

Nordic Ecolabelling for
Investment funds and investment products



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Content

What is a Nordic Swan Ecolabel investment fund/investment product?	3
Why choose the Nordic Swan Ecolabel?	5
Which products can apply for the Nordic Swan Ecolabel?	5
How to apply	6
Overview of the criteria.....	8
1 General – investment funds	9
2 Exclusion criteria.....	10
3 Inclusion criteria	13
4 Active ownership.....	19
5 Reporting and transparency	21
6 Points.....	23
7 Investment products.....	23
8 Licence maintenance	24
Regulations for the Nordic Ecolabelling of services	27
Follow-up inspections.....	27
Criteria version history.....	27
Terms and definitions	29
Appendix 1 EU Taxonomy alignment: a further explanation of EU Taxonomy alignment calculations	
Appendix 2 O13 Reductions of GHG emissions in critical sectors: Aluminium and Steel sector	
101 Investment funds and investments products, version 2.5, 07 January 2025	

Contact information

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 Ecolabel investment fund/investment product?

The Nordic Swan Ecolabel provides investors with guidance about investments that influence companies and financial markets to act in a more sustainable way in the long run.

A Nordic Swan Ecolabel fund has to comply with requirements within four areas: the exclusion of the most unsustainable industries and companies, the inclusion of more sustainable companies, the exercise of active ownership, and acting in a transparent manner.

1. Exclusion

The requirements to exclude unsustainable industries and companies send a clear signal to both society and investors. A Nordic Swan Ecolabel fund:

- May not invest in companies exploring, drilling, 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†, are guilty of gross corruption†, and/or are subject to EU or UN financial sanctions†.
- May not invest in companies involved in the making or selling controversial† or conventional weapons†.
- May not invest in companies producing or selling tobacco products†.
- May not invest in government bonds from countries subject to EU or UN financial sanctions, have not ratified the Paris Agreement† or have a score worse than 40 on Transparency International's Corruption Perceptions Index†.

2. Inclusion

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

- Has conducted an assessment of environmental, social, governance ESG† and EU Taxonomy† performance on all holdings†.
- Can only invest in companies in sectors with high GHG† emissions if the company meets strict reduction requirements.
- Has given a significant weight in the ESG and EU Taxonomy analysis† to biodiversity and engages with companies that have poor performance in sectors where biodiversity is a material issue.
- Invests at least 70% of its assets in holdings with strong sustainability practices†.
- Promotes companies that are aligned with the EU Taxonomy, have validated Science Based Targets† on GHG emissions, or have a clear environmental objective that delivers solutions to environmental challenges.

3. Active Ownership

The active ownership requirements support the fund manager's opportunity to influence holdings in a more sustainable direction. Therefore, a Nordic Swan Ecolabel fund:

- Must engage with companies if there are doubts regarding compliance with global norms and disclose how the fund assesses the situation if the holding is kept.
- Stimulates proactive engagement[†] and dialogue with its holdings on sustainability issues.
- Promotes voting at annual general meetings.

4. Transparency

The transparency requirements seek to influence the fund manager and the fund holdings to operate in a more sustainable manner. A Nordic Swan Ecolabel fund will disclose all of its holdings quarterly and in an annual sustainability report including e.g.:

- A brief description of ESG risks and opportunities for the ten largest holdings.
- A brief description of the transition progress for the five largest GHG emitters.
- A summary of the engagements and dialogue with the ten largest holdings.

Disclaimer for investment funds and investment products

A Nordic Swan Ecolabel fund is managed so that it can influence companies and financial markets in a more sustainable direction. These 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 further in this document and the background document.

Note. If a definition is required for a word or text in the requirement, the word/text is marked with a †, which refers to the Terms and definitions chapter that can be found at the end of this criteria document.

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.
- For the fund company, the Nordic Swan Ecolabel fund is an effective tool to position and show investors that have robust and concrete processes in the four sustainability strategies: inclusion, exclusion, active ownership, and transparency.
- For the investor, the Nordic Swan Ecolabel is a concrete way to verify that a fund lives up to a high sustainability standard in the four sustainability strategies: inclusion, exclusion, active ownership, and transparency.
- 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.

Which products can apply for the Nordic Swan Ecolabel?

UCITS† funds and AIFs† can be awarded the Nordic Swan Ecolabel provided that at least 50% of the assets are held in listed equities†, corporate debt† and/or other eligible green bonds (see definition of Green bonds†).

The fund must be an article 8 or article 9 fund according to the Sustainable Finance Disclosure Regulation (SFDR†).

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 on an index that meets all relevant exclusion and inclusion criteria. An index provider can apply for a pre-evaluation of indices, which can be used in multiple fund applications after approval by Nordic Ecolabelling.

Investment products, e.g., fund portfolios, 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 Ecolabel funds with exceptions specified in requirement O21.
- 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 (does 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 to start a dialogue concerning the further process.

If you manage an investment product, start by assessing the possibilities to invest in Nordic Swan Ecolabel funds and the capacity to withhold a licence.

All information submitted to Nordic Ecolabelling is treated confidentially.

Application and costs




For information about this product group's application process and fees, please refer to the respective national website. For contact information, see page 2.

What is required?

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

The criteria for Investments Funds and Investments Products comprise a combination of obligatory requirements and point-score requirements. The letter "O" indicates obligatory requirements. These requirements must always be fulfilled. The letter "P" distinguishes point-score requirements. Each requirement of this type gives a point score. These scores are then totalled. A minimum total score must be achieved (see O19) to fulfil the licence constraints for investment funds.

The text describes how the applicant shall demonstrate fulfilment of each requirement. There are also icons in the text to make this clearer. These icons are:

-  Upload
-  State data in the electronic application
-  Requirement checked on site

To be awarded a Nordic Swan Ecolabel licence:

- Regulations for the Nordic Ecolabelling of Products and Responsibilities of the Primary Licence Contact must be accepted in the application portal. Please read more on www.nordic-swan-ecolabel.org/regulations/
- Nordic Ecolabelling must perform an on-site inspection.

Investments funds

- All obligatory requirements O1-O19 and O23-O26 must be fulfilled.
- Equity funds - A minimum of 6 (5 prior to June 1 2024) of the total 14 available points must be achieved.
- Bond funds - A minimum of 5 (4 prior to June 1 2024) of the total 11 available points must be achieved.

Investment products

- All obligatory requirements O20-O26 must be fulfilled.

All information submitted to Nordic Ecolabelling is treated confidentially. Suppliers of data and other services can send documentation directly to Nordic Ecolabelling, and this will also be treated confidentially.

Licence validity

The Nordic Swan Ecolabel licence is valid until the expiration date of the criteria, providing the criteria are fulfilled. The validity period of the criteria may be extended or adjusted, in which case the licence is automatically extended and the licensee informed.

Nordic Ecolabelling will publish revised criteria at least one year prior to the expiry of the present criteria. The licensee is then offered the opportunity to renew their licence.

On-site inspection

In connection with handling of the application, Nordic Ecolabelling performs an on-site inspection to ensure adherence to the requirements. For such an inspection, data used for calculations, original copies of submitted certificates, statistics, and similar documents that support the application must be available for examination.

Queries

Please contact Nordic Ecolabelling if you have any queries or require further information. See page 2 for contact information. Further information and assistance (such as calculation sheets or electronic application help) may be available. Visit the relevant national website for further information.

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 (5 prior to June 1 2024) for equity funds.
- At least 5 point scores must be achieved (4 prior to prior to June 1 2024) for bond funds.

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 14 (11 for bond funds)
1 General		
O1	Description of the fund	
O2	Holdings†	
O3	Derivatives and indirect holdings†	
2 Exclusion criteria		
O4	Extracting and refining fossil fuels and uranium	
O5	Generating power	
O6	Controversial weapons†	
O7	Conventional weapons†	
O8	Tobacco	
O9	International norms, conventions, and sanctions	
O10	Government bonds – sanctions and the Paris agreement	
O11	Government bonds – corruption	
3 Inclusion criteria		
O12	ESG and EU Taxonomy analysis†	
O13	Reductions of GHG† emissions in critical sectors	
O14	Conservation and sustainable use of biodiversity in critical sectors	
O15	Inclusion of strong sustainability practices†	
P1	EU Taxonomy† alignment	6
P2	Enhanced analysis and inclusion	2
4 Active ownership		
O16	Engagement† with non-conforming holdings	
P3	Systematic and targeted engagement	3
P4	Regular voting	3
5 Reporting and transparency		
O17	Reporting of the fund's holdings	
O18	Fund sustainability report	
6 Points		
O19	Number of points	

7 Investment products		
O20	Description of the product	
O21	Investments	
O22	Other requirements for investment products	
8 Licence maintenance		
O23	Management system	
O24	Annual compliance check	
O25	Information about the Nordic Swan Ecolabel	
O26	Customer information when a fund is no longer a Nordic Swan Ecolabel fund	

1 General – investment funds

O1 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.
- Sustainable investment strategy/objective.
- Document showing the fund's compliance with the UCITS† or AIFMD† directives.
- Document showing the fund's characteristics or objective in relation to Article 8 or 9 of the EU Sustainable Finance Disclosure Regulation (SFDR†).

📄 Fund fact sheet, fund rules, and/or other documents showing details according to O1.

🔗 Link to website where official documents are published.

O2 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†, eligible green bond†, other), portfolio weights (%), the securities identification number (ISIN†), sector, and the name of the issuer.
- The date when an ESG and EU Taxonomy analysis† was last performed for each holding. See also O12.
- Information on who conducted the ESG and EU Taxonomy analysis.
- Information on EU Taxonomy† alignment for each company and whether the alignment is based on estimation or audited data.
- Information showing that at least 50% of the total value of the portfolio is invested in listed equities, corporate debt and/or eligible green bonds.

📄 List of holdings as of the date of application, including the above information.

☞ 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 eligible green bonds for the last 12 months. If the fund rules clearly quantify the boundaries for the proportion invested in equities, corporate debt and/or eligible green bonds, no separate documentation is required.

O3 Derivatives and indirect holdings

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

For derivatives† and indirect holdings, the following limitations apply:

- Indirect holdings used for long-term strategic positions are allowed, if they comply with applicable exclusion and inclusion requirements.
- Other use of derivatives and indirect holdings that do not follow the exclusion criteria may not exceed 5% of the fund's value. However, sector-based instruments or products that are mainly exposed to excluded sectors or companies are not allowed.
- Short selling of companies is not allowed.

☞ Fund policy or description of the use of derivatives and indirect holdings.

☞ Process or routine to ensure that the use of derivatives and indirect holdings is aligned with relevant exclusion and inclusion criteria. If the fund rules clearly prohibit the use of derivatives and indirect holdings, no separate documentation is required.

2 Exclusion criteria

O4 Extracting and refining fossil fuels and uranium

The fund may not invest in companies which themselves or through entities they control† derive 5% or more of their revenue† from exploration, drilling, extraction and/or refining (for fuel) of:

- coal (all sorts of thermal coal, e.g. lignite or anthracite),
- natural gas (conventional and unconventional†),
- crude oil (conventional and unconventional),
- uranium.

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

- At least 90% of the company's energy sector CapEx† in new capacity, on average for the 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. This ratio may be calculated on average over the course of 1, 2 or 3 of the last financial years.

- The company has no revenue from tar sand, shale oil or shale gas, or other fracking activities and/or mining of oil shale and/or extraction in the Arctic region.



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 exemption criteria.



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

O5 Generating power

The fund may not invest in energy companies which themselves or through entities they control† derive 5% or more of their revenue† from generating power from:

- coal (all sorts of thermal coal, e.g., lignite or anthracite),
- natural gas (conventional and unconventional†),
- crude oil (conventional and unconventional),
- uranium.

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

- At least 90% of the company's energy sector CapEx† is 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 no revenue from tar sand, shale oil or shale gas or other fracking activities and/or mining of oil shale and/or extraction in the Arctic region.



Fund policy or guideline.



Description of how the fund manager ensures access to data and information and how this data is processed to comply with the requirement.



List of any holdings† that fulfil the exemption criteria.



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

O6 Controversial weapons

The fund may not invest in companies which themselves or through entities that they control† derive revenue† from the production or sale of controversial 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.

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

O7 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†. This also covers firearms for civilian use. However, production or sale of weapons or ammunition for hunting and competition are not excluded.

🏠 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.

O8 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 or sale/distribution of tobacco and tobacco products†.

🏠 Fund policy or guideline.

🏠 Description of how the fund manager ensures access to data and information and how this data is processed to comply with the requirement.

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

O9 International norms, conventions, and sanctions

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 severe or systematic violations of one or more of the following:

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

The fund may not invest in companies, including entities they control†, which are subject to EU or UN financial sanctions†.

lease also see O16 Engagement with non-conforming holdings.

- 🏠 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.

O10 Government bonds – sanctions and Paris agreement

The fund may not invest in government bonds issued by:

- Countries that are subject to EU or UN financial sanctions†.
- Countries that have not ratified† 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 to comply with the requirement.
- 🕒 Nordic Ecolabelling will perform random sample checks at the time of application and as part of the annual reporting.

O11 Government bonds – corruption

The fund may not invest in government bonds issued by countries which achieve a score worse than 40 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

O12 ESG and EU Taxonomy analysis

All direct holdings† in the portfolio must have undergone ESG and EU Taxonomy analysis† (see information about indirect holdings† in O3).

The methodology for ESG and EU Taxonomy analysis must cover:

1. how ESG† factors are considered based on the materiality† of the issuer
2. to what degree (%) a company is aligned with the EU Taxonomy† (revenue† or CapEx†) if its activities are eligible. The fund may estimate the degree of alignment until a company has reported taxonomy data. Proxies may be used for companies outside the scope of CSRD†.
3. how the analysis is performed with a forward-looking perspective

4. how the fund manager controls that there is an ESG and EU Taxonomy analysis for each holding prior to investment
5. how the fund manager controls that the respective ESG and EU Taxonomy analyses undergo a full update on a yearly (12-15 months) cycle
6. how the fund manager deals with corporate actions† and IPOs†, which might affect data availability in the short term
7. to what extent the analysis is done internally or by an external service provider and (if applicable) how they interact with each other
8. the capacity in terms of time, knowhow, and coverage at the fund manager and (when applicable) at the service provider, including external products and services used to comply with the requirement.

🏠 Methodology for ESG and EU Taxonomy analysis.

🏠 ESG and EU Taxonomy analysis template (please include a couple of example analyses).

🔍 Nordic Ecolabelling may ask for further information to check whether the service provider meets the above criteria.

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

O13 Reductions of GHG emissions in critical sectors

For sectors specified in this requirement (30% company revenue† threshold), reduction of GHG† emissions shall always be treated as a material† issue in the ESG and EU Taxonomy analysis† (ref. O12).

Holdings† operating in the high-emitting sectors aluminium, aviation, automobiles, cement, mining, pulp and paper, shipping, and steel, must pass at least one of the following eligibility criteria:

1. At least 30% of the company's economic activity, according to the formula in P1, is aligned with the climate change objectives of the EU Taxonomy† (climate change mitigation and adaptation).
2. At least 75% of the company's investments, on average for three consecutive years including the last financial year, is aligned with the climate change objectives of the EU Taxonomy.
3. The company is in a rapid transition and has a validated 1.5 °C Net Zero Science Based Target† (SBT) or is aligned and validated to a similar internationally accepted framework for transition.

Until January 31 2026, a validated 1.5 °C Near Term Science Based Target† is accepted.

For the aluminium and steel sector, see Appendix 2 for additional eligibility criteria.

4. The company is one of the best 15% in GHG intensity. To calculate intensity, the fund shall consistently use either yearly GHG emission/EVIC†, GHG emission/revenue or GHG/tonne production of aluminium, cement, mining, pulp and paper or steel in a global comparison of its sector peers† with reported GHG emissions. GHG

emissions shall be calculated with the GHG Protocol Corporate Standard (scopes 1 & 2, also scope 3 for automobiles).

Alternatively, the fund passes at least one of the following criteria:

5. At least 50% of the fund is aligned with the EU Taxonomy for the part of the fund that is eligible within the climate change objectives.
6. The fund has a legally binding commitment to follow an EU Paris-Aligned Benchmark† (EU PAB) or adheres to a similar internationally established methodology for transition approved by Nordic Ecolabelling.

The fund may use proxies to estimate the degree of taxonomy alignment until a company has reported taxonomy data. Proxies may be used for companies outside the scope of CSRD†.

The fund may use proxies to estimate GHG emissions until June 1 2024.

📖 Description of how the eligibility criteria on climate change are covered in ESG analysis for companies in relevant sectors.

📖 Official document verifying the fund's commitment to follow an EU PAB (if applicable).

O14 Conservation and sustainable use of biodiversity in critical sectors

For sectors specified in this requirement (30% company revenue† threshold), conservation and sustainable use of biodiversity shall be assessed as a material† issue in the ESG and in EU Taxonomy analysis.

Holdings† operating in the sectors agriculture, construction and infrastructure, extractive industries, fishery and aquaculture, food and beverage, forestry and logging, and shipping, must have strong sustainability practices† (as defined in O15). When setting the overall rating/assessment of strong sustainability practices for companies in these sectors, a significant weight in the analysis shall be given to the following factors:

- Principal Adverse Impact (PAI†) indicators on biodiversity (as specified in the Regulatory Technical Standards, RTS), and
- Do No Significant Harm (DNSH†) indicators on biodiversity in the EU Taxonomy for eligible activities.

Moreover, if a holding operates in any of these sectors and do not meet the definition of strong sustainability practices, then:

- The fund must engage† according to P3 Systematic and targeted engagement (including the subheading Engagement transparency) to stimulate the company towards conservation and sustainable use of biodiversity. Engagement progress shall be measured in relation to the goals and milestones set up in P3 and described in the annual sustainability report (ref. O18).

Engagement progress shall also be measured in relation to the PAI and DNSH indicators when implemented.

📖 Description of how PAI and DNSH indicators on biodiversity are covered in the ESG and EU Taxonomy analysis for companies in relevant sectors.

O15 Inclusion of strong sustainability practices

At least 70% of the fund's value shall always be invested in holdings† that meet the definition of strong sustainability practices†. The requirements O13 and O14 shall provide information to evaluate whether an issuer meets the definition.

The fund shall have a clear definition of strong sustainability practices at the issuer level.

The definition shall cover what the issuer produces, and how the issuer practices and performs with respect to ESG† issues, and the degree (%) of EU Taxonomy† alignment (revenue†, CapEx† or OpEx†) for companies.

E, S, G, and the degree of EU Taxonomy alignment can have different weights, but the overall assessment and/or rating must be strong for each issuer covered by the definition.

The definition of strong sustainability practices must be made readily available on the fund's website and in the fund's sustainability report (ref. O18).

- 🏠 Methodology for ESG rating/assessment and procedures for selecting investments with strong sustainability practices.
- 🏠 Definition of strong sustainability practices.
- 🏠 Description of how the fund manager ensures that the criteria are fulfilled at all times.
- 🏠 Link to the webpage where the definition of strong sustainability practices will be published.
- 🔍 Nordic Ecolabelling will perform a random sample check to ensure that the fund holdings are in line with the ESG analysis and inclusion criteria at the time of application and as part of the annual reporting.

P1 EU Taxonomy alignment (max 6p)

To be fully aligned with the EU Taxonomy†, an economic activity must:

- a) substantially contribute to an environmental objective by fulfilling the technical screening criteria,
- b) do no significant harm to other environmental objectives, and
- c) comply with certain minimum social safeguards.

Points are awarded according to the share of the portfolio that is fully aligned with the EU Taxonomy, based on the calculation formula in the requirement.

Alignment of general-purpose corporate bonds shall be counted in the same way as equities. Project-based bonds whose alignment with the EU Taxonomy has been verified by a reputable third party, may be counted as the share of alignment at the individual bond level. These bonds must follow the prevailing Green Bond Principles (GBP) or the EU Green Bond Standard (EU GBS) at the time of issuance.

The fund may estimate the degree of alignment until a company has reported taxonomy data. Proxies may be used for companies outside the scope of CSRD†.

Table 2 EU Taxonomy alignment thresholds and points.

	1p	2p	3p	4p	5p	6p
Taxonomy	≥ 5%	≥ 10%	≥ 20%	≥ 30%	≥ 40%	≥ 50%

Company-level alignment with the EU Taxonomy shall be calculated using the below formula.

$$G = \sum_{i=1}^n PC_i * \frac{GT_i + GC_i + GO_i}{T_i}$$

where:

G = % of total portfolio value invested according to the EU Taxonomy

i = an individual holding in the portfolio

n = total number of holdings in the portfolio

PC_i = % Portfolio Contribution of holding i

GT_i = Green Turnover (EUR) of company i of the last year prior the application

GC_i = the highest annual Green CapEx (EUR) of company i over the past 3 years prior the application

GO_i = the highest annual Green OpEx (EUR) of company i over the past 3 years prior the application

T_i = Turnover (EUR) of company i of the last year prior the application

GT_i + GC_i + GO_i ≤ T_i

For more detailed information about how to use the formula, please refer to Appendix 1.

☞ Calculation on a company level showing the weighted average of the fund aligned with the EU Taxonomy. The calculation can be performed in the calculation sheet from Nordic Ecolabelling according to the instructions provided therein.

☞ Description of how the fund manager controls that the approved level of alignment is maintained at all times.

🔍 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

P2 Enhanced analysis and inclusion (max 2p)

If the fund has a clearly defined methodology for identifying, assessing, and including holdings† according to the following sustainability themes. Points can only be awarded for one theme.

A. Science Based Targets†.

Share of the fund's value invested in holdings that have published a validated 1.5 °C Net Zero Science Based Target (SBT) or have published a validated SBT in other environmental areas.

Until January 31 2026, a validated 1.5 °C Near Term Science Based Target† is accepted.

25% of the fund's value: 1 point.

50% of the fund's value: 2 points.

Similar methodologies as SBT can be used after approval from Nordic Ecolabelling.

B. Climate alignment.

The fund has a legally binding commitment to follow an EU Paris-Aligned Benchmark† (EU PAB) or adheres to a similar internationally established methodology for transition approved by Nordic Ecolabelling.

1.5 °C target: 1 point.

On the fund's webpage, the fund manager must briefly describe the methodology, give easy access to an external link where investors can read more about the methodology, and provide a status of the alignment in the fund's sustainability report (ref. O18).

C. Thematic focus.

The fund is an article 9 product and a substantial part of the portfolio ($\geq 90\%$) is invested in companies that deliver solutions to environmental challenges. This shall be shown by a clear environmental objective that focuses on selecting companies based on **what** they produce that is specified in the definition of strong sustainability practices† (ref. O15): 2 points.

D. Strong sustainability practices

At least 90% of the fund's value is invested in holdings that meet the definition of strong sustainability practices (ref. O15): 1 point.

- ☞ Description of the fund's methodology for identifying, assessing and including holdings that fulfil the relevant theme(s). If the methodology is clearly outlined in requirement O12 ESG and EU Taxonomy analysis, no separate documentation is required.
- ☞ Calculation on a holding level showing the weighted average of the fund within a specified theme. The calculation can be performed in the calculation sheet from Nordic Ecolabelling according to the instructions provided therein. The fund manager may also implement the calculation in its own management system.
- ☞ Official document verifying the fund's commitment to follow an EU PAB (if applicable).
- ☞ Description of how the fund manager controls that the claimed level of alignment is maintained at all times.
- ☞ 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

4 Active ownership

O16 Engagement with non-conforming holdings

When a fund manager receives information about an unacceptable risk (see O9) or that a holding† is in breach with the obligatory exclusion criteria, a general description of the alleged non-conformity must be published on the fund's webpage if the holding is kept in the portfolio for more than a month.

If the non-conformity is verified or the unacceptable risk persists, the fund manager must sell all holdings from that issuer within three months. However, 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 may keep the holding provided that the fund manager enters into an engagement† process with the company in question.

Moreover, the fund manager must show how it systematically carries out and follows up on the engagement in a way that corresponds to the magnitude of the breach. The fund manager may use a reputable external provider to carry out the engagement.

As long as there is doubt about the non-conformity or the issue is ongoing, the fund manager must explain on the fund's webpage:

- how the fund manager assesses the non-conformity,
- what actions the fund manager will take to address the issue,
- what result the fund manager expects to achieve, and
- when the fund manager estimates 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.

The fund may use a traffic light model (or similar) delivered by a reputable external provider of ESG† data as the source of information. If the fund receives information from more than one source, the source that shows the most extensive non-conformity should be used.

🏠 Ownership policy or similar, and procedures showing how the fund manager will act in accordance with the requirement.

🏠 Example of engagement disclosure including a link to the webpage where the information will be published (if applicable).

P3 Systematic and targeted engagement (max 3p)

The fund manager regularly engages† with its holdings† in order to address ESG† and/or EU Taxonomy† issues, concerns or performance, and can demonstrate:

- a) A clear and systematic method for selecting candidates and topics/themes for engagement.
- b) Clear, specific, and time-bound goals and milestones for each engagement.
- c) Regular assessment of the achievement of the engagements.
- d) A description of resources and tools for conducting the engagement.

Engagement with at least 5% of the fund's holdings (in number). At least 5 but no more than 25 holdings are required: 1 point.

Engagement with at least 10% of the fund's holdings (in number). At least 10 but no more than 50 holdings are required: 2 points.

Engagements in collaboration with other stakeholders or with companies outside the portfolio may be included when calculating the percentages.

- A collaborative engagement† may be included in full if the fund company acts as a lead investor. In other cases where the fund company actively contributes to the engagement initiative, collaborative engagements may be counted as ½.
- Engagement activities that concern companies outside the portfolio may account for up to half of the total engagement.

Engagement transparency

An additional point may be earned if the sustainability report (ref. O18, point 4) contains a brief description (an additional 4 to 10 sentences) of goals and status for the company engagements presented in the report: 1 point.

🏠 Engagement policy or routine including

- Description of the engagement method, resources, and follow-up principles, and
- Description of the process for setting engagement goals in relation to the selected theme(s) and time-bound milestones.

🏠 Description of planned or performed engagement activities in relation to the required thresholds. The document must include a high-level description of relevant ESG issues, concerns or performance at the holding level.

For the section Engagement transparency:

🏠 A brief description of how and what the fund intends to report on the company engagements (if possible, include a reporting template).

P4 Regular voting (max 3p)

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

The fund manager does case by case inhouse assessments and:

- a) Identifies ESG-related issues and regularly votes at AGMs/EGMs for at least 25% of the fund's holdings† (in number) in accordance with its voting policy/public statement: 1 point.
- b) Identifies ESG-related issues and regularly votes at AGMs/EGMs for at least 50% of the fund's holdings (in number) in accordance with its voting policy/public statement: 2 points.

The fund manager uses a proxy voting service and:

- c) Identifies ESG-related issues and regularly votes at AGMs/EGMs for at least 70% of the fund's holdings (in number) in accordance with its voting policy/public statement: 1 point.

- d) Identifies ESG-related issues and regularly votes at AGMs/EGMs for at least 90% of the fund's holdings (in number) in accordance with its voting policy/public statement: 2 points.

The fund manager may combine inhouse assessments and the use of a proxy voting service.

Voting transparency

An additional point may be earned if the sustainability report (ref. O18) contains or links to voting records showing company-specific voting: 1 point.

- 🏠 Voting policy or statement with link to website.
- 🏠 Description of the fund manager's process for voting including the use of proxy services and/or the inhouse assessment for each AGMs/EGMs. Nordic Ecolabelling may request samples.
- 🏠 Voting records showing the extent of voting as a percentage (based on the number of holdings) where the fund held voting rights.

For the section Voting transparency:

- 🏠 A brief description of how the fund plans to disclose company-specific voting records.

5 Reporting and transparency

O17 Reporting the fund's holdings

The fund manager must report on all holdings† in the Nordic Swan Ecolabel fund on the fund's public website at least once every quarter.

A lag of 45 days for publishing is allowed. The list can but does not have to include the weighting of each holding.

- 🔗 Link to the website(s) where the holdings will be published.
- 🔑 Will be controlled by Nordic Ecolabelling at the annual compliance check.

O18 Fund sustainability report

The fund manager shall no later than March 31 each year publish an annual sustainability report describing the ESG† activities and performance of the fund in the previous calendar year. 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 regarding the fund is made available to (potential) investors. The report should be made available to unitholders in the main markets where the fund is distributed.

The report will cover the relevant reporting period and contain information about ESG-motivated activities relating to the holdings† in the Nordic Swan Ecolabel fund. The report must include, as a minimum (if no activities are conducted, please comment or explain):

1. Exclusions: A brief description (roughly 4 to 10 sentences) of excluded issuers based on verified non-conformities and persisting unacceptable risks identified in O16.
2. Strong sustainability practices: A brief description (roughly 4 to 10 sentences) of what the fund defines as strong sustainability practices†.
3. ESG risks and opportunities: A brief description (roughly 4 to 10 sentences) of the main ESG risks and opportunities, and the sustainability impact of the holdings for the ten largest holdings† and include a link to the holdings' websites.
4. Engagements: A summary of the engagements† and dialogue with the ten largest holdings, if any. The summary shall at least include the name of the company and a description (roughly 4 to 10 sentence) of topics and issues discussed. If the section Engagement transparency in P3 is claimed and approved, the goals and status of the engagements shall also be added.
5. GHG† emissions: A brief description (roughly 4 to 10 sentences) of the transition progress as well as the risks and opportunities concerning GHG emissions for the five largest emitters of GHG (in absolute terms) as identified in O12/O13.
6. Biodiversity: A brief description (roughly 4 to 10 sentences) of the risks and opportunities concerning conservation and sustainable use of biodiversity for the five holdings with the poorest rating/assessment on biodiversity as identified in O12/O14, as well as the main engagement goals (if a rating/assessment is below strong sustainability practices as identified in O14).
7. Voting: The extent of voting (number and percentage of AGM/EGMs at which the fund manager voted in the relevant period). This does not apply to bond funds.
8. SFDR†: Information stated in the EU REGULATION 2019/2088 on sustainability-related disclosures in the financial services sector or a link to where the fund-specific information can be found.

The above information can also be presented in a more general fund company report, but it must be described how the aforementioned aspects are achieved by the Nordic Swan Ecolabel fund. The report can be produced as a separate document or on a webpage, and the selected format may also include other information with regards to the fund.

The report can also be produced by an external organisation. If the fund or the fund company has another financial year than the calendar year, the report may be published according to that period.

- 🏠 Reporting template or an example report, outlining the minimum requirements.
- 🔗 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.

6 Points

O19 Number of points

Equity funds must achieve a minimum of 6 points. Prior to June 1 2024, a minimum of 5 points is required.

Bond funds must achieve a minimum of 5 points. Prior to June 1 2024, a minimum of 4 points is required.

Mixed funds comprising of at least 50% equities are evaluated as equity funds.

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

The following table contains a summary of which areas you can get points in.

Table 3 Summary of points

Point-score requirement	Number of points achieved	Maximum number of points
P1 EU Taxonomy alignment		6p
P2 Enhanced analysis and inclusion		2p
P3 Systematic and targeted engagement		3p
P4 Regular voting		3p for equity funds 0p for bond funds
Sum		14p for equity funds 11p for bond funds

🏠 Summary of claimed points.

🔍 Will be controlled by Nordic Ecolabelling at the annual compliance check. See also O24.

7 Investment products

Requirements O20–O22 apply to investment products that invest in Nordic Swan Ecolabel funds.

O20 Description of the product

A brief description of the investment 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 a minimum, open for quarterly trading.

🏠 Fact sheet and/or other document showing details according to O20. Unit-linked insurance products do not need to document quarterly trading.

O21 Investments

A Nordic Ecolabelled investment product can solely invest in Nordic Swan Ecolabel funds. Exceptions can be made for investments in funds that cannot apply for a Nordic Swan Ecolabelling licence because their share of listed equities†, corporate debt† and / or eligible green bonds† is lower than 50%. In

such cases, the fund must document that it complies with O1–O17 and O23–O24 except for requirement O2, where the 50% threshold does not need to be met.

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

- 🏠 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 the 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%.

O22 Other requirements for investment products

The portfolio manager shall, on its website, provide easy access to the Nordic Swan Ecolabel fund sustainability reports for the funds in which the product is invested.

The portfolio manager must report on all holdings† of the Nordic Swan Ecolabel investment product according to O17.

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.

- 🔗 Link to website(s) where sustainability reports of the underlying funds can be found.
- 🔗 Link to website(s) where holdings of the underlying funds can be found.
- 🔗 Signed in the Nordic Ecolabelling Portal.

8 Licence maintenance

Requirements O23–O26 apply to both funds and investment products that invest in Nordic Swan Ecolabel funds.

O23 Management system

The licensee must have resources, capacity, competence and a management system to ensure that the quality of the Nordic Swan Ecolabel fund/investment product 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/investment product can comply with the Nordic Ecolabelling requirements during the period of validity of the licence.

🏠 Organisation chart and a description showing the person(s) responsible for acting as the primary contact for the licence, the marketing of the Nordic Swan Ecolabel product, and financial reporting to Nordic Ecolabelling.

🏠 Copy of relevant documents from the management system.

O24 Annual compliance check

The licensee must perform an internal audit to ensure that the fund/investment product fulfils all relevant Nordic Ecolabelling criteria every twelve months. The result will be sent to Nordic Ecolabelling by no later than March 31 each year.

The internal audit:

- shall have a risk-based approach where the most relevant risks of non-compliance are identified.
- can use other internal audits of methods and processes that are already in place for the Nordic Swan Ecolabel fund/investment product if they are reliable and have relevance and usability for this audit.
- must be carried out by internal audit, risk control, or compliance, i.e., a department that is independent from the upholding of the Nordic Swan Ecolabel licence.

An updated list of holdings† according to O2 (per December 31 of the reporting year) and the fund sustainability report in O18 will also be sent to Nordic Ecolabelling.

The audit can be outsourced to an external organisation.

🏠 Annual internal audit report. The report shall include the risk analysis identifying the most relevant risks of non-compliance.

🏠 Holdings per December 31 of the reporting year as described in O2.

🏠 Fund sustainability report (ref. O18).

O25 Information about the Nordic Swan Ecolabel

When a licensee uses the Nordic Swan Ecolabel in communication or marketing, there should be a clear reference to Nordic Ecolabelling's website:

<https://www.nordic-ecolabel.org/product-groups/group/?productGroupCode=101>

or to relevant national Nordic Ecolabelling website below:

Denmark: www.svanemaerket.dk/investeringsfonde

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

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

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

🏠 Signed in the Nordic Ecolabelling Portal.

O26 **Customer information when a product is no longer a Nordic Swan Ecolabel product**

The investors must be informed clearly on the product webpage if the product is no longer a Nordic Swan Ecolabel product. The information must be presented on the webpage for at least twelve months thereafter.

 Signed in the Nordic Ecolabelling Portal.

Regulations for the Nordic Ecolabelling of services

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

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

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

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 www.nordic-swan-ecolabel.org/regulations/

Follow-up inspections

Nordic Ecolabelling may decide to check whether the product fulfils Nordic Ecolabelling requirements during the licence period. This may involve a site visit, random sampling or similar test.

The licence may be revoked if it is evident that the product does not meet the requirements.

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.

Criteria version history

Nordic Ecolabelling adopted version 2.0 of the criteria for Investment funds and Investment products on February 15 2022. The criteria are valid until January 31 2025.

On September 15, 2022, Nordic Ecolabelling decided the following:

- Adjust requirement O13 so that a validated 1.5° Near Term SBT can be used until June 1 2024.
- Adjust requirement O13 so that proxies for GHG emissions can be used until June 1 2024.
- Adjust requirements O14 so that it is specified that the EU Taxonomy analysis shall include objectives 3-6.
- Adjust requirement P3 so that engagement in companies outside the portfolio may account for up to half of the total engagement.

The new version is 2.1

On November 8, 2022, Nordic Ecolabelling decided the following:

- In requirement O9 the exclusion of companies that are under sanction by the EU or UN was added. At the same the above adjustments were added to version 2.1.

The new version is 2.2

On March 29, 2023, Nordic Ecolabelling decided the following:

- To adjust requirement O13, bullet point 3, by adding an option to further enable eligibility for the aluminium and steel sectors. More information in Appendix 2.
- To adjust requirement O13, bullet point 4, by adding a method for calculating GHG intensity for some sectors.

The new version is 2.3

Nordic Ecolabelling decided on November 21, 2023 to prolong the validity of the criteria until January 31, 2026. The new version is called 2.3.

On March 12, 2024, Nordic Ecolabelling decided the following:

- Adjust requirement O13 and P2 so that a validated 1.5° Near Term SBT can be used until January 31, 2026, based on that the number of companies with a validated Net-Zero SBT is still low.
- Adjust requirement O13, bullet point 4, by specifying that the comparison is done by its peers.
- Adjust requirement P1 so that OpEx can be used in the formula to calculate EU-taxonomy alignment.

The new version is 2.4

Nordic Ecolabelling decided on January 7, 2025, to prolong the validity of the criteria until March 31, 2027. The new version is called 2.5.

Terms and definitions

AIF	Alternative Investment Fund according to AIFMD.
AIFMD	<p>AIFMD stands for Alternative Investment Fund Manager Directive. AIFMD is an EU regulation that applies to alternative investments, setting standards for marketing around raising private capital, remuneration policies, risk monitoring, and reporting.</p> <p>AIFMD applies to EU-registered hedge funds, private equity fund, and real estate funds.</p>
ASI Performance standard	https://aluminium-stewardship.org/knowledge-hub/document-centre
CapEx	<p>The Capex KPI is defined as the share of Taxonomy-aligned capital expenditures (Capex) in the numerator, divided into three categories (a – c) as defined in the Disclosures Delegated Act, divided by the total Capex (in the denominator). The three classifications of CapEx are:</p> <p>Type A: related to assets or processes that are associated with Taxonomy-aligned economic activities (where turnover is aligned);</p> <p>Type B: part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned under conditions specified in the Delegated Act (where turnover is eligible but not aligned); and</p> <p>Type C: Related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, provided that such measures are implemented and operational within 18 months (where turnover is not eligible nor aligned).</p>
Collaborative engagement	<p>Initiative in which several participating investors actively engage with individual corporates through different activities, such as meetings/site visits, investor letters, etc.</p> <p>See also Engagement.</p>
Controversial weapons	Biological and chemical weapons (Biological Weapons Convention, 1975, Chemical Weapons Convention, 1997), cluster weapons (Oslo Convention, 2008), nuclear weapons (Treaty on the Non-Proliferation of Nuclear Weapons, 1968), anti-personnel mines (Ottawa Treaty, 1997) depleted uranium weapons, incendiary weapons (also including white phosphorus), blinding laser, weapons using non-detectable fragments or components solely intended for use in these weapons.
Conventional weapons	Small arms for private use, weapons of warfare, and other weapons-related products and systems that directly contribute to the lethality in combat and warfare. This includes handguns, bombs, shells, rockets, missiles, ammunition, tanks, warships, military aircraft, etc.
Corporate action	A corporate action is an event initiated by a public company that triggers a change to the traded securities of a company. Examples of corporate actions include stock split, dividends, mergers and acquisitions, rights issues, and spin-offs.
Corporate debt	Corporate debt covers different types of bonds issued by private corporations.
CSRD	Corporate Sustainability Reporting Directive. CSRD seeks to amend the existing reporting requirements of the NFRD by expanding the scope of entities that are required to report and introducing more detailed reporting according to mandatory EU sustainability reporting standards.

Derivatives	Derivatives are financial instruments based upon an underlying financial asset. Common examples of derivatives include futures, forwards, options, and swaps.
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).
DNSH	Do No Significant Harm (DNSH) criteria are requirements for economic activities in the EU Taxonomy. To be considered environmentally sustainable, an economic activity must not breach the DNSH for other environmental objectives of the EU Taxonomy. See also EU Taxonomy.
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 able 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 reducing the company's carbon footprint and negative environmental impact, respecting human and labour rights, ensuring product quality and safety, and upholding management systems that increase accountability.
ESG and EU Taxonomy analysis	A proactive analysis of ESG issues, which also includes an assessment of a company's alignment with the EU Taxonomy in case its activities are eligible.
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	Countries: EU Sanctions Map Specifically, the sanction measures - Asset freeze and prohibition to make funds available, - Financial measures, and - Investments. Companies: European Union Consolidated Financial Sanctions List
EU Taxonomy	The EU Taxonomy is a classification system for environmentally sustainable activities along with detailed technical screening criteria.
EVIC	Enterprise Value Including Cash.
Fund of funds	An investment strategy in which a fund invests in other types of funds (including ETFs).
GHG	Greenhouse gases (GHG) are gases that absorb and emit radiant energy within the thermal infrared range, causing the greenhouse effect. Common greenhouse gases in the Earth's atmosphere are water vapor (H ₂ O), carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), and ozone (O ₃).

	<p>Shall be calculated according to GHG Protocol Corporate Standard 3.51 or later https://ghgprotocol.org/corporate-standard or similar standard.</p>
Green bonds	<p>Green bonds are fixed-income financial instruments exclusive applied towards new and existing green projects. Eligible green bonds must follow the prevailing Green Bond Principles (GBP) or the EU Green Bond Standard (EU GBS) at the time of issuance. In addition, eligible green bonds must be third-party verified. Eligible green bonds cannot be issued to investments within the business activities that are subject to exclusion.</p>
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 equities and bonds via products such as funds, ETFs, etc., as opposed to direct ownership in equities and bonds. (See also definition of Holdings and Direct holdings.)</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>
Initial public offering (IPO)	<p>An initial public offering (IPO) is a type of public offering in which shares of company are sold to investors.</p>
Intact forest landscape (IFL)	<p>http://www.intactforests.org/</p>
Investments	<p>Any capital expenditure and selected operating expenditures such as maintenance costs related to green assets, that either increase the lifetime or the value of the assets. Also, research and development expenditures are included.</p> <p>Note: Operating costs such as purchasing costs and leasing costs would not though normally be eligible except in exceptional cases as may be identified in the EU Taxonomy and future related guidance.</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	International Securities Identification Number.
Materiality	<p>A materiality assessment is the process of identifying, refining, and evaluating the potential ESG issues – both positive and negative - that could affect a business and/or its stakeholders. The material ESG factors typically differ from one sector to another.</p> <p>See ESG for examples of ESG factors.</p>
Opex	<p>The Opex KPI is defined as the share of Taxonomy-aligned operating expenditures (Opex) in the numerator, divided into three categories (a – c) as defined in the Disclosures Delegated Act, divided by the total Opex (in the denominator). The three classifications of OpEx are:</p> <p>Type A: related to assets or processes that are associated with Taxonomy-aligned economic activities (where turnover is aligned);</p> <p>Type B: part of a Capex plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned within a predefined timeframe specified in the Delegated Act (where turnover is eligible but not aligned); and</p> <p>Type C: Related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, provided that such measures are implemented and operational within 18 months (where turnover is not eligible nor aligned).</p>
PAI	<p>Under SFDR, Principle Adverse Impacts (PAI) are negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity.</p> <p>See also SFDR.</p>
Paris Agreement	http://unfccc.int/paris_agreement/items/9444.php
Paris-Aligned Benchmark (EU PAB)	<p>Paris-Aligned Benchmarks are indices whose constituent companies are aligned with the Paris Agreement.</p> <p>These indices are structured with a broad market exposure and so that a process of year-on-year decarbonization is reflected, equalling at least 7% on average per annum.</p>
Ratification (Paris agreement)	<p>Ratification defines the international act whereby a state indicates its consent to be bound to a treaty if the parties intended to show their consent by such an act.</p> <p>The instruments of "acceptance" or "approval" of a treaty have the same legal effect as ratification and consequently express the consent of a state to be bound by a treaty.</p> <p>UNTC</p>
Renewable energy	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).
Responsible Steel	https://www.responsiblesteel.org/certification/issued-certificates/
Revenue	The income that a business has from its normal business activities, usually from the sale of goods and services to customers.
Science Based Target	Science-Based Targets are a set of goals developed by a business to provide it with a clear route to reduce greenhouse gas emissions. An emissions reduction target is defined as 'science-based' if it is developed in line with the scale of reductions required to keep global warming below 2C from pre-industrial levels.
Scope 1, 2 and 3	Scope 1: All direct GHG emissions.

	<p>Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam.</p> <p>Scope 3: All other indirect emissions that occur in a company's value chain.</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 violations of the rights of individuals in situations of war or conflict.</p>
Sector peers	<p>Companies that share the same characteristics such as size, industry, sector, production capabilities etc</p>
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.
SFDR	<p>Sustainable Finance Disclosure Regulation. SFDR imposes mandatory ESG disclosure obligations for many financial market participants.</p>
Strong sustainability practice	<p>The term "strong sustainability practice" does not have any objective definition. It will be up to the individual fund manager to establish internal criteria within their ESG and EU Taxonomy analysis tool to differentiate between holdings with ESG and EU Taxonomy performance ranging from weak to strong. Since the Nordic Swan Ecolabel is open for funds with different geographies, themes, and investments styles, the definition can vary significantly between funds.</p> <p>E, S, G, and the degree of EU Taxonomy alignment can have different weights but all factors should be covered. A strong ESG score can to some extent but not entirely compensate for a low taxonomy alignment, and vice versa. The degree of taxonomy alignment shall also be viewed in relation to taxonomy eligibility.</p> <p>Nordic Ecolabelling would expect that holdings must at least score in the better half (top 50% of the fund's investment universe after exclusions) to be described as "strong sustainability practice". Therefore, holdings with "strong sustainability practices" will likely, at a minimum, be closer to the top 40–45% of an unrestricted global universe.</p>
Tobacco products	<p>Tobacco products include cigarettes, cigars, e-cigarettes, snuff, snus, pipe tobacco, and chewing tobacco etc.</p>
Transparency International's Corruption Perceptions Index	<p>http://www.transparency.org/</p>
UCITS	<p>UCITS is an abbreviation for the mutual funds covered by the EU's Mutual Fund Directive (Council Directive 85/611/EEC December 20 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.</p>
Unconventional natural gas and oil	<p>Fossil fuels that are extracted from unconventional resources, e.g., shale gas, shale oil, tar sand.</p>

Appendix 1 EU Taxonomy alignment: a further explanation of EU Taxonomy alignment calculations

Introduction to the formula

To facilitate the identification of ‘environmentally sustainable economic activities’ in a harmonised and consistent manner, the definition proposed for ‘environmentally sustainable activities’ refers to the Regulation (EU) 2020/852, hereafter the ‘EU Taxonomy’. In this sense, “green” define economic activities that qualify as ‘environmentally sustainable’ under the EU Taxonomy. In a first stage, the EU Taxonomy will focus on identifying the economic activities that significantly contribute to climate change mitigation and climate change adaptation while not harming any of the other objectives, comply with minimum social safeguards and meet the technical screening criteria. In the future, the EU Taxonomy will identify economic activity that significantly contributes to the achievement of any of the six EU Taxonomy objectives.

The portfolio composition in terms of environmentally sustainable economic activities adopts an overall green threshold for each retail financial product, where the greenness of companies is evaluated by considering the contribution of a company’s green turnover (GT_i), green CapEx (GC_i), and green OpEx (GO_i). This allows for taking into account the actual greenness of a company (green turnover) and its effort to increase their EU Taxonomy-aligned activities (green CapEx).

$$G = \sum_{i=1}^n PC_i * \frac{GT_i + GC_i + GO_i}{T_i}$$

Example:

STEPS						
1	2	3	4	5	6	7
Name of the holding (i)	Weight of holding in the portfolio (PC _i)	Revenue aligned with Taxonomy (GT _i)	CapEx aligned with Taxonomy (GC _i)	Total revenue of company (T _i)	Taxonomy contribution of the holding	Portfolio greenness (G)
Company A	5,00%	100	20	200	3,00%	13,50%
Company B	5,00%	100	20	100	5,00%	
General Bond C	5,00%	100	0	1 000	0,50%	
EU Green Bond D	5,00%	100	0	100	5,00%	

STEPS:

1. Company A constitutes 5% of the total portfolio, as given by (PC).
2. Company A has a reported green turnover of a 100M €, as given by (GT).
3. Company A has a reported green CapEx of a 20M € (GC).
4. Company A has a reported green OpEx of 0 € (GO)
5. Company A has a reported total turnover of a 200M € (T).
6. To calculate the EU Taxonomy contribution of Company A:

$$PC_{Company A} * \frac{GT_{Company A} + GC_{Company A} + GO_{Company A}}{T_{Company A}} \rightarrow 0.05 * 100 * \frac{100+20+0}{200} = 3\%$$

To calculate the 'Portfolio greenness' (G), follow the steps 1-6 for each holding and add the resulting values together:

$$G (\%): 3 + 5 + 0.5 + 5 = 13.5\%$$

Appendix 2 O13 Reductions of GHG emissions in critical sectors: Aluminium and Steel sector

Requirement O13 Reductions of GHG emissions in critical sectors have several eligibility criteria for the specified sectors, where having a verified 1.5 °C Net Zero Science Based Target† (SBT) is one of them.

As of March 2023, the sector-specific guidelines concerning steel and aluminium, are still under development by The Science Based Targets Initiative (SBTi).

Once the sector guidelines have been released for steel/aluminium, companies within these sectors shall have a validated 1.5 °C Net Zero Science Based Target† (SBT) no later than 12 months after the release.

While awaiting the publication of the sector-specific guidelines for aluminium and steel, temporary criteria have been added:

Steel

At least 90 % (weight) of the production for the latest reported year is certified according to the Responsible Steel† standard and/or is produced with the following technic:

- blast furnace top gas recycling with carbon capture and storage
- direct smelting reduction processes
- hydrogen steelmaking in shaft furnaces using green H₂
- direct electrolysis of iron ore

Aluminium

At least 90 % (weight) of the production for the latest reported year is certified according to the ASI Performance standard†.

and/or

has an electricity consumption for electrolysis that does not exceed 15.3 MWh / ton produced aluminium

and/or

direct climate-affecting emissions from primary aluminium production do not exceed 1,5 tonnes of CO₂e/ton of aluminium produced.



Description of how the eligibility criteria on climate change are covered in ESG analysis for companies in relevant sectors.