SOCIAL CLIMATE FUND AGREEMENT

BETWEEN THE EUROPEAN COMMISSION AND THE KINGDOM OF SWEDEN

This Agreement is made by and between the following parties:

on the one part, the European Union, represented by the European Commission,

(hereinafter referred to as 'the Commission'),

and

on the other part, the Kingdom of Sweden, represented by the Minister for Employment and Acting Minister for Climate and the Environment,

(hereinafter referred to as 'the Member State'),

hereinafter jointly referred to as the 'Parties' and each of them as a 'Party'

Whereas:

1. The Parties acknowledge that the obligations laid down in Regulation (EU) 2023/955[1] of the European Parliament and of the Council of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060 ('the SCF Regulation') are to apply in full. They are committed to the Regulation's general objective of contributing to a socially fair transition towards climate neutrality by addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport within the scope of Directive 2003/87/EC.

2. The Social Climate Fund ('the Fund') is established to provide support to Member States for the measures and investments included in their Social Climate Plans ('Plans') for the period from 2026 to 2032.

3. Decision C(2025)8515[2] on the positive assessment of Sweden's Plan, was adopted on 11 December 2025.

4. Article 2(1) of Decision C(2025)8515 sets the maximum Financial Allocation from the Fund for the Plan's implementation at EUR 399 594 674 for the period from 2026 to 2032, and its recital 22 sets the total national contribution at EUR 133 198 225 for the same period.

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[1] OJ L 130, 16.5.2023, p. 1, ELI: http://data.europa.eu/eli/reg/2023/955/oj.

[2] Decision C(2025)8515' means Commission Implementing Decision C(2025)8515 of 11 December 2025 on the Social Climate Plan of Sweden, the financing of the Plan and the work programme for 2026-2032 (2026SE05SCFP001), or any of its amending decisions adopted.

The Parties have agreed as follows:

Article 1 – Subject of the Agreement

1. This Agreement sets out the rights and obligations of the Parties and the terms and conditions of the Financial Allocation from the Fund, which is provided upon satisfactory achievement of the milestones and targets of measures and investments, technical assistance actions and direct income support by the Member State in Decision C(2025)8515.
2. Subject to the provisions of the SCF Regulation, Decision C(2025)8515 and this Agreement, the Union shall make available to the Member State a maximum Financial Allocation of EUR 399 594 674.
3. This Agreement, in particular the amount of the Financial Allocation referred to in paragraph 2, shall be amended if the emission trading system established in accordance with Chapter IVa of Directive 2003/87/EC is postponed until 2028 pursuant to Article 30k thereof.

Article 2 – Definitions

The following terms have the following meaning in this Agreement (including the recitals):

1. **'Agreement'** means the Social Climate Fund Agreement between the Commission and Sweden.
2. **'Commission'** means the European Commission.
3. **'Conflict of interest'** means a situation as defined in Article 61 of the Financial Regulation.
4. **'Double funding'** means funding provided in violation of Article 13(1) of the SCF Regulation.
5. **'EU'** means the European Union.
6. **'Financial Allocation'** means non-repayable financial support within the meaning of Article 2(4) of the SCF Regulation, as specified in Article 1(2) of the Agreement.
7. **'Financial Regulation'** means Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast).
8. **'Fraud'** means fraud within the meaning of Article 138(1), point (d)(i) of the Financial Regulation.
9. **'Instalment'** means a part of the Financial Allocation transferred by the Commission to the Member State following a positive assessment by the Commission that the milestones and targets referred to in a submitted payment request have been satisfactorily achieved.
10. **'Payment request'** means the Member State's request for payment from the Fund once it has satisfactorily achieved relevant agreed milestones and targets of its

Plan, submitted electronically via the System for Fund Management in the European Union.

11. ‘**Plan**’ means the Member State’s Social Climate Plan that was positively assessed under Decision C(2025)8515.

12. ‘**Serious breach of obligations**’ in the context of Article 21(4) of the SCF Regulation and this Agreement means a breach by the Member State of obligations under this Agreement which adversely affects, in a material or substantial manner, the rights of the Commission or the correct implementation of Union funds under this Agreement.

Article 3 – Responsibility of the Member State

1. The Member State shall be responsible for the Plan’s implementation, including ensuring that the milestones and targets set out in Decision C(2025)8515 are satisfactorily achieved and that the final recipients of the Financial Allocation receive the amounts due, subject to funding availability.

2. Pursuant to Article 20(1) of the SCF Regulation, the Member State shall provide evidence that milestones and targets have been satisfactorily achieved when submitting Payment Requests to the Commission and engage in a dialogue with the Commission on progress made in the implementation.

3. Pursuant to Article 21(1) of the SCF Regulation, the Member State shall set up an effective and efficient internal control system complying with the key requirements set out in Annex III to the SCF Regulation.

4. Pursuant to Annex III(4) of the SCF Regulation, the Member State shall ensure appropriate management verifications to check, through desk reviews and on-the-spot checks, that milestones and targets have been satisfactorily achieved and that there are no serious irregularities such as fraud, corruption, conflict of interest or double funding.

5. Pursuant to Article 13 of the SCF Regulation, the Member State shall ensure that no double funding takes place.

6. Pursuant to Article 22 of the SCF Regulation, the Member State shall foster synergies and ensure effective coordination between the Fund and the Union programmes and instruments referred to in Article 6(3) of the SCF Regulation. It shall specify how a separation of measures is ensured to avoid the risk of double funding.

7. Pursuant to Article 6(1), point (m) and Article 24 of the SCF Regulation, the Member State shall report on progress made in the Plan’s implementation, in particular on the milestones and targets, the relevant common indicators referred to in Annex I, and any additional indicators agreed with the Member State if none of the common indicators are relevant for a specific measure or investment.

8. Pursuant to Article 24(1) of the SCF Regulation, the Member State shall put in place an effective monitoring system and provide a biennial report to the Commission on the Plan’s implementation. The Member State shall report on the common output and result indicators referred to in Annex I of this Agreement based on the requirements laid down in Annex IV to the SCF Regulation.

9. Pursuant to Article 21(2), point (d) of the SCF Regulation, the Member State shall collect and securely store all data and other essential information necessary for audit and control purposes. This includes data on how the Financial Allocation is used in relation to measures and investments and on the final recipients.

10. Pursuant to Article 21(2), point (c) of the SCF Regulation, the Member State shall put in place effective procedures for drawing up the management declaration and summary of the audits. This includes keeping relevant audit trail information and reporting on any cases of fraud, corruption or conflict of interest, in accordance with Annex III(3)(a) of the SCF Regulation.

11. Pursuant to Article 18(5) of the SCF Regulation, the Member State shall by 15 March 2029, assess the appropriateness of its Plan in view of the actual direct effects of the inclusion of greenhouse gas emissions from buildings and road transport within the scope of Directive 2003/87/EC.

Article 4 – Payment requests, verification of conditions and disbursements

1. Pursuant to Article 20(1) of the SCF Regulation, the Member State shall submit duly reasoned payment requests to the Commission once or twice a year, by 31 July or 31 December.

2. When submitting a duly reasoned payment request under Article 20(1) of the SCF Regulation, the Member State shall provide evidence that the relevant milestones and targets, as set out in Annex II of Decision C(2025)8515, have been satisfactorily achieved, based primarily on the description of the milestones and targets and the methodology and sources of verification, in line with the Plan, used to objectively verify that they have been achieved. This is without prejudice to the inclusion of additional evidence. Before the submission of the first payment request, the Member State shall implement all additional measures set out in Annex III of Decision C(2025)8515.

3. When submitting a payment request, the Member State shall:

   a) provide due reasoning that the relevant milestones and targets set out in Decision C(2025)8515 have been satisfactorily achieved;
   b) to comply with the obligations set out in Article 21(2), point (c) of the SCF Regulation:
      (i) enclose a duly signed management declaration, based on the Annex III of this Agreement;
      (ii) enclose a summary of the audits carried out, including the scope of those audits in terms of amounts of spending covered and period of time covered, and an analysis of any weaknesses found and corrective actions taken based on the Annex IV of this Agreement.

4. Pursuant to Article 20(1) of the SCF Regulation, the Member State shall not submit payment requests for targets that have been only partially achieved (e.g. 8 out of 10 committed elements achieved by a specific date). Only fully achieved milestones and targets shall be included in payment requests. Targets or milestones that have not been

achieved, or have been achieved only partially, by the relevant date shall be included in later payment requests upon their satisfactory achievement.

5. The final payment request shall be submitted at the latest by 31 July 2033.

6. On receipt of a payment request, the Commission shall assess whether the milestones and targets covered by the request have been satisfactorily achieved primarily based on the description of the milestones and targets' and on the verification methodology and sources, in line with the Plan. The Commission reserves the right to request additional evidence on how the relevant milestone or target has been satisfactorily achieved. If the Commission's assessment of an individual payment request is positive, it shall adopt an individual decision authorising the disbursement of an instalment of the Financial Allocation, corresponding to the sum of payout values of satisfactorily achieved milestones and targets as set out in Annex II of Decision C(2025)8515. In accordance with the Financial Regulation, the disbursements will be subject to the availability of funding and ensuring equal treatment of Member States. The Commission shall adopt the individual decision not earlier than two months and not later than three months after the relevant deadline for submission of the payment request in accordance with Article 20(1) of the SCF Regulation.

7. Pursuant to Article 20(2) of the SCF Regulation, the satisfactory achievement of milestones and targets shall presuppose that measures related to previously satisfactorily achieved milestones and targets have not been reversed by the Member State. The Commission may proportionately reduce the support provided under the Fund and, where applicable, recover any amount due to the Union budget should it be established that measures have been reversed after payment was made and that milestones and targets have not been satisfactorily achieved.

8. Pursuant to Article 20(4) of the SCF Regulation, where the Commission establishes that milestones and targets have not been satisfactorily achieved, the payment of the part of the Financial Allocation corresponding to the milestones and targets that have not been satisfactorily achieved shall be suspended. The Member State has one month to present observations on the Commission's assessment. The suspension shall be lifted only once the milestone or target in question has been satisfactorily achieved. Pursuant to Article 20(6) of the SCF Regulation, the Commission shall reduce the amount of the Financial Allocation proportionately should the milestones and targets still not be satisfactorily achieved within nine months of the date of suspension. The Commission shall reduce the amount of the Financial Allocation proportionately, after having given the Member State the possibility to present its observations within two months from the communication of its conclusions as to the achievement of the milestones and targets.

9. Payments are to be made to the Member State up to the limit of the annual individual budgetary commitments specified in Annex IV to Decision C(2025)8515 adopting its Plan. Payment of the eligible amount is subject to the availability of Commission funding and sufficient amounts being available in its individual budgetary commitments. If a payment cannot be made due to a lack of funds or insufficient budgetary commitments, it will be made once funding becomes available or new commitments have been made, and before any new payment requests are processed.

10. Pursuant to Article 20(9) of the SCF Regulation, if, in a given round of payment requests, the revenue assigned to the Fund is not sufficient to cover all submitted payment requests, the Commission shall pay the Member States on a pro-rata basis determined as a share of the payment availabilities to the total approved payments, up to the amount of Member States' individual annual commitments. In the following round of payment requests, the Commission shall give priority to those Member States with delayed payments from the previous round before it processes newly submitted requests.

11. If the amount of the pro-rata payment allocated to the Member State exceeds the amount of its budgetary commitments, the amount shall be settled in two stages: i) an amount up to the amount of the open budgetary commitment shall be paid in line with the rules for payments set out in Article 20(5) of the SCF Regulation; and ii) the remaining part of the approved payment shall be paid when new commitments are made at the beginning of the following year.

Article 5 – Amendments to the Plan

1. Pursuant to Article 18(1) of the SCF Regulation, where the Plan is no longer achievable, including relevant milestones and targets, or needs to be significantly adjusted either in whole or in part by a Member State because of objective circumstances, the Member State concerned may submit an amended Plan to the Commission in order to make the necessary and duly justified changes. Such a request could be made in particular due to the actual direct effects of the inclusion of greenhouse gas emissions from buildings and road transport within the scope of Directive 2003/87/EC. The Member State shall clearly demonstrate that the level of ambition and expected impact of its Plan will be maintained and that the requirements under Article 16 of the SCF Regulation continue to be met. The Member State shall organise a public consultation on the amended plan in accordance with Articles 5 and 16 of the SCF Regulation.

2. If there are deviations between the cost estimates in the initial or revised version of the Plan and the amounts paid to final recipients for a specific measure or investment, and these differences result in savings, the Member State shall submit a proposal to amend the Plan so as to adjust the targets and milestones or reallocate the surplus amounts to other ongoing or new measures or investments. The same applies if changes are made to the description of the milestones and targets.

3. Pursuant to Article 18(6) of the SCF Regulation, the Member State may make minor adjustments to the Plan representing in an increase or decrease of less than 5% of a target, make minor updates to measures and investments, and correct clerical errors. The Member State shall notify such changes in writing to the Commission.

Article 6 – Currency and bank account for payments

1. Requests for payments and payments shall be made in euro.

2. Payment of the Financial Allocation shall be made to the following bank account held with the Nordea Bank Finland Plc, Helsingfors, account number: 3952 77 02917 SWIFT/BIC: NDEAFIHH.

3. Payment to this bank account shall discharge the Commission of its payment obligations under this Agreement.

4. Any changes to the bank account referred to paragraph 2 shall be notified in writing to the Commission by the national designated authority of the Member State, with no need for this Agreement to be amended.

Article 7 – Publication of information, visibility of Union funding and right of use

1. Without prejudice to Article 23 of the SCF Regulation, the Member State shall publish information on and ensure visibility of Union funding for implementation of the Plan which shall be at least at the level required under its national rules for funding with no contribution from the Union budget.

2. The Member State shall make the data referred to in Article 21(2), point (d)(i), (ii) and (iv) of the SCF Regulation publicly available and keep them up to date on a single website in an open, machine-readable format as set out in Article 5(1) of Directive (EU) 2019/1024 of the European Parliament and of the Council[3], which shall allow the data to be sorted, searched, extracted, compared and reused. The information referred to in Article 21(2), points (d)(i) and (ii), of the SCF Regulation shall not be published in the cases referred to in Article 38(3) of the Financial Regulation or in the case of temporary direct income support to vulnerable households.

3. To fulfil its obligations arising from Article 23(2) of the SCF Regulation, and in particular to ensure provision of coherent, effective and proportionately targeted information to multiple audiences, including the media and the public, the Member State shall:

    a) have a strategy to raise awareness and ensure recognition of the Plan's contribution to a socially fair transition towards climate neutrality;
    b) where applicable, correctly and prominently display the emblem of the Union and an appropriate funding statement that reads 'funded by the European Union – Social Climate Fund' (translated into Swedish where appropriate) in all communication materials and documents relating to the implementation of the measure intended for recipients in the Member State;
    c) ensure that final recipients of Union funding from the Fund acknowledge its origin and ensure its visibility.

4. When displayed in association with another logo, the Union emblem must be displayed at least as prominently and visibly as the other logo. The emblem must be distinct and separate and cannot be altered by adding other visual marks, brands or text. Apart from the emblem, no other visual identity or logo must be used to highlight Union support.

5. Any communication or dissemination activity relating to the Plan undertaken by the Member State in any form and by any means shall use factually accurate information.

6. Where applicable, the Member State shall indicate the following disclaimer (translated into Swedish where appropriate): '*Funded by the European Union – Social*

[3] OJ L 172, 26.6.2019, pp. 56–83, ELI: http://data.europa.eu/eli/dir/2019/1024/oj.

Climate Fund. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Commission. Neither the European Union nor the European Commission can be held responsible for them'.

7. The Member State shall grant the Commission the right to use communication materials relating to the Plan free of charge.

Article 8 – Protection of the financial interests of the Union

1. Pursuant to Article 21 of the SCF Regulation, the Member State shall:

    a) ensure a robust system is in place to protect the financial interests of the Union. In particular, it shall establish effective and proportionate measures and procedures to prevent, detect or correct fraud, corruption or conflict of interest, including recovery procedures;
    b) regularly check that the financing provided has been properly used in accordance with all applicable rules and that any measure or investment under the Plan has been properly implemented in accordance with all applicable rules, in particular as regards preventing, detecting or correcting fraud, corruption or conflict of interest;
    c) take appropriate measures to prevent, detect or correct fraud, corruption or conflict of interest as defined in Article 61 of the Financial Regulation affecting the financial interests of the Union, and take legal action to recover any misappropriated funds, including in relation to any measure or investment implemented under the Plan;
    d) for the purposes of audit and control and to provide comparable information on the use of funds as part of the implementation of measures and investments under the Plan, to collect and ensure access to the following standardised categories of data pursuant to Article 21(2), point (d) of the SCF Regulation:
        (i) the name of the final recipient of the Financial Allocation, their VAT registration number or tax identification number and the amount of the Financial Allocation from the Fund;
        (ii) the name of the contractor(s) and sub-contractor(s) and their VAT registration number(s) or tax identification number(s), and the value of the contract(s) where the final recipient is a contracting authority in accordance with Union or national public procurement law;
        (iii) first name(s), last name(s), date(s) of birth and VAT registration number(s) or tax identification number(s) of beneficial owner(s) of the Financial Allocation recipient or contractor as defined in Article 3(6) of Directive (EU) 2015/849 of the European Parliament and of the Council;
        (iv) a list of measures and investments implemented under the Fund, indicating the total amount of public funding and the amount of any funds received from other funds financed from the Union budget;

    e) keep records in accordance with Article 133 of the Financial Regulation.

2. Any amendments to the Member State's internal control system under the Plan that affect elements assessed by the Commission shall be communicated to the Commission without delay.

3. The Commission shall satisfy itself that the Member State's internal control system fulfils the key requirements set out in paragraph 1 of this Article. The Commission may request additional information and perform on-the-spot system audits, which may be carried out on a risk basis. If needed, the Commission may be assisted by independent external experts or audit firms.

Article 9 – Verification and checks by the Commission, the European Anti-Fraud Office (OLAF), the European Court of Auditors (ECA) and the European Public Prosecutor's Office (EPPO)

1. In addition to the controls referred to in Articles 4 and 8 of this Agreement, the Commission can exert its rights under Article 129 of the Financial Regulation to carry out verifications, reviews, checks and audits on the implementation of the Plan regarding:

   a) compliance with applicable Union and national law, in particular with respect to preventing, detecting or correcting fraud, corruption or conflict of interest affecting the financial interests of the Union, including the application of Article 8 of this Agreement;
   b) the application of Article 3(5) of this Agreement;
   c) information and evidence that milestones and targets have been satisfactorily achieved in a payment request.

   Such verifications, reviews, checks and audits may be carried out while the Plan is being implemented or up to five years after the final payment has been made. These procedures, which shall be formally notified to the Member State, may cover the information system used by the Member State to collect and submit data to prove that the milestones and targets have been achieved. If needed, the Commission may be assisted by independent external experts or audit firms.

2. The Member State shall keep and provide adequate supporting documents which prove, in particular, that the Plan has been implemented properly, that its implementation complies with the obligations listed in Article 8(1) of this Agreement, and that the milestones and targets specified in the Decision C(2025)8515 have been satisfactorily achieved. It shall produce those documents on request in the context of the checks or audits described in this Article.

3. The following bodies may carry out reviews, checks, audits and investigations as provided for in Article 129(1) of the Financial Regulation:

   - OLAF under Regulations No 883/2013[4] and No 2185/96[5];

   - EPPO under Regulation (EU) 2017/1939[6], to the extent that EPPO is competent, and

[4] OJ L 248, 18.9.2013, pp. 1–22, ELI: http://data.europa.eu/eli/reg/2013/883/oj.
[5] OJ L 292, 15.11.1996, pp. 2–5, ELI: http://data.europa.eu/eli/reg/1996/2185/oj.

- ECA under Article 287 of the Treaty on the Functioning of the European Union (TFEU) and Article 263 of the Financial Regulation.

4. The Member State shall agree to and cooperate in the above-mentioned verifications, reviews, checks, audits and investigations, as well as controls under Article 4 and audits under Article 8 of this Agreement, and shall produce any information and documents requested in that regard.

5. The Member State shall grant officials of the Commission, OLAF, ECA, EPPO, or their authorised representatives, access to sites and premises where measures and investments financed under this Agreement are carried out and take every appropriate measure to facilitate their work. This also applies to any documents and computerised data concerning the management of those measures and investments. Authorised representatives shall be granted access on condition of strict confidentiality with regard to third parties, without prejudice to public law obligations to which they are subject.

6. Pursuant to Article 21(2), point (e), of the SCF Regulation, the Member State shall require all final recipients of funds paid out for the implementation of measures and investments under the Plan, or any other person or entity involved in their implementation, to expressly authorise the Commission, OLAF, ECA and EPPO, to exert their rights as provided for in Article 129 of the Financial Regulation and to impose similar obligations on all final recipients of funds disbursed.

7. For audits or reviews carried out by the Commission, a provisional report shall be drawn up on the basis of the findings made. The Commission or the auditors shall formally notify the report to the Member State and allow it to present its observations under the procedure set out in Article 17(1) of this Agreement. The final report must be sent to the Member State within 90 calendar days of the time limit for presenting observations expiring.

8. On the basis of the final findings, the Commission may take any measures it considers necessary, including, in the case of non-compliance with applicable Union or national law, in particular fraud, corruption, conflict of interest or a serious breach of the obligations under this Agreement, a reduction of the Financial Allocation under Article 10 or recovery of all or part of the payments made under Article 11 of the Agreement.

Article 10 – Reduction of support and recovery

1. In accordance with the first and second subparagraphs of Article 21(4) of the SCF Regulation, the Commission may proportionately reduce the support from the Fund and, where applicable, recover any amount due to the Union budget:

    a) in the case of any fraud, corruption or conflict of interest affecting the financial interests of the Union and not corrected by the Member State;
    b) in the case of a serious breach of an obligation resulting from this Agreement.

[6] OJ L 283, 31.10.2017, pp. 1–71, ELI: http://data.europa.eu/eli/reg/2017/1939/oj.

2. Where applicable, such reductions shall be made through recovery under the observation procedure referred to in Article 17(2) of this Agreement.

3. In line with the principle of proportionality and to take into account the seriousness of any fraud, corruption or conflict of interest not corrected by the Member State and affecting the financial interests of the Union, or of a serious breach of obligation, the Commission shall reduce the support from the Fund and, where applicable, recover any amount due to the Union budget as follows:

   a) in the case of any fraud, corruption or conflict of interest not corrected by the Member State or a serious breach of Article 3(6) of this Agreement, the amount of the reduction shall correspond to the amount affected by it;
   b) in the case of a serious breach of an obligation under this Agreement other than of Article 3(6), the amount of the reduction shall be determined taking into account the frequency and extent of the breach.

4. In the specific case of a deficiency in the Member State's control system that leads to a serious breach of an obligation under Article 8(1) of this Agreement, the Financial Allocation shall be reduced by an amount determined as follows:

   (i) where serious deficiencies are so fundamental, frequent, or widespread that they represent a complete failure of the system which puts at risk the legality and regularity of the entire allocation concerned, **a flat rate of 100% shall be applied**;
   (ii) where serious deficiencies are substantially frequent and widespread that they represent a very serious failure of the system which puts at risk the legality and regularity of a very high proportion of the allocation concerned, **a flat rate of 50% shall be applied**;
   (iii) where serious deficiencies are so frequent and widespread that they represent a serious failure of the system which puts at risk the legality and regularity of a very high proportion of the allocation concerned, **a flat rate of 25% shall be applied**;
   (iv) where serious deficiencies are due to the system not fully functioning or functioning so poorly or so infrequently that it puts at risk the legality and regularity of a high proportion of the allocation concerned, **a flat rate of 10% shall be applied**;
   (v) where serious deficiencies are due to the system not functioning consistently so that it puts at risk the legality and regularity of a significant proportion of the allocation concerned, **a flat rate of 5% shall be applied**.

Article 11 – Recovery

1. Any amount to be recovered shall be repaid by the Member State to the Commission.

2. The Commission shall confirm the amount to be recovered by notifying the Member State in the form of a debit note, specifying the terms and the date of payment, which shall be at least 30 calendar days after the date of the debit note. The provisions on recovery of the Financial Regulation shall apply, in particular Articles 101 to 103.

Amounts to be recovered shall, where possible, be offset against outstanding disbursements under the Fund.

3. If payment has not been made by the date specified in the debit note, the amount to be recovered shall be increased by late-payment interest at the rate applied by the European Central Bank for its main refinancing operations in euro ('the reference rate'), plus three and a half points, from the day following the due date set in the debit note up to and including the date the Commission receives full payment of the amount. The reference rate is the rate in force on the first day of the month in which the time limit for payment expires, as published in the C series of the *Official Journal of the European Union*.

4. Partial payments must first be credited against expenses, charges and late-payment interest and then against the principal.

5. Bank charges incurred in the recovery process must be borne by the Member State, unless Directive 2015/2366[7] applies.

Article 12 – Partial invalidity and unintentional gaps

1. Should one or more of the provisions of this Agreement be or become, in full or in part, invalid, illegal or unenforceable in any respect under any applicable law, this will not in any way affect or impair the validity, legality or enforceability of the other provisions of this Agreement. Any provisions that are fully or partly invalid, illegal or unenforceable shall be interpreted and thus implemented according to the spirit and purpose of this Agreement.

2. The preamble and the Annexes to this Agreement shall form an integral part thereof.

Article 13 – Termination of the Agreement

1. Pursuant to Article 20(7) of the SCF Regulation, where, within 15 months of the date of conclusion of this Agreement, no tangible progress has been made in respect of any relevant milestones or targets by the Member State, the Commission shall terminate this Agreement and shall decommit the amount of the Financial Allocation, without prejudice to Article 14(3) of the Financial Regulation.

2. Before making a decision to terminate this Agreement, the Commission shall give the Member State the possibility to present its observations in accordance with the procedure referred to in Article 17(2) of this Agreement within a period of two months from the communication of the assessment by the Commission that no tangible progress has been made.

Article 14 – Liability for damages

The Commission cannot be held liable for any damage caused by the Member State or any third party involved in the implementation of the Plan as a result of the implementation of this Agreement.

Article 15 – Administrative sanctions and other measures

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[7] OJ L 337, 23.12.2015, pp. 35–127, ELI: http://data.europa.eu/eli/dir/2015/2366/oj.

Nothing in this Agreement may be construed as preventing the adoption of administrative sanctions (such as financial penalties) or other public law measures, in addition or as an alternative to the measures provided for in this Agreement (for instance under Articles 137 to 148 of the Financial Regulation or Articles 4 and 7 of Council Regulation (EC, Euratom) No 2988/95[8]).

Article 16 – Communication between the Parties

1. All notices relating to this Agreement shall be validly given in writing via the System for Fund Management in European Union (SFC2021).

2. Each Party shall notify to the other Party a list of the persons authorised to act on its behalf under this Agreement, promptly upon signature of this Agreement. Likewise, each Party shall update such list and notify the other Party hereto upon the same being amended from time to time.

Article 17 – Observation procedure

1. Where Article 4(7) of this Agreement refers to the observations procedure in this Article, the Member State shall be given the opportunity to present its observations within a period of one month.

2. Where Articles 9(7), 10(2) and 13(2) of this Agreement refer to the observations procedure in this Article, the Member State shall be given the opportunity to present its observations within a period of two months.

3. The Commission may extend the deadline for making observations.

Article 18 – Amendments to this Agreement

Any amendment agreed by the Parties shall be in writing and shall form part of this Agreement.

Article 19 – Governing law and jurisdiction

1. This Agreement, and any non-contractual obligations arising out of or in connection with it, shall be governed by and interpreted in accordance with European Union law, supplemented, if necessary, by Belgian law.

2. The Parties undertake to submit any dispute that may arise relating to the legality, validity, interpretation or performance of this Agreement to the exclusive jurisdiction of the Court of Justice of the European Union in accordance with Article 272 TFEU.

Article 20 – Entry into force

The Agreement shall enter into force on the date on which the last Party signs it.

Done in Brussels on

Done in duplicate, both being equally authentic, each of which shall constitute an original instrument.

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[8] OJ L 312, 23.12.1995, pp. 1–4, ELI: http://data.europa.eu/eli/reg/1995/2988/oj.

Kingdom of Sweden	European Union represented by European Commission
represented by Johan BRITZ Minister for Employment and Acting Minister for Climate and the Environment	represented by Roxana MÎNZATU Executive Vice-President Member of the Commission
Signed on	Signed on

Annexes

The following annexes shall constitute an integral part of the Agreement:

Annex I: List of relevant common outputs and result indicators for reporting by the Member State

Annex II: Payment request template

Annex III: Management declaration template

Annex IV: Draft Template for a summary of the audits

Annex I

List of relevant common outputs and result indicators for reporting by the Member State

Transport component	
Output indicator 20	Number of vulnerable transport users
Output indicator 21	Number of zero-emission vehicles purchased
Result indicator 29	Reduction in vulnerable transport users (%)
Result indicator 30	Reduction in number of households in transport poverty (%)
Result indicator 31	Reduction in GHG emissions in road transport

Annex II

Payment request template

SCF Payment Application

CCI	
Member state	
Payment application version	
Reference period	
Commission decision approving the Plan	
Date of Commission decision	
Scenario	
Number of milestones and targets for which a payment is requested	
Total amount requested	

LIST OF MILESTONES AND TARGETS FOR WHICH PAYMENT IS REQUESTED

Seq. number	Measure	Milestone / Target	Milestone / Target name	Quantitative indicator (target)			Timeline for achievement		Payout value (SCF contribution)	Achieved
				Unit of measure	Baseline	Goal	Year	Quarter		
TOTAL REQUESTED										

THE PAYMENT WILL BE MADE ON THE FOLLOWING BANK ACCOUNT

Body identified	
Bank	
BIC	
Bank account IBAN	
Holder of account (where not the same as the body identified)	

Annex III

Management declaration template

MANAGEMENT DECLARATION (Article 20.1)

Single individual management declaration

I/We, the undersigned [Name, Surname], Head of the authority designated to sign the Management Declarations for the Social Climate Plan [CCI]

based on the implementation of the social climate plan for Member State during the period from [dd/mm/yyyy] to [dd/mm/yyyy], based on my/our own judgement and on all information available to me/us at the date of the presentation of the payment request to the Commission, including the results from management verifications carried out and from audits in relation to the expenditure included in the payment applications submitted to the Commission for the period from 1 Jan/1 Aug [yyyy] to 31 Jul/31 Dec [yyyy],

and taking into account my/our obligations under Regulation (EU) 2023/995

hereby declare that:

(a) the information in the payment request is properly presented, complete and accurate in accordance with Article 20 of Regulation (EU) 2023/995;

(b) the expenditure incurred for the achievement of the fully achieved targets and milestones complies with applicable law and was used for its intended purpose;

(c) that measures related to previously satisfactorily achieved milestones and targets have not been reversed by the Member State concerned.

I/We confirm that irregularities identified in the final audit and control reports in relation to previous payment requests are duly treated. I/We also confirm that targets or milestones which are subject to an ongoing assessment of their legality and regularity have been excluded from the payment request pending conclusion of the assessment, for possible inclusion in a subsequent payment application.

Furthermore, I/we confirm the reliability of data relating to indicators, milestones, and the progress in the implementation of the plan.

I/we also confirm that effective and proportionate anti-fraud measures are in place and that these take account of the risks identified in that respect.

Finally, I/we confirm that I/we am/are not aware of any undisclosed reputational matter relating to the implementation of the programme.

Signature

Annex IV

Draft Template for a summary of the audits[9]

Section 1. Introduction

1. Reference to the payment request submitted with this summary of the audits.
2. Identification of the audit body and other bodies that have been involved in the preparation of this summary.
3. Measures / investments and related Milestones / Targets included in this payment request and covered by the summary of the audits.
4. By Milestone / Target included in this payment request, identification of the bodies involved in their implementation.

Section 2. Significant changes to the internal control system and the audit strategy

1. Details of any significant changes to the internal control system(s), and notification whether these changes affected the measures / investments and related to Milestones / Targets included in this payment request.
2. Description of the audit work performed in relation to these significant changes in the internal control system(s) if any, covering the bodies, measures / investments concerned, main findings and audit conclusions.
3. Identification of the remaining audit(s) planned to be performed on these significant changes, their scope, and timing.
4. Details of key changes made to the audit strategy together with the related justification. Indicate any change to the risk assessment, to audit work initially planned and to sampling methods used for the audit of operations.

Section 3. System audits

In this section, please report on the system audits carried out which are relevant for the implementing bodies responsible for the measures / investments and related to Milestones / Targets included in this payment request

1. Identification of the bodies (including the audit body) that have carried out these system audits. In case the audit body relied on the work of the other entities, describe the procedure in place to ensure adequate supervision of the externalised work.

[9] As required by Article 21(2)(c)(ii) of the Regulation 2023/955/EU

2. Description of the - risk assessment and its results that led to establishing the audit plan for the system audits relevant for the payment request.
3. By system audit performed:

A. Timing of the system audit.

B. Description of the system audit scope in accordance with key requirements set out in Annex III of the Regulation 2023/955/EU as well as other legal obligations to protect the financial interests of the Union resulting from the commitments made for the Fund (among others compliance with public procurement, State aid provisions) as per Article 21(1) and (2), point (a) and (c) of the Regulation 2023/955/EU.

C. Identification of the authorities audited, extent of control testing carried out (whenever relevant), period and spending covered as concerns the milestones / targets included in the payment request.

D. Description of the main findings/weaknesses including indications whether these were considered to be of a systemic character

E. Conclusions drawn by each key requirement audited (categories 1-4) and details of the corrective measures taken. The audit conclusion should provide analysis of their impact on spending related to the milestones / targets included in the payment request. If any, indication of the corrective measures not yet implemented and their impact for this payment request.

4. Information on the follow up of audit recommendations from previous system audits relevant for the **milestones / targets included in this payment request**, in particular for deficiencies of systemic nature.
5. Any other information to be reported.

Section 4. Audits of operations covering the achievement of the Milestones and Targets

In this section, please report on audits of operations carried out relevant for the milestones / targets included in this payment request (with the exception of point 5.6).

1. Identification of the audit bodies that have carried out the audits of operations. In case the audit body relied on the work of the other entities, describe the procedure in place to ensure adequate supervision of the externalised work.
2. Description of the scope of the audits of operations in terms of amount of spending related to Milestones / Targets included in this payment request.

   If relevant indicate whether the scope covered also thematic areas to ensure compliance with all applicable rules in line with Article 21(1) and (2), point (a) and (c) of the Regulation 2023/955/EU including public procurement, State aid, double funding, reliability, accuracy and completeness of the data on the achievement of milestones / targets and other eligibility rules derived from the commitments taken.

3. Where relevant, a description of the sampling and sub-sampling methodology applied for the selection of the audit sample for the covered Milestones / Targets, including the sampling parameters and other information used for statistical or non-statistical sampling, as well as an explanation of the applied underlying calculations and professional judgement.

   For the audited Milestones / Targets the information should include: population size, sample size and if relevant materiality level, confidence level, sampling unit, expected error rate, sampling interval. The underlying calculations for sample selection, in a format permitting an understanding of the basic steps taken, in accordance with the specific sampling method used should be attached to the summary of audits.

4. Description of the main findings, their impact on the Milestones / Targets for which amounts are included in the payment request, if relevant deviations from the values reported, conclusions drawn from these audits of operations and recommendations from the audit findings along with the details of the corrective actions taken.

5. Audit conclusion on whether, through its work, the audit body has obtained a reasonable assurance that the milestones / targets included in the payment request have been duly achieved and the related spending complies with the applicable Union and national law (among others public procurement, state aid and any other applicable legal obligations).

6. The audit conclusion should also provide an indication as to whether any identified findings were considered as systemic in nature, the assessment of their impact, and the corrective actions taken. Information on the follow-up of system audits and audits of operations carried out in previous payment requests, in particular on deficiencies of systemic nature.

Section 5. Any other information

1. Information on detected or suspected cases of fraud, corruption or conflict of interest in the context of the audits performed, together with the measures taken, including actions taken to recover funds that have been misappropriated and amounts recovered.

2. In case the Member State uses the single data mining and risk scoring tool, or any other tool to access and analyse data and information, the summary of audits should explain how the tool(s) was (were) used. In all cases, the audit scope should cover, in particular, the analysis of the relevant data concerning the recipients of funding under SCF, the sufficiency of the relevant embedded control tools and the interoperability with other IT systems on preventing and detecting fraud, corruption, conflict of interest and double funding.

3. If applicable, subsequent events occurred after the end of the audit work and before the transmission of the payment request to the Commission.

Section 6. Overall audit conclusion

6.1 State whether, through its work, the audit body has obtained reasonable assurance that the audit work carried out does not put/ puts [delete as appropriate] in doubt the assertions made in this management declaration. Notably that:

- the spending included in this payment request was used for the intended purpose,
- the information submitted with the payment request is complete, accurate and reliable, and
- that the internal control system put in place give the necessary assurances that the spending included in this payment request were managed in accordance with all applicable rules, in particular rules on avoidance of conflict of interest, fraud prevention, corruption, double funding from the Fund and other Union programmes in accordance with the principle of sound financial management
- that previously satisfactorily achieved Milestones / Targets have not been reversed by the bodies involved in their implementation

6.2. Assessment of the need for any additional corrective measures, both from the perspective of improvements of the internal control system and, where relevant, of the impact on the protection of the financial interests of the Union.