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Asset management and sustainability

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Asset management and sustainability

The Riksbank shall take a sustainability perspective in its asset purchases and in the administration of the foreign exchange reserves under the framework of the Riksbank's mandate. Here are examples of the Riksbank's work on sustainability in asset management.

In the work of asset management, the Riksbank must consider sustainability in its choice of assets in the foreign exchange reserves. Since 2019, analysis of the composition of the foreign exchange reserves does not just consider risk and yield but also by how much the assets increase the amount of greenhouse gases, and this has resulted in some assets being sold.

The Riksbank weighs sustainability into asset management for two reasons. The first of these is to reduce the financial risks that could follow from climate change or from companies failing to comply with international standards and norms. The second is so that, when choosing assets, the Riksbank can contribute, as far as possible, to safeguarding long-term sustainable economic development.

The portfolio held by the Riksbank in Swedish kronor consists of bonds issued by the Swedish government, Kommuninvest i Sverige AB, certain municipalities, covered bonds, corporate bonds and commercial paper. The portfolio is a result of the Riksbank's monetary policy, under which assets have been purchased to hold the level of interest rates in the economy low.

However, the Riksbank normally only purchases assets that comply with certain minimum requirements. These requirements concern financial risks. For example, corporate bonds are only purchased for companies with a credit rating equivalent to investment grade. For corporate bonds, the bond is also required to have been issued by a company that complies with international standards and norms for sustainability.

The Riksbank deems that this norms-based negative screening contributes to limiting financial risks as the risks are higher when purchasing bonds issued by companies that infringe norms and principles for sustainability. Rejecting such bonds allows the Riksbank to

manage government funds prudently and contributes to good management based on the state's core values.

Starting from 2021, the Riksbank is measuring and reporting the carbon footprint of the corporate bond portfolio to promote the measurement, compilation and reporting of climate pollutant factors in general. The importance of compiling and spreading such information has been emphasised by several international organisations.

The Riksbank places no particular importance on whether or not the assets are classified as green. In the management of both the foreign exchange reserves and the Swedish portfolio, green bonds are treated and assessed on the same basis as other assets.

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