expectations, and flexible enough to accommodate different investment strategies and asset classes. Otherwise, there is a risk of reduced comparability and unintended constraints on investment universes.

Several aspects of the proposed product categorisation system require clarification and adjustment. The criteria for the product categories, including thresholds and eligible investments, need to be clearly defined to ensure consistent application. The proposed "safe harbour" based on a 15% taxonomy threshold risks undermining comparability and should be reconsidered. The treatment of government bonds and other labelled bonds should be broadened to reflect established market standards. Greater flexibility is needed regarding investment methods to avoid favouring specific approaches, such as best-in-class, over others such as exclusion strategies.

The proposed simplification of disclosure requirements is strongly supported. Current disclosures are overly complex, fragmented, and not sufficiently tailored to the needs of retail investors. As a result, their practical information value is limited, particularly for retail investors seeking to make informed investment decisions in line with their sustainability preferences. Streamlined, product-focused disclosures supported by concise templates can improve transparency, usability, and comparability for investors, while also reducing administrative burdens for financial market participants. It is essential that new templates for pre-contractual and periodic product disclosures are consumer-tested, available in all EU languages, and provided in a usable digital format.

The removal of entity-level disclosure requirements, including PAI at entity level, is appropriate. Such disclosures provide limited value to retail investors and impose disproportionate costs. Sustainability-related information should primarily be provided at product level, where it is most relevant for investment decisions.

The proposed approach to taxonomy disclosures is also more proportionate. Making taxonomy reporting voluntary, except where explicitly used, better reflects its current limitations, including its incomplete scope, the absence of a social taxonomy, and the limited investment universe in practice. A voluntary approach ensures that taxonomy disclosures are used where they are most meaningful, while avoiding disproportionate costs.

The proposed restrictions on sustainability-related names and marketing claims are supported. Limiting such claims to categorised products can enhance clarity for investors and reduce the risk of misleading sustainability assertions. At the same time, the approach should be proportionate and take into account the diversity of product structures, to ensure that product names can accurately reflect their underlying investment strategies and sustainability characteristics.

Coordination with other EU frameworks, notably MiFID II and IDD, is essential to ensure that sustainability preferences can be effectively matched with product categories.

Finally, SFDR Level 1 and Level 2 measures should apply simultaneously. A staggered implementation would create legal uncertainty, reduce comparability, and increase compliance costs.

SWEDISH INVESTMENT FUND ASSOCIATION

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