Nordic Ecolabelling for

Investment Funds



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Nordic Ecolabelling

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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?

This chapter is a general description of a Nordic Swan Ecolabel Investment Fund. Please see chapter "What can carry the Nordic Swan Ecolabel" below for a more precise definition on what type of fund that can apply.

All business sectors need to work systematically with environmental sustainability. Not least the financial sector, which has a responsibility as well as a great opportunity to contribute to a sustainable world through its impact on capital flow.

Sustainably oriented investment funds are also in high demand with consumers. However, there is a lack of an independent party to audit the content and processes of these funds. This is where Nordic Ecolabelling has an important role to play. The purpose of Nordic Swan Ecolabelled funds is not only to raise consciousness among fund managers and investors, but also to increase the influx of capital to funds, that fulfill our stringent criteria.

The criteria aim to increase investments in companies with good sustainability performance, and decrease Nordic investors' holdings in non-sustainable businesses at the same time . A Nordic Swan Ecolabelled investment fund may thus not invest in companies generating electrical energy from fossil fuels, in businesses which do not fulfill the ILO Fundamental Principles and Rights at Work, or in companies involved in the making or selling of controversial or conventional weapons, or of tobacco.

A Nordic Swan Ecolabelled investment fund should encourage and stimulate sustainable companies, as these companies will be overrepresented in the fund. To be seen as a desired investment is always positive for a company. We are therefore convinced that the Nordic Swan Ecolabelled investment fund will be a positive incentive for companies to improve their sustainability performance in order to qualify as investment for a Nordic Swan Ecolabelled fund.

It is our firm belief that companies which work in a sustainable manner will be the most profitable ones in the long run. One of the purposes of the Nordic Swan Ecolabelled fund is to single out these companies and to stimulate them financially, for the benefit of the company, the investor, as well as the world we live in.

A Nordic Swan Ecolabelled fund is managed so that it can affect companies in a more sustainable direction. Requirements and audit cover the investment fund in total and is therefore no guarantee for each individual holding. Nordic Ecolabelling requirements do not cover financial risk or return.

Why choose the Nordic Swan Ecolabel?

- The fund may use the Nordic Swan Ecolabel trademark for marketing. 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 controlled by an external third party. This is a unique feature in the Nordic fund market.

What can carry the Nordic Swan Ecolabel?

Funds of all asset classes can be awarded the Nordic Swan Ecolabel provided they comply with the UCITS regulations and are distributed in one or more of the Nordic countries and has no more than 50% of it´s asset based on non-corporate credits such as government bonds.

How to apply

A natural starting point is that the fund manager assess their capacity for fulfilling the criteria. Next, the fund manager need to contact the local Nordic Ecolabelling office in order to start a dialogue concerning the further process.

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 refer to 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 for funds 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 summed up. A minimum total score must be achieved to meet the requirements and obtain a licence.

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:

✉ Enclose to 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 8 of the total points score must be achieved.

Licence validity

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

Revised criteria shall be published at least one year prior to the expiry of the present criteria. The licensee is then 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, data used for calculations, ESG-analyses, list of holdings and similar documents that support the application must be available for examination.

Also keep in mind that there will be an annual compliance check in order to keep the license valid (see O23 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-requiremens must be met.
- At least 8 point scores (P-requirements) must be achieved.

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

O = obligatory P = point scores	Title	Max points available 16
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1 General

O1 Description of the fund

A short 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:

- Company name (fund manager).
- Name of fund(s).
- Investment universe.
- ESG investment strategy/objective.
- Assets under management (in Euro) at time of application.
- Document showing the fund compliance with UCITS regulations.
- Document showing in which Nordic countries the fund is available for private and/or institutional investors.

✉ Signed application form.

✉ Fund factsheet and/or other document showing details according to O1.

O2 Holdings

The fund manager must provide a list of the holdings in the fund. The list shall identify type of security (equity, corporate credit, non-corporate credit), securities identification (ISIN) and also include:

- Date when an ESG analysis was last performed for each holding.
- Information if the analysis was preformed internally by the fund manager or by a well-recognised service provider.
- Information showing that no more than 50% of the total value of portfolio is non-corporate credits.

✉ List of holdings on application date including date when ESG analysis was preformed or last updated. The list shall also include information if the analysis was performed internally or by a well-recognised service provider.

✉ Information showing share of non-corporate credits.

O3 Direct and indirect holdings

The criteria in this document apply to both direct and indirect holdings (see Terms and definitions).

A direct holding must never have more than 5% of its annual revenue in activities/sectors which are excluded in requirements O5–O11 (for equity and corporate bonds, O12–O13 for government bonds, e.g. a company with a 3% oil extraction revenue and 3% weapons production revenue cannot be a holding in the fund. For direct holdings that have the (sole) business idea to invest in other companies (e.g. investment companies), the same requirements apply to their underlying investee companies.

Indirect holdings that do not meet the criteria cannot exceed 5% of the fund value in average over the course of the last 12 month from application date. The requirement must be met at annual running average during the license validity.

✉ Description of the funds system to keep track of the share of indirect holdings.

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

2 Exclusion criteria

Each Nordic Swan Ecolabelled fund shall meet several exclusion criteria listed in this section. As changes to companies or new information about the holdings in the portfolio may result in a breach of the exclusion criteria, the first criteria explains how fund managers are to act in such situations.

O4 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 holding within three months.

If there is doubt regarding the nonconformity, or if the fund manager expects the issue to be resolved/rectified in the near future, the fund manager does not need to sell the holding within three months. However, within three months after receiving the information, the fund manager must explain on the fund manager's website how they assesses the situation, what actions the fund manager will take in order to address the issue and what result the fund manager expects to get. If, after 24 months, the issue causing the possible nonconformity has not been successfully addressed and there still is an issue which implies nonconformity, the holding must be sold.

If the fund gets information from two different sources, the source that shows most excessive nonconformity should be used.

✉ Policy, procedures or similar showing that the fund manager will act in accordance with the requirement.

O5 Extracting and refining fossil fuels

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

Companies that meet all criteria below are exempt and may be included in the fund.

- At least 75% of the company's energy sector investments are on average and for the last three consecutive years in the renewable energy sector.
- Revenue from renewable energy comprises at least 50% of the company's total revenue.
- 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 in order to comply with the requirement.

✉ List of any holdings that extract or refine crude oil, natural gas or uranium.

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

O6 Generating Power

The fund shall not invest in companies which themselves or through entities they control have 5% or more of their energy production (GWh), or derive 5% or more of their revenue from generating power from fossil fuels such as coal, natural gas, fossil oil and/or uranium.

Companies that meet all criteria below are exempt and may be included in the fund.

- At least 75% of the company's energy sector investments are on average and for the last three consecutive years in the renewable energy sector.
- Revenue from renewable energy comprises at least 50% of the company's total revenue
- 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 in order to comply with the requirement.

✉ List of any holdings that generate power from fossil fuels such as coal, oil, gas or uranium.

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

O7 Controversial weapons

The fund shall not invest in companies which themselves or through entities that they control produce or sell nuclear, chemical, biological, cluster and/or land mine weapons.

✉ Fund policy or guideline.

✉ Description of how the fund manager ensures access to data and information in order to comply with the requirement.

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

O8 Conventional weapons

The fund shall not invest in companies which themselves or through entities they control derive 5% or more of their revenue from production or sales of conventional weapons.

✉ Fund policy or guideline.

✉ Description of how the fund manager ensures access to data and information in order to comply with the requirement.

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

O9 Tobacco

The fund shall not invest in companies which themselves or through entities they control derive 5% or more of their revenue from production or sales of tobacco.

✉ Fund policy or guideline.

✉ Description of how the fund manager ensures access to data and information in order to comply with the requirement.

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

O10 GMO crops

The fund shall not invest in companies which themselves or through entities they control derive 5% or more of their revenue from GMO crops production.

✉ Fund policy or guideline.

✉ Description of how the fund manager ensures access to data and information in order to comply with the requirement.

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

O11 International norms and conventions

The fund shall not invest in companies including entities they control, if there is an unacceptable risk that the company contribute to or is responsible for serious or systematic violations of:

- 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 in order to comply with the requirement.

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

O12 Government bonds – sanctions

The fund shall not invest in government bonds issued by:

- Countries that are subject to EU or UN financial sanctions.
- Countries which have not ratified 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 in order to comply with the requirement.

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

O13 Government bonds – corruption

The fund shall 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 in order to comply with the requirement.

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

3 Inclusion criteria

O14 ESG analysis

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

External analysis shall be conducted by a well-recognised service provider, e.g. MSCI, Sustainalytics, ISS, GES or other similar organisation which is well established as a service provider to the financial sector and 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 equity and corporate bonds the analysis shall 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.

If the fund manager has one or more external providers of ESG analyses

✉ Name of the external ESG service provider and a description of what data they deliver. Nordic Ecolabelling may ask for more information to check if the provider meet the criteria above.

✉ 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).
- Respective ESG analysis is updated at least every twelve months.

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

If the fund manager does ESG analyses internally

✉ Description or template of analysis document showing how the fund manager conducts their ESG analyses in accordance with the outlined requirements.

✉ 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).
- Respective ESG analysis is updated at least every twelve months.

🔑 Nordic Ecolabel will check random sampling at the point of application and as part of the yearly reporting.

P1 ESG analysis – point score

All direct holdings (see O3) in the portfolio has undergone ESG analysis according to O14. 2 points.

✉ See O14.

O15 Inclusion of ESG

The fund shall either pass A or B.

A. More than 50% of the fund, measured in value of the fund, shall be invested in holdings with strong ESG practices.

The fund shall have clearly defined criteria used for rating/assessing and inclusion of holdings based on environmental, social and governance practices and performance.

There shall be a clearly written ESG related rationale for all holdings with a poor ESG practices.

B. If the fund follows an index, the index shall be designed to identify investments with strong ESG practices. The index constituents shall be selected and screened in accordance with transparent and defined ESG criteria.

✉ If A – Methodology for ESG rating/assessing and procedures for selecting investments with strong ESG practices as well as what is defined as strong and

poor ESG practices with a description of how the fund manager ensures that the criteria is met at all times.

✉ If A – List of holdings including the ESG performance rating, determination of ESG practices (strong/poor) and a rationale for investment in holdings with poor ESG practices.

✉ If B – Description of index methodology and applied ESG criteria with a description of how the fund manager ensures that the criteria is met at all times

P2 Renewable energy and other green investments

Points are given if the fund has a clearly defined environmental objective and a methodology for assessing and including holdings that promotes a transition to renewable energy and/or circular economy (see list below).

The methodology must outline how the fund manager identifies such holdings.

The list below show business areas and processes that may be included in a fund with an environmental objective. For the business areas listed below, production, equipment, service and retail may also be included. Business areas from the list must be at least 50% of each holding in order to be included under this requirement.

The fund may include a combination of holdings within the areas of green investments on the list below.

- Renewable energy (producer/service/maintenance of windmills, solar cells, biogas production etc.).
- Energy efficiency (contractors, distributors, manufacturers, providers of energy efficiency products and services etc.).
- Ecosystem services (ecological farming, consultancy services within ecosystem services etc.).
- Sharing economy business (carpools, co-working hubs, reselling and trading of used products etc.).
- Green bonds (see definition).

Other business areas and processes can be accepted after decision by Nordic Ecolabelling.

Point scores are given if:

- 50% of the holdings or 50% of the value of the fund can be defined as green investment as defined in the list above. 1 point.
- 70% of the holdings or 70% of the value of the fund can be defined as green investment as defined in the list above. 2 points.
- 90% of the holdings or 90% of the value of the fund can be defined as green investment as defined in the list above. 3 points.

✉ Description of the funds objective and methodology for assessing and including holdings that promotes a transition to renewable energy and/or circular economy.

✉ List of holdings including identification of its relevant environmental business area, and the combined share of these holdings in the fund (for defining the point score).

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

P3 Inclusion/exclusion criteria on indirect holdings

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.

✉ Fund policy or guideline.

✉ Description of how the fund manager ensures access to data and information in order to comply with the requirement.

🔑 Nordic Ecolabelling will perform a random sample check at the point of application and as part of the yearly reporting.

4 Transparency and fund management

O16 ESG reporting and transparency

The fund shall regularly, and at least every twelve months, issue a report as part of the ordinary fund performance reporting. The report shall be published on the fund manager's website, and linked to where the ordinairy information with regards to the fund is made available for (potential) investors. The first report must be produced within a year after receiving the Nordic Swan Ecolabel. The report shall cover the relevant reporting period and contain information relating to the specific Nordic Swan Ecolabelled fund's holdings:

a) Describe the fund manager's ESG activities (e.g. exclusions, inclusions, voting, dialogues, etc.) as a minimum reflecting the relevant Nordic Ecolabelling criteria.

b) Describe relevant ESG issues, current ESG developments and ESG performance.

c) Voting records (if no voting is done, this should be stated).

✉ Brief description on how and what the fund intend to report (if possible, include a reporting template).

✉ Link to website where the report or the planned report will be published.

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

O17 ESG-related questions

If an investor in an Nordic Swan Ecolabelled fund has ESG related questions with regards to the holdings in the fund, the fund manager shall give a written reply to the investor within two weeks after the questions were put forward to the fund manager in writing.

The answer must explain the reason for the holding, and the ESG considerations the fund manager has in relation to the holding.

The fund manager shall track and keep all written questions received, as well as all answers given. The questions and answers must be available if requested by Nordic Ecolabelling at the annual compliance check.

✉ Routine or procedure showing how the requirement will be met.

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

P4 Reporting ESG reasons for holding

Questions concerning ESG issues in the fund's holdings are published together with the answer to the question (see O17) on the fund manager's website (see O16). 1 point.

✉ Link to website.

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

O18 Reporting of the fund's holdings

The fund manager shall report on all holdings in the Nordic Swan Ecolabelled fund, both the direct and the indirect holdings, on the fund manager's website at least once every three months.

✉ Link to website.

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

P5 Frequent reporting of the fund's holdings

The fund manager reports on all holdings in the Nordic Swan Ecolabelled fund, both the direct and the indirect holdings, on their website at least once every month. 1 point.

✉ Link to website.

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

P6 Regular voting

The fund manager regularly vote on annual general meetings to the following extent:

- more than 15%*. 1point.
- more than 50%*. 2points.
- more than 85%*. 3points.

* *Measured in number of holdings in the Nordic Swan Ecolabelled fund.*

The voting must be done at least once a year.

✉ Routine or procedure showing how the requirement will be met.

✉ Name of voting service provider (if any).

P7 Company dialogue

The fund manager has dialogues with at least 90% of the companies with a poor ESG practices as identified in criteria O15 in the Nordic Swan Ecolabelled fund. There shall be a clearly formulated ESG goal for each company dialogue. 2 points.

✉ Routine or procedure showing how the requirement will be met.

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

P8 Reporting company dialogues

The fund manager's ESG company dialogues related to the holdings of the Nordic Swan Ecolabelled fund, including the status and result of such dialogues, will all be published in the public report described in Criteria O16. 2 points.

✉ Brief description on how and what the fund intend to report on the company dialogues (if possible, include a reporting template).

✉ Link to website where the report or the planned report will be published.

5 Quality and regulatory requirements

To ensure that Nordic Ecolabelling's requirements are fulfilled, the following procedures must be implemented.

O19 Management system

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

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

✉ Description of resources, capacity, competence showing that the fund can comply with the requirements during the validity period of the licence.

✉ Copy of relevant documents from the management system.

✉ Signed appendix 1.

O20 Responsible person and organisation

The fund manager shall appoint individuals who are responsible for ensuring the fulfilment of Nordic Ecolabelling's requirements, for marketing of the fund and for financial reporting (needed for license fee calculation) to Nordic Ecolabelling, as well as a contact person for communications with Nordic Ecolabelling.

✉ Organisational chart and a description showing who is responsible for the above, including name, title and other relevant contact information.

O21 Planned changes

Written notice must be given to Nordic Ecolabelling of planned changes of 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.

O22 Unplanned nonconformities

There must be a system for handling unplanned nonconformities 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 met.

The system must include:

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

✉ Procedures detailing how unplanned nonconformities are handled.

O23 Annual compliance check

The fund manager must do an internal audit to ensure that the fund fulfils all relevant Nordic Ecolabelling criteria every twelve months. The result shall be sent to Nordic Ecolabelling no later than 31 March each year. The report on "ESG reporting and transparency" in requirement O16 shall also be sent to Nordic Ecolabelling.

✉ Annual internal audit report.

✉ ESG report (as described in O16).

O24 Legislation and regulations

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

✉ Signed application form.

O25 Information about the Nordic Swan Ecolabel

When a fund manager uses the Nordic Swan Ecolabel in communication or marketing, there should be a reference to the Nordic Ecolabelling's website http://www.nordic-ecolabel.org/investmentfunds

On the website there should also be a general explanation of what it means that a fund is labelled with the Nordic Swan Ecolabel.

The fund manager must use the following information text in communication or marketing of the Nordic Swan Ecolabelled fund:

A Nordic Swan Ecolabelled fund is managed so that it can affect companies in a more sustainable direction. Requirements and audit cover the investment fund in total and is therefore no guarantee for each individual holding. Nordic Ecolabelling requirements do not cover financial risk or return.

Translations to Nordic languages will be available.

✉ Description how the fund manager intend to give information to the investor.

✉ Appendix 1.

O26 Customer information when a fund is no longer Nordic Swan Ecolabelled

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

✉ Signed application form.

6 Points

O27 Number of points

The fund must achieve a minimum of 8 points.

The point limit must be met as long as the license is valid.

✉ Appendix 1.

🔑 Will be controlled by Nordic Ecolabelling at the annual compliance check. See also O23.

Marketing

More information about regulations, fees and graphical guidelines can be found at http://www.nordic-ecolabel.org/downloads/regulations/ or http://www.svanen.se/en/For-Companies/Download/Regulations/

Follow-up inspections

Nordic Ecolabelling may decide to check whether a fund fulfil the Nordic Ecolabelling 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 it cannot be fully documented that it does.

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

History of the criteria

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

Terms and definitions

Circular economy	A circular economy is one that is restorative and regenerative by design, and which aims to keep products, components and materials at their highest utility and value at all times, distinguishing between technical and biological cycles. https://www.ellenmacarthurfoundation.org/circular-economy
Conventional weapons	Small arms and light weapons, sea and land mines, as well as (non-weapons of mass destruction) bombs, shells, rockets, missiles.
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).
Ecosystem services	Ecosystem services are the direct and indirect contributions of ecosystems to human well-being. http://biodiversity.europa.eu/topics/ecosystem-services
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.)
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	An analysis of ESG relevant issues.
ESG rating system	Service suppliers providing ESG analysis to investors will often also provide an ESG rating system. The ESG rating system serves to compare the ESG practices of various companies and can be used to identify companies with the best or worst ESG practices.
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 fund	An investment strategy in which a fund invests in other types of funds (including ETFs).
GMO crops	Genetically modified crops are plants used 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	Gross corruption exists if a company through its representatives: a) Gives or offers an advantage – or attempts to do so – so as to unduly influence 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. and

	c) The corrupt acts mentioned in letters a and b are carried out in a systematic or comprehensive manner.
Non-Corporate Credit	Non-Corporate Credit is a catch-all term used to include types of bonds that are forms of credit, but not issued by private corporations – and therefore cannot be considered corporate debts. Non-Corporate Credit generally includes sovereign debt, regional governments and government agencies in a currency other than that of the issuer, and bonds issued by supranational entities.
Holdings	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.
Human rights	http://www.un.org/en/universal-declaration-human-rights/
ILO's fundamental principles	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
Indirect holdings	Indirect holdings are investments in products such as other funds (fund of funds), equity index futures etc. as oppose to direct holdings. (See also definition of Holdings and Direct holding.)
Index fund	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.
Investment company	A corporation or trust engaged in the business of investing the pooled capital of investors in financial securities.
Investment universe	A fund will define its investment universe describing where it can invest it's holdings. It can be defined by geography, sector or a combination of both.
ISIN	International Securities Identification Number.
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).
Revenue	The income that a business has from its normal business activities, usually from the sale of goods and services to customers.
Serious or systematic human rights violations	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.
Severe environmental damage	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: – 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.
Sharing economy business	Economic model in which individuals are able to borrow or rent assets owned by someone else. It includes aspects as collective purchasing, collaborative consumption and shared ownership.

The UN Convention on Biological Diversity	https://www.cbd.int/information/parties.shtml
The Paris Agreement	http://unfccc.int/paris_agreement/items/9444.php
Transparency International's Corruption Perceptions Index	http://www.transparency.org/
UCITS	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. 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. 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.

Appendix 1. Fund manager declaration

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

- In the point requirement columns (P1–P8), state the number of points the fond applying for achieves.
- In the obligatory requirements fulfilled columnes, mark with an x that all obligatory requirements are fulfilled.

Fundname	ISIN	P1	P2	P3	P4	P5	P6	P7	P8	Sum point	Obligatory requirements fulfilled

Company name	
CEO Signature	Responsible person for licens signature
CEO Name	Responsible person for licens name
Date	Date