

Nordic Ecolabelling for
Investment funds and investments products



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Appendix 1 Fund manager's declaration

101 Investment funds and investment products, version 1.4, 15 December 2021

Addresses

In 1989, the Nordic Council of Ministers decided to introduce a voluntary official ecolabel, the Nordic Swan Ecolabel. These organisations/companies operate the Nordic Ecolabelling system on behalf of their own country's government. For more information, see the websites:

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What is a Nordic Swan Ecolabelled investment fund and investment product?

Investment fund

The Nordic Swan Ecolabel provides consumers with guidance about investment funds that have taken on a role and function in influencing companies and capital markets to act in a more sustainable way. Everything that a Nordic Swan Ecolabelled fund must attain - the exclusion of unsustainable companies, the inclusion of more sustainable companies and acting in a transparent manner - is undertaken to encourage companies and capital markets to act more sustainably in the long run.

A Nordic Swan Ecolabelled investment fund has to comply with requirements within three areas:

Exclusion

The exclusion requirements for a Nordic Swan Ecolabelled fund send a clear signal to society about what is considered unsustainable business in the long run. Investors will thus avoid profiting from unsustainable industries and companies. A Nordic Swan Ecolabelled fund:

- May not invest in companies extracting, refining or generating electrical power from fossil fuels or uranium.
- May not invest in businesses which do not fulfil ILO's fundamental principles[†], violate Human rights[†], cause Severe environmental damage[†] and/or are guilty of Gross corruption[†].
- May not invest in companies involved in the making or selling of controversial or conventional weapons[†].
- May not invest in companies producing tobacco.

Inclusion

The requirements increase demand for companies that have structured sustainability practices. A Nordic Swan Ecolabelled fund:

- Has conducted a sustainable assessment (ESG analysis[†]) for at least 90% of its holdings.
- Is mainly invested in companies with a strong sustainable rating.
- Promotes companies that are in transition to a more sustainable business.

Transparency and ownership

The requirements concerning transparency and ownership seek to influence companies to operate in a more sustainable manner. A Nordic Swan Ecolabelled fund:

- Will disclose a quarterly report on all of its holdings.
- Will publish a performance report each year.
- Promotes active ownership and engagement through voting and dialogue.

Investment product

A Nordic Swan Ecolabelled investment product invests all of its assets in funds that operate according to the requirements for Nordic Swan Ecolabelled funds.

Disclaimer for investment funds and investment products

A Nordic Swan Ecolabelled fund is managed so that it can influence companies and capital markets in a more sustainable direction. Requirements and the certification process cover the investment fund on an overall basis and are therefore no guarantee for each individual holding. Nordic Ecolabelling requirements do not cover financial risks or returns. For more information and specifications about the criteria, see each requirement below in this document.

Note. If a definition is required for a word or text in the requirement, the word/text is underlined and marked with a [†], which refers to the Terms and definitions chapter.

Why choose the Nordic Swan Ecolabel?

- The investment fund or investment product may use the Nordic Swan Ecolabel trademark for marketing purposes. The Nordic Swan Ecolabel is a very well-known and highly respected trademark, especially in the Nordic region.
- The Nordic Swan Ecolabel is a simple way of communicating environmental work and commitment to customers.
- The Nordic Swan Ecolabel means that the fulfilment of the criteria has been checked by an external third party. This is a unique feature in the Nordic fund market.

What can carry the Nordic Swan Ecolabel?

UCITS[†] funds and AIFs[†] funds can be awarded the Nordic Swan Ecolabel, provided that they are registered for distribution in one or more of the Nordic countries, and at least 50% of assets are held in listed equities[†], corporate debt[†] and/or qualified non-corporate green bonds[†].

In addition, AIFs shall comply with UCITS regulations for other types of assets and the use of leverage.

Index funds[†] shall base a part of their application for the Nordic Swan Ecolabel on an index in which all relevant exclusion and inclusion criteria are included and pre-evaluated by Nordic Ecolabelling or be based on an index that met all relevant exclusion and inclusion criteria.

Investment products, e.g. fund of funds, insurance and pension products, can also apply for a Nordic Swan Ecolabelling licence provided that the product:

- invests solely into Nordic Swan Ecolabelled funds with exceptions specified in requirement O28.
- is approved for retail marketing by the local financial authorities in each of the Nordic countries where it is distributed
- is at least open for quarterly trading (do not apply to Unit-linked insurance products).

How to apply

A natural starting point is that the fund manager assesses its capacity to fulfil the criteria. Next, the fund manager needs to contact the local Nordic Ecolabelling office in order to start a dialogue concerning the further process.

If you manage an investment product, start by assessing the possibilities to invest in a Nordic Swan Ecolabelled product and its capacity to withhold its licence. All information submitted to Nordic Ecolabelling is treated confidentially.

Application and costs

For information about the application process and annual fees for this product group, please see the respective national website or contact your local Nordic Ecolabelling office. For addresses, see page 2.

What is required?

The application must consist of an application form and documentation showing that the requirements are fulfilled.

The criteria comprise a combination of obligatory requirements and point-score requirements. The letter “O” and a number indicate obligatory requirements. These requirements must always be fulfilled.

The letter “P” and a number distinguish point-score requirements. Each requirement of this type can give a point score. These scores are then added up. A minimum total score must be achieved to meet the requirements and obtain a licence.

Requirements O1–O25 and P1–P8 apply to eligible UCITS funds and AIFs that seek a Nordic Swan licence. Investments products that seek a Nordic Swan licence shall comply with requirements O26–O28. The text describes how the applicant will demonstrate fulfilment of each requirement. There are also icons in the text to make this clearer. These icons are:

- ✉ Enclose for Nordic Ecolabelling.
- 🔍 Controlled by Nordic Ecolabelling on site.

To be awarded a Nordic Swan Ecolabel licence:

- All obligatory requirements must be fulfilled.
- A minimum of 6 of the total points scored must be achieved, but for bond funds 5 point scores must be achieved

Licence validity

The Nordic Swan Ecolabel licence is valid provided that the criteria are fulfilled and until the criteria expire. The term of validity of the criteria may be extended or adjusted, in which case the licence will be extended automatically and the licensee will be informed.

Revised criteria will be published at least one year prior to the expiry of the present criteria. The licensee will then be offered the opportunity to renew their licence.

Audit

In connection with the handling of the application, Nordic Ecolabelling normally performs an on site audit to ensure adherence to the requirements. For such an inspection, the data used for calculations, ESG analyses[†], lists of holdings[†] and similar documents that support the application must be available for examination.

It must also be kept in mind that there will be an annual compliance check in order to maintain the validity of the licence (see O21 for details).

Questions

Please contact Nordic Ecolabelling if you have any questions or require further information. See page 2 for addresses.

Overview of the criteria

To be awarded a Nordic Swan Ecolabel licence:

- All the O requirements must be met.
- At least 6 point scores (P requirements) must be achieved, but for bond funds 5 point scores must be achieved

Table 1. Summary of requirements. The table also shows the maximum points available for each P requirement.

O = obligatory P = point scores	Title	Maximum points available 16
1 General		
O1	Description of the fund	
O2	<u>Holdings</u> [†]	
O3	<u>Direct and indirect holdings</u> [†]	
2 Exclusion criteria		
O4	New information on holdings	
O5	Extracting and refining fossil fuels	
O6	Generating power	
O7	Controversial weapons	
O8	<u>Conventional weapons</u> [†]	
O9	Tobacco	
P1	<u>GMO crops</u> [†]	1
O10	International norms and conventions	
O11	Government bonds – sanctions	
O12	Government bonds – corruption	
3 Inclusion criteria		
O13	<u>ESG analysis</u> [†]	
P2	ESG analysis – point score	2
O14	Inclusion of <u>ESG</u> [†]	
P3	Environmental focus	4
P4	Inclusion/exclusion criteria for indirect holdings	2
4 Active ownership		
P5	Regular voting	2
P6	<u>Engagement</u> [†] and company dialogues	2
5 Reporting and transparency		
O15	Fund sustainability report	
P7	Additional reporting	2
P8	Third-party verification of sustainability report	1
O16	Reporting of the fund's holdings	
6 Quality and regulatory requirements		
O17	Management system	
O18	Responsible person and organisation	
O19	Planned changes	
O20	Unplanned non-conformities	
O21	Annual compliance check	
O22	Legislation and regulations	
O23	Information about the Nordic Swan Ecolabel	
O24	Customer information when the fund is no longer Nordic Swan Ecolabelled	

7 Points		
O25	Number of points	
8 Investment products		
O26	Description of the product	
O27	Investments	
O28	Other requirements on investment products	

1 General – investment funds

01 Description of the fund

A brief description of the product intended for Nordic Swan Ecolabelling and how the product fulfils the definition of what can carry the Nordic Swan Ecolabel. The following must be included:

- Investment universe.
- ESG investment strategy/objective.
- Document showing the fund's compliance with the UCITS[†] or AIF[†] regulations.
- In addition, AIFs[†] shall verify that the types of assets and the use of leverage are aligned with UCITS regulations, and that the fund is registered for retail marketing and open for daily trading.

☐ Signed application form.

☐ Fund fact sheet and/or other document showing details according to O1.

02 Holdings

The fund manager must provide a list of the holdings[†] in the fund. The list must include:

- Identification of the type of security (equity[†], corporate debt[†], qualified non-corporate green bond[†], other) and the securities identification number (ISIN[†]).
 - The date when an ESG analysis was last performed for each holding.
 - Information on how and by whom the analysis was performed: internally by the fund manager or by a reputable service provider.
- Information showing that at least 50% of the total value of the portfolio is invested in listed equities, corporate debt and/or qualified non-corporate green bonds.

☐ List of holdings as of the date of application, including the date when the ESG analysis was performed or last updated. The list must also include details of whether the analysis was performed internally or by a specific reputable service provider.

Nordic Ecolabelling may request an updated list of holdings at any time.

☐ Information showing the average total proportion of invested in equities, corporate debt and/or qualified non-corporate green bonds for the last 12 months.

03 Indirect holdings

The criteria in this document apply to both direct and indirect holdings[†].

Indirect holdings that do not fulfil the criteria may not exceed 5% of the fund's value on average over the course of the last 12 months from the application date. The requirement must be met as the annual running average during the validity of the licence.

Sector-based instruments or products that are mainly exposed to excluded sectors or companies (see O5–O12) may not be part of the indirect holdings.

☐ Description of the fund's system to keep track of the proportion of indirect holdings.

- ☒ Description of the process to ensure that sector-based instruments or products that are mainly exposed to excluded sectors or companies (see O5–O12) cannot be part of the indirect holdings.
- ☒ Information showing the average proportion of indirect holdings for the last 12 months.
- ℙ Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

2 Exclusion criteria

04 New information on holdings

When a fund manager receives information that an obligatory exclusion requirement is not met, the fund manager must sell all of the holdings within three months after receiving the information.

If there is doubt regarding the non-conformity, or if the fund manager expects the issue to be resolved/rectified in the near future, the fund manager will not need to sell the holdings within three months. However, within three months after receiving the information, the fund manager must explain on their website how they assess the situation, what actions the fund manager will take in order to address the issue, what result the fund manager expects to achieve, and when they estimate that the issue will be resolved. If, after 24 months, the issue causing the possible non-conformity has not been successfully addressed and there is still an issue which implies non-conformity, the holdings must be sold.

- ☒ If the fund receives information from more than one source, the source that shows the most extensive non-conformity should be used. Policy, procedures or similar showing that the fund manager will act in accordance with the requirement.

05 Extracting and refining fossil fuels

The fund may not invest in companies which themselves or through entities they control[†] derive 5% or more of their revenue from extracting coal (all sorts of thermal coal, e.g. lignite or anthracite), natural gas, crude oil or uranium, and/or from refining coal, natural gas, crude oil or uranium for fuel.

Companies that fulfil all of the following criteria are exempt and may be included in the fund.

- At least 75% of the company's energy sector investments on average for the last three consecutive years are in the renewable energy[†] sector.
- Revenue from renewable energy comprises at least 50% of the company's total revenue. This ratio may be calculated on average over the course of 1, 2 or 3 of the last financial years.
- The company has less than 0.1% revenue from tar sand, shale oil or shale gas, or other fracking activities and/or mining of oil shale.

- ☒ Fund policy or guideline.
- ☒ Description of how the fund manager ensures access to data and information and how this data is processed in order to comply with the requirement.
- ☒ List of any holdings[†] that fulfil the aforementioned exemption criteria.
- ℙ Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

06 Generating power

The fund may not invest in energy companies which themselves or through entities they control[†] generate power from fossil fuels such as coal (all sorts), natural gas, fossil oil and/or uranium to an extent of more than 5 %. This shall be measured in one of the alternatives below:

- installed energy production capacity (GW)
- revenue from generating power

Companies that fulfil all of the following criteria are exempt and may be included in the fund.

- At least 75% of the company's energy sector investments (actual or committed and budgeted[†]) in new capacity, on average for three consecutive years including the last financial year, are in the renewable energy[†] sector.
- Revenue[†] from renewable energy comprises at least 50% of the company's total revenue from power generation OR at least 50% of the company's energy production capacity is based on renewable sources. This ratio may be calculated on average over the course of 1, 2 or 3 of the last financial years.
- The company has less than 0.1% revenue from tar sand, shale oil or shale gas or other fracking activities and/or mining of oil shale.

- ☒ Fund policy or guideline.
- ☒ Description of how the fund manager ensures access to data and information and how this data is processed in order to comply with the requirement.
- ☒ List of any holdings[†] that fulfil the aforementioned exemption criteria.
- ℙ Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

07 Controversial weapons

The fund may not invest in companies which themselves or through entities that they control produce or sell nuclear, chemical, biological, cluster and/or (the Ottawa Treaty) land mine weapons or components solely intended for use in these weapons.

- ☒ Fund policy or guideline.
- ☒ Description of how the fund manager ensures access to data and information and how this data is processed in order to comply with the requirement.
- ℙ Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

08 Conventional weapons

The fund may not invest in companies which themselves or through entities they control[†] derive 5% or more of their revenue[†] from the production or sale of conventional weapons[†]. Production or sale of civilian arms/ammunition for hunting and competition do not need to be included when calculating the ratio of sales.

- ☒ Fund policy or guideline.
- ☒ Description of how the fund manager ensures access to data and information and how this data is processed in order to comply with the requirement.
- ℙ Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

09 Tobacco

The fund may not invest in companies which themselves or through entities they control[†] derive 5% or more of their revenue[†] from the production of tobacco.

- ☒ Fund policy or guideline.
- ☒ Description of how the fund manager ensures access to data and information and how this data is processed in order to comply with the requirement.
- 🔍 Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

P1 GMO crops

The fund may not invest in companies which themselves or through entities they control[†] derive 5% or more of their revenue[†] from GMO crop[†] production: 1 point.

- ☒ Fund policy or guideline.
- ☒ Description of how the fund manager ensures access to data and information and how this data is processed in order to comply with the requirement.
- 🔍 Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

010 International norms and conventions

The fund may not invest in companies, including entities they control[†], if there is an unacceptable risk that the company contributes to or is responsible for serious or systematic violations of one or more of the following:

- ILO's fundamental principles[†].
- Human rights[†].
- Severe environmental damage[†].
- Gross corruption[†].

- ☒ Fund policy or guideline.
- ☒ Description of how the fund manager ensures access to data and information and how this data is processed in order to comply with the requirement.
- 🔍 Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

011 Government bonds – sanctions

The fund may not invest in government bonds issued by:

- Countries that are subject to EU or UN financial sanctions[†].
- Countries which have not ratified at least one of the following:
 - The UN Convention on Biological Diversity[†].
 - The Paris Agreement[†].

- ☒ Fund policy or guideline.
- ☒ Description of how the fund manager ensures access to data and information and how this data is processed in order to comply with the requirement.
- 🔍 Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

012 Government bonds – corruption

The fund may not invest in government bonds issued by countries which are ranked below the 70 best-ranked countries in the currently valid Transparency International's Corruption Perceptions Index[†].

- ☒ Fund policy or guideline.
- ☒ Description of how the fund manager ensures access to data and information and how this data is processed in order to comply with the requirement.
- 🔍 Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

3 Inclusion criteria

013 ESG analysis

At least 90% of direct holdings[†] in the portfolio, measured by number of issuers, have undergone ESG analysis[†] (see information about indirect holdings[†] in O3). The analysis can be conducted by an external party or internally.

External analysis must be conducted by a reputable service provider, with relevant coverage and sufficient analytical capacity. The service provider must update the ESG analysis at least every twelve months.

If the analysis is conducted internally:

- It must clearly demonstrate that relevant issues in all three categories – environmental, social and governance – are covered.
- For equities[†] and corporate bonds, the analysis must include whether the investee company has a publicly available policy and strategy on corporate social responsibility (CSR), and publicly reports CSR performance.

The internal analysis must be updated regularly, at least every twelve months.

Documentation if the fund manager has one or more external providers of ESG analysis

- ☒ Name of the external ESG service provider and a description of their compliance with the competence requirement and of the data they deliver. Nordic Ecolabelling may ask for further information to check whether the provider meets the above criteria.
- ☒ Description of how the fund manager controls that:
 - There is an ESG analysis for at least 90% of the holdings (measured in number of issuers).
 - There are documents showing the current % of direct holdings that have undergone ESG analysis.
 - The respective ESG analysis is updated at least every twelve months.

- 🔍 Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

Documentation if the fund manager performs ESG analyses internally

- ☒ Description or template of the analysis document showing how the fund manager selects the relevant ESG criteria and conducts its ESG analysis in accordance with the requirements outlined. For equities and corporate bonds, the analysis must include whether the investee company has a publicly available policy and strategy on corporate social responsibility (CSR), and publicly reports CSR performance.

- ☒ Description of how the fund manager controls that:
 - There is an ESG analysis for at least 90% of the holdings (measured in number of issuers).
 - Relevant environmental, social and governance issues are covered.
 - The respective ESG analysis is updated at least every twelve months.
- 🔗 Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

P2 ESG analysis – point score

100% of the direct holdings[†] in the portfolio, measured by the number of issuers, have undergone ESG analysis[†] according to O13: 2 points.

- ☒ See O13.

O14 Inclusion of ESG

More than 50% of the fund, measured by the value of the fund, must be invested in holdings[†] with strong ESG practices[†] as identified in the ESG analysis (see O13). The fund must have clearly defined criteria used for rating/assessment and must include holdings based on environmental, social and governance practices and performance.

- ☒ Methodology for ESG rating/assessment and procedures for selecting investments with strong ESG practices.
- ☒ Description of what are defined as strong ESG practices.
- 🔗 Description of how the fund manager ensures that the criteria are fulfilled at all times. Nordic Ecolabelling will perform a random sample check to ensure that the portfolio holdings are in line with the ESG analysis and inclusion criteria at the time of application and as part of the annual reporting.

P3 Environmental focus

If the fund has a clearly defined objective and methodology for identifying, assessing and including holdings[†] that promote the transition to an environmentally sustainable future, points can be awarded.

Points are given if the weighted holdings in the fund (defined as the percentage of the fund's investment in a company relative to the total investment of the fund) have at least 10% (1 point), 22% (2 points), 35% (3 points) or 50% (4 points) of their total revenue[†] in such business areas.

The weighting refers to a calculation that supports the business part of a company that promotes the transition to an environmentally sustainable future and the holding's proportional share of the fund.

Such holdings are defined as companies involved in the development, production and supply of products and services that deliver solutions to environmental challenges or deliver environmental technology, also sometimes referred to as clean technology, and which are active in at least one of the following business areas:

- Renewable & alternative energy (wind, solar, geothermal, hydropower, biomass/gas and biofuel generation, etc. Note that the following energy sources may not be included: palm oil, soya bean, sugarcane or GMO-based raw material).
- Energy efficiency (power network efficiency, industrial energy efficiency, building energy efficiency or transport efficiency).

- Water infrastructure in developing countries (potable water and sewerage infrastructure).
 - Pollution control (products and services for air or soil pollution prevention, reduction and clean-up, environmental testing and monitoring, etc.).
 - Waste/secondary resource management and technologies (waste collection, processing, recycling, reuse, energy recovery, hazardous waste management etc.).
 - Environmental support services (consulting, planning and certification).
 - Sustainable food, agriculture & forestry (production and distribution of organic food, and FSC- and/or PEFC-certified forestry). Note: the following forest products may not be included: tropical timber or intact forest landscape[†] (IFL).
 - Products and services that are third-party ecolabelled (Note: ecolabels must function in accordance with ISO 14024 of Type 1).
 - Green bonds[†] (Note: the bonds must follow the Green Bond Principles or the Climate Bond Standard. In addition, green bonds must be issued for investments named in this requirement and be third-party verified).
 - Other business areas after approval from Nordic Ecolabelling.
- ☒ Description of the fund's objective and methodology for identifying, assessing and including holdings that fulfil the aforementioned specifications.
- ☒ Calculation showing the percentage of the fund that promotes a transition to a sustainable future. The calculation must be performed in the calculation sheet from Nordic Ecolabelling according to the instructions provided therein.
- ☒ The source of the information regarding the percentage of each holding in the calculation (included in the calculation sheet).
- ☒ Brief description how the holding promotes the transition to a sustainable future (included in the calculation sheet).
- 🔍 Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting, and may ask for more documentation

P4 Inclusion/exclusion criteria for indirect holdings (maximum 2 points)

All obligatory inclusion or exclusion criteria are met for all indirect holdings[†]: 1 point.*

All obligatory inclusion and exclusion criteria are met for all indirect holdings: 2 points.*

The fund has an average of less than 0.5% indirect holdings (as calculated in O3): 2 points.

* An average of less than 0.5% indirect holdings (as calculated in O3) that do not fulfil the criteria is allowed.

- ☒ Fund policy or guideline.
- ☒ Description of how the fund manager ensures access to data and information and how this data is processed in order to comply with the requirement.
- 🔍 Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

4 Active ownership

P5 Regular voting (maximum 2 points)

The fund manager has a clearly written voting policy or public statement that promotes ESG[†]-related issues.

The fund manager:

- Identifies ESG-related issues and regularly votes at AGMs/EGMs for at least 10% of the holding (AUM or number of holdings[†]) in accordance with its voting policy/public statement: 1 point.
- Identifies ESG-related issues and regularly votes at AGMs/EGMs for at least 50% of the holding (AUM or number of holdings) in accordance with its voting policy/public statement: 2 points.

The fund manager has a past track record, and a future strategy, of regularly putting forward shareholder proposals (at least 3 proposals over a 5-year period) related to ESG issues: 1 point.

- ☐ Voting policy or statement.
- ☐ Voting records showing the extent of voting as a percentage (based on AUM or the number of holdings) where the fund held voting rights.
- ☐ Document outlining the shareholder proposal strategy and documentation of previous proposals.

P6 Engagement and company dialogue

The fund manager:

- Regularly engages with at least 10% of its holding companies (in number or AUM) in order to address ESG[†] issues, concerns or performance;
- or
- The fund manager regularly engages at a comprehensive level with at least 5% of its holding companies (in number or AUM) in order to address ESG issues, concerns or performance.

If there are holdings in the portfolio as described in the second paragraph of O4 (doubts regarding non-conformities), these holdings must be included in the fund manager's company engagements[†]: 1 point.

If the above is fulfilled, a maximum of one additional point (1 point) can be earned if the fund manager can demonstrate that the engagement process includes:

- A clear and systematic method for selecting candidates and topics/themes for engagement.
 - Clear and specific ESG-related goals for the engagement, including the planned timeframe.
 - A description of resources and tools for conducting the engagement.
 - A description of how the engagement and company dialogue reflect the UN's Agenda 2030 goals.
 - Regular assessment of the achievement of goals.
- ☐ For the first section, a document confirming the extent and description of the engagement (engagement vs comprehensive engagement[†]), including a high-level description of relevant ESG issues, concerns or performance.

- ☒ For the second section, a document describing the engagement process, including: a method for selecting the engagement candidate, themes/issues, goal setting, resources and goal achievement in accordance with criteria above.

5 Reporting and transparency

015 Fund sustainability report

The fund will regularly, and at least annually, issue a brief report describing the ESG[†] activities and performance of the fund. The report will be appropriate for its primary target group of investors.

The report will be published on the fund manager's website, linked to where the ordinary information with regard to the fund is made available to (potential) investors.

The first report must be produced within a year after achieving the Nordic Swan Ecolabel. The report will cover the relevant reporting period and contain information relating to the holdings[†] in the Nordic Swan Ecolabelled fund, including:

- A brief description of the main ESG-motivated activities conducted by the fund during the reporting period, including, as a minimum (if no activities are conducted please comment or explain):
- An overview of holdings excluded in the period (also identifying the reason);
- A summary of engagements[†] and dialogue with holding companies, if any (no need to identify company names of holdings, but should outline the number of engagements and identify topics and issues discussed); and
- The extent of voting (number and percentage of AGM/EGMs at which the fund manager voted in the relevant period). (Not applicable to bond funds.)
- A general description of relevant and/or material sustainability trends and developments for the fund's holdings in the short or long term.

The report can be presented in a fund company report for the fund, but it must be described how the aforementioned aspects are achieved by the Nordic Ecolabel fund. The report can be made by an external organisation.

- ☒ A brief description of how and what it is intended to report (if possible, include a reporting template or example).

- ☒ Link to the website where the report(s) or the planned report will be published.

- 🔗 Will be controlled by Nordic Ecolabelling at the annual compliance check.

P7 Additional reporting (maximum 2 points)

The fund sustainability report (ref O15) includes the following:

- a) Brief reporting with regard to company engagements[†] for each engagement, including the name of the company, topic for engagement and a description of the status of the engagement: 1 point.
- b) Voting records showing company-specific voting: 1 point.
- c) The sustainability impact of the fund in absolute terms in at least one area, e.g. CO2 reduced (compared with benchmark), renewable GWh produced, clean water provided, km2 of land sustainably managed, etc.: 1 point.
- d) The fund holding list (ref O16) must identify the 10 largest holdings[†], and include a link to the holdings' websites, as well as a brief description of

ESG[†] risks and opportunities, and the sustainability impact of the holdings:
1 point.

- ☒ A brief description of how and what the fund intends to report on the company's engagements (if possible, include a reporting template).
- ☒ A brief description of how the fund plans to disclose voting records.
- ☒ A brief description of how the fund plans to report the sustainability impact.
- ☒ Link to the website where the report or the planned report will be published.

P8 Third-party verification of sustainability reports

The fund's sustainability report has been assessed and verified by an external, independent organisation: 1 point.

- ☒ Report and/or third-party verified report/assessment.

016 Reporting the holdings

The fund manager must report on all holdings[†] in the Nordic Swan Ecolabelled fund, both the direct and the indirect holdings[†], on the fund's website at least once every quarter.

- ☒ A lag of 45 days for publishing long positions and 180 days for short positions is allowed. Link to website.

P Will be controlled by Nordic Ecolabelling at the annual compliance check.

6 Quality and regulations

017 Management system

The fund manager must have resources, capacity, competence and a management system to ensure that the quality of the Nordic Swan Ecolabelled fund does not deteriorate during the period of validity of the licence.

The management system must be sufficient to document compliance with the Nordic Ecolabelling requirements.

- ☒ Description of resources, capacity and competence to show that the fund can comply with the Nordic Ecolabelling requirements during the period of validity of the licence.
- ☒ Copy of relevant documents from the management system.
- ☒ Signed Appendix 1.

018 Responsible person and organisation

The fund manager will appoint individuals who are responsible for:

- Ensuring the fulfilment of the Nordic Ecolabelling requirements and acting as the primary contact person for the licence;
- Marketing of the fund; and responsible
- For financial reporting (required for licence fee calculation) to Nordic Ecolabelling.

- ☒ Organisation chart and a description showing who is responsible for the above, including name, title, e-mail address, direct phone and other relevant contact information.

019 Planned changes

Written notice must be given to Nordic Ecolabelling of planned changes in the fund product or how the fund is marketed that have a bearing on the Nordic Ecolabelling requirements.

- ☒ Procedures showing how Nordic Ecolabelling will be informed of planned changes as described in this requirement.

020 Non-conformities

There must be a system for handling non-conformities or events that impact the fund profile and/or the companies in the fund and which may lead to the Nordic Ecolabelling requirements no longer being fulfilled.

The system must include:

- How to deal with non-conformities or events as described above.
- Reporting of major non-conformities to Nordic Ecolabelling.

- ☒ Procedures detailing how unplanned non-conformities are handled.

021 Annual compliance check

The fund manager must perform an internal audit to ensure that the fund fulfils all relevant Nordic Ecolabelling criteria every twelve months. The result will be sent to Nordic Ecolabelling by no later than 31 March each year. The fund sustainability report in requirement O15 will also be sent to Nordic Ecolabelling.

The audit can be performed by an external organisation.

- ☒ Annual internal audit report.
- ☒ ESG[†] report (as described in O15).

022 Legislation and regulations

The licensee must ensure their own compliance with all applicable local laws and provisions relevant for the Nordic Swan Ecolabelled product, e.g. with regard to financial regulations and working environment.

- ☒ Signed application form.

023 Information about the Nordic Swan Ecolabel

When a fund manager uses the Nordic Swan Ecolabel in communication or marketing, there should be a clear reference to at least one of the Nordic Ecolabelling's websites:

Denmark: <https://www.ecolabel.dk/opsparing>

Finland: <https://joutsenmerkki.fi/teemat/sijoittaminen/>

Norway: <https://www.svanemarket.no/sparing>

Sweden: <https://www.svanen.se/spararen>

Sweden, in English: <https://www.svanen.se/en/funds/save-in-funds/>

- ☒ Signed Appendix 1.

024 Customer information when a fund is no longer Nordic Swan Ecolabelled

The fund investors must be informed clearly on the fund manager's website if the fund is no longer Nordic Swan Ecolabelled. The information must be presented on the website for at least twelve months thereafter.

- ☒ Signed application form.

7 Points

025 Number of points

The fund must achieve a minimum of 6 points.

Bond funds must achieve a minimum of 5 points.

The minimum point requirements must be met for as long as the licence is valid.



Appendix 1.



Will be controlled by Nordic Ecolabelling at the annual compliance check. See also O21.

8 Investment products

Requirements O26–O28 apply to investment products other than eligible UCITS funds and AIFs.

026 Description of the product

A brief description of the product intended for Nordic Swan Ecolabelling and how the product fulfils the definition of what can carry the Nordic Swan Ecolabel. The following must be included:

- ESG investment strategy/objective.
- Document showing that the product is approved for retail marketing by the local financial supervisory authorities in each of the Nordic countries where it is distributed and that it is at least open for quarterly trading.



Fact sheet and/or other document showing details according to O26. Unit-linked insurance products do not need to document quarterly trading.



Signed application form.

027 Investments

A Nordic Ecolabelled investment product can solely invest in Nordic Swan Ecolabelled funds. Exceptions can be made for investments in funds that can not apply for a Nordic Swan Ecolabelling licence because their share of listed equities†, corporate debt† and / or qualified non-corporate green bonds† is lower than 50% provided that the fund can document that they comply with O1–O14 and O16–O21 except for requirement O2, where the 50 % threshold does not need to be met.

At least 50%, calculated as weighted average, of the assets in the investment product must be held in listed equities, corporate debt and/or qualified non-corporate green bond. This can be shown as the average for a small family/group of products that collectively apply for a Nordic Swan Ecolabeling licence.



List of current holdings including name and ISIN.



Description of how the product manager ensures that the criteria are fulfilled at all times. Nordic Ecolabelling will perform a random sample check to ensure that the portfolio holdings are in line with these criteria at the time of application and as part of the annual reporting.



Information showing the average total proportion of invested in equities, corporate debt and/or qualified non-corporate green bonds is at least 50%.

028 Other requirements for investment products

The portfolio manager shall provide easy access to the Nordic Swan Ecolabel fund sustainability reports for those funds that the product is invested in on their webpage.

The portfolio manager must report on all holdings of the Nordic Swan Ecolabelled investment product according to O16.

If the investment product is an insurance product and it comprises more elements than asset management, the licensee must, when using the Nordic Swan Ecolabel in marketing, clearly describe that the Nordic Swan Ecolabel only applies to the asset management part of the insurance premiums.

The investors must be informed clearly on the former licensee's website if the product is no longer Nordic Swan Ecolabelled. The information must be presented on the website for at least twelve months thereafter.

- ☒ Link to website where sustainability reports can be found.
- ☒ Link to website where holdings can be found.
- ☒ Signed application form.

Regulations for the Nordic Ecolabelling of services

To easily identify Nordic Swan Ecolabelled services, the licence number and a descriptive sub text shall always accompany the Nordic Swan Ecolabel.

The described sub text for 101 investment UCITS funds / AIFs is: **Investment fund**

The described sub text for 101 investment products are: **Investment product, Unit-linked insurance, Fund portfolio, Fund of Fund**

Other sub texts can be approved after dialogue with Nordic Ecolabelling and provided in your Nordic language. More information on graphical guidelines, regulations and fees can be found at <https://www.svanen.se/en/for-licensees/rules-for-nordic-ecolabelling/> or at www.nordic-ecolabel.org/regulations/

Follow-up inspections

Nordic Ecolabelling may decide to check whether a fund fulfils the Nordic Swan Ecolabel requirements during the licence period. This may involve a site visit.

The licence may be revoked if it is evident that the fund does not meet the requirements or if the fund cannot fully document that it does so..

Random samples may also be taken from the fund's website and tested against the exclusion criteria. If the requirements are not met, Nordic Ecolabelling may charge the analysis costs to the licensee.

History of the criteria

The Nordic Ecolabelling Board adopted version 1.0 of the criteria for investment funds on 14 June 2017.

The Nordic Ecolabelling Board decided on 14 March 2018 that qualified non-corporate green bonds can be included when the applicant shows that the fund can apply for a license. The new version is called 1.1.

Nordic Ecolabelling decided on 22 February 2019 to prolong the validity of the criteria to 30 June 2022. An adjustment was also made to the exemption concerning power companies in a rapid transition to renewable sources of energy in criteria O6 Generating power. The new version is called 1.2.

Nordic Ecolabelling decided on 6 May 2020 to expand the criteria with investment products that primarily invest in Nordic Swan Ecolabelled funds. The new version is called 1.3.

Nordic Ecolabelling decided on 15 December 2021 to prolong the validity of the criteria to the 31 March 2023. The new version is called 1.4.

Terms and definitions

AIF	Alternative Investment Fund according to AIFM Directive.
Committed and budgeted investments	Confirmed strategic investments that are included in the company's capital expenditure budget or similar.
Comprehensive engagement	Engagements that involve multiple, substantive and detailed discussions or interactions with a company (e.g., letters, meetings and calls) relating to a particular ESG issue. (For definition of Engagement, see below.) This definition follows the same definition as outlined in PRI's reporting framework 2017.
Conventional weapons	Small arms and light weapons as well as (non-weapons of mass destruction) bombs, shells, rockets, missiles, warships, military aircraft, tanks etc.
Corporate debt	Corporate debt covers different types of bonds issued by private corporations.
Direct holdings	See also definition of Holdings. Direct holdings are investments in individual and identifiable stocks and bonds, as opposed to indirect holdings (see definition below).
Engagement	Engagement refers to interactions between the investor and current or potential investees (which may be companies, governments, municipalities, etc.) on ESG issues. Engagements are undertaken to influence (or identify the need to influence) ESG practices and/or improve ESG disclosure. This definition follows the same definition as outlined in PRI's reporting framework 2017.
Entities they control	The control over an entity through ownership of shares (>50%) or, according to the legal definitions in the market it operates, by being in a position to exercise control of the entity (for example dominate decision-making, directly or indirectly, in relation to the financial and operating policies of another entity.)
Equities	Equities are a share in ownership of a company.
ESG	Environmental, social and governance. ESG is a generic term used in capital markets and commonly used by investors to identify, analyse and evaluate issues and/or corporate behaviour. ESG factors are a subset of non-financial performance indicators which include sustainable, ethical and corporate governance issues such as managing the company's carbon footprint and ensuring there are systems in place to ensure accountability.
ESG analysis	A proactive analysis of ESG-relevant issues.
ETF	An exchange-traded fund (ETF) is an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds, and trades close to its net asset value over the course of the trading day. Most ETFs track an index, such as a stock index or bond index. ETFs may be attractive as investments because of their low costs, tax efficiency, and stock-like features. By 2013, ETFs were the most popular type of exchange-traded product.
EU or UN financial sanctions	http://eeas.europa.eu/cfsp/sanctions/consol-list/index_en.htm
Fund of funds	An investment strategy in which a fund invests in other types of funds (including ETFs).
GMO crops	Production of genetically modified crops that are to be used by others in agriculture. The DNA of GMO crops has been modified using genetic engineering techniques, for example to gain resistance to certain pests or diseases.
Green bonds	Fixed-income financial instruments in which the proceeds will be exclusively applied towards new and existing Green Projects – defined here as projects and activities that promote climate or other environmental sustainability purposes.

Gross corruption	<p>Gross corruption exists if a company through its representatives:</p> <ul style="list-style-type: none"> a) Gives or offers an advantage – or attempts to do so – so as to unduly influence <ul style="list-style-type: none"> i) a public servant in the execution of public duties or in decisions which may bring the company an advantage, or ii) a person in the private sector who takes decisions or has influence on decisions which may bring the company an advantage. b) Demands or receives bribes. <p>and</p> <ul style="list-style-type: none"> c) The corrupt acts mentioned in letters a and b are carried out in a systematic or comprehensive manner.
Holdings	<p>Holdings are the contents of an investment portfolio. Portfolio holdings may encompass a wide range of investment products, from stocks, bonds and mutual funds to options, futures and exchange-traded funds (ETFs), and relatively esoteric instruments such as private equity and hedge funds.</p>
Human rights	<p>http://www.un.org/en/universal-declaration-human-rights/, UN Guiding Principles on Business and Human Rights</p>
ILO's fundamental principles	<p>The International Labour Organization's principles cover freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation. http://www.ilo.org/declaration/lang--en/index.htm</p>
Indirect holdings	<p>Indirect holdings are investments in products such as other funds (fund of funds), equity index futures, investment company (see definition below) etc. as oppose to direct holdings. (See also definition of Holdings and Direct holding.)</p>
Index fund	<p>An index fund (also index tracker) is a mutual fund or exchange-traded fund (ETF) designed to follow certain preset rules so that the fund can track specified basket of underlying investments. Those rules may include tracking prominent indexes like the S&P 500 or the Dow Jones Industrial Average or implementation rules, such as tax-management, tracking error minimization, large block trading or patient/flexible trading strategies that allows for greater tracking error but lower market impact costs. Index funds may also have rules that screen for social and sustainable criteria.</p>
Intact forest landscape (IFL)	<p>http://www.intactforests.org/</p>
Investment company	<p>A corporation or trust engaged in the business of investing the pooled capital of investors in financial securities.</p>
Investment universe	<p>A fund will define its investment universe describing where it can invest its holdings. It can be defined by geography, sector or a combination of both.</p>
ISIN	<p>International Securities Identification Number.</p>
Qualified non-corporate green bonds	<p>See also the definition of Green bonds. Qualified non-corporate green bonds must follow the 2017 or later edition of the Green Bond Principles (GBP). In addition, qualified green bonds must be issued for investments named in the requirement P3 Environmental focus, and be third-party verified. Qualified green bonds cannot be issued to investments within areas excluded in criteria O5-O10.</p>
Renewable energy	<p>Any naturally occurring, theoretically inexhaustible source of energy (such as biomass, solar, wind, wave, tidal, and hydroelectric power that is not derived from fossil or nuclear fuel).</p>
Revenue	<p>The income that a business has from its normal business activities, usually from the sale of goods and services to customers.</p>
Serious or systematic human rights violations	<p>Serious or systematic human rights violations may involve murder, torture, deprivation of liberty, forced labour, the worst forms of child labour and other child exploitation; serious</p>

	violations of the rights of individuals in situations of war or conflict.
Severe environmental damage	<p>Projects or activities with potential significant adverse environmental risks and/or impacts that are diverse, irreversible or unprecedented. Considerations for deciding severity could also include the following:</p> <ul style="list-style-type: none"> – the damage is a result of violations of national laws or international norms, – the company has neglected to act in order to prevent the damage, – the company has not implemented adequate measures to rectify the damage, – it is probable that the company's unacceptable practice will continue.
Strong ESG practice	<p>The term "strong ESG practise" does not have any objective definition. It will be up to the individual fund manager to establish internal criteria within their ESG analysis tool to differentiate between holdings with ESG performance ranging from weak to strong. Nordic Ecolabel would expect that holdings must at least score in the better half (top 50%) in the analysis in order to be described as "strong ESG practice".</p>
The Paris Agreement	http://unfccc.int/paris_agreement/items/9444.php
The UN Convention on Biological Diversity	https://www.cbd.int/information/parties.shtml
Transparency International's Corruption Perceptions Index	http://www.transparency.org/
UCITS	<p>UCITS is an abbreviation for the mutual funds covered by the EU's Mutual Fund Directive (Council Directive 85/611/EEC 20 December 1985). UCITS stands for "Undertakings for Collective Investments In Transferable Securities". UCITS is a concept that accepts collective locations from shareholders, that will be, in the Fund's name, placed in highly liquid securities.</p> <p>It follows from the directive that UCITS funds that have been approved in one country in the European economic area is allowed to market in other EEA countries. UCITS directive has thus contributed to realize a free internal market for drawing of the mutual fund shares.</p> <p>The purpose of the directive was to strengthen competition within the EU and at the same time protect investors. Today the regulations contain 120 articles governing everything from investor protection to the funds' placements and the fund's Board and management. EU's rules on mutual funds was modified with UCITS V-directive and efforts have been made to introduce this in local law in 2015 and 2016. The directive includes rules for depot management, tax arrangements in fund management companies and sanctions.</p>

Appendix 1 Fund manager's declaration

We hereby confirm that all of the Nordic Ecolabelling's obligatory requirements and point-score requirements according to the table below are met for the following fund(s):

- In the point requirement columns below (P1–P8), state the number of points that each fund achieves for each point requirement.
- In the columns for fulfilment of obligatory requirements, mark with an x that all obligatory requirements are fulfilled for each fund that is part of the application.

[illegible]

Fund company name	
CIO signature	Person responsible for licence signature
CIO name	Person responsible for licence name
Date	Date