



## Ecolabels in the Corporate Knights sustainability assessment method

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Corporate Knights has developed and maintains a database of the sustainability performance of thousands of the world's largest companies. We do this by recognizing the extent to which company revenues and investments are aligned with the Corporate Knights Sustainable Economy Taxonomy (CKSET), a publicly available and leading standard for translating the U.N. Sustainable Development Goals into measurable performance indicators across all economic sectors. Environmental considerations, and especially climate-related considerations, are central to both the US SDGs and CKSET, but social dimensions of sustainability are also in scope, especially when they present the most material sustainability impact of an industry.

In addition to the thousands of hours our research team spends poring over company reports and related data, we also accept some selected third party ecolabels as evidence of alignment with CKSET. There are hundreds of such ecolabels – many of them nothing more than marketing greenwash<sup>1</sup>– and before we accept one as indication of complete or partial alignment with CKSET, we apply a stringent filtering analysis, described below. To date, Corporate Knights has inventoried 1,006 ecolabels, identifying only 212 that are fit for purpose for quantifying revenues that align with the definitions of sustainable production set out in CKSET. This short list of accepted certifications is global in scope and covers a wide range of industries, from consumer goods such as clothing and food, to buildings and pharmaceuticals. Our list of approved

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<sup>1</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_1692](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1692)

ecolabels, which we believe is the only one of its kind, is under constant review, is updated at least once a year, and is freely accessible on our web site.

## 1. What are ecolabels?

Also known as “ecocertifications,” ecolabels are, according to the U.S. Environmental Protection Agency (EPA),<sup>2</sup> “marks placed on product packaging or in e-catalogs that can help consumers and institutional purchasers quickly and easily identify those products that meet specific environmental performance criteria and are therefore deemed environmentally preferable.”

According to the International Organization for Standardization (ISO),<sup>3</sup> there are essentially three types of ecolabels, which in turn consist of a variety of sub-types.

- ISO Type I labels identify the overall environmental performance of a product or service within a product category based upon life-cycle considerations. These labels, which are often multi-criteria and multi-sectoral, are awarded by an impartial third party to products that meet environmental leadership criteria. A variation of the ISO Type I ecolabels are the ISO Type I-like ecolabels, which share the same characteristics as Type I ecolabels but focus on specific impacts and apply only to a specific sector. Examples of Type I-like ecolabels include Organic and Rainforest Alliance labels
- Type II ISO labels indicate that the ecolabel was not awarded through a third party and instead is a self-declared environmental claim.
- There are the ISO Type III ecolabels, which essentially provide more detailed quantitative and qualitative information about the products. They are similar to declarations of the nutritional characteristics of products.

## 2. How we evaluate ecolabels

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<sup>2</sup> <https://www.epa.gov/greenerproducts/introduction-ecolabels-and-standards-greener-products#:~:text=Ecolabels%20are%20marks%20placed%20on,therefore%20deemed%20%E2%80%9Cenvironmentally%20preferable%E2%80%9D>

<sup>3</sup> <https://www.unep.org/explore-topics/resource-efficiency/what-we-do/responsible-industry/eco-labelling>

Ecolabels vary with regard to their coverage, credibility and methodology and, as noted above, the majority of them are not fit-for-purpose for the independent, verifiable and rigorous standards that characterize the Corporate Knight approach to sustainability assessment.

In seeking to recognize only the ecolabels that have the utmost credibility and that make a real difference in combatting “greenwashing,” Corporate Knights designed and applies a stringent screening system to approve or reject ecolabels based on a number of key attributes, namely:

- a disclosed, credible methodology
- third-party verified
- requirements to maintain certification
- governance structure of the certifying body prevents greenwashing
- process- and outcome-oriented

Failure to achieve any of these results in rejection of the label.

#### Disclosed, credible methodology

The first requirement is that there is a stringent, detailed methodology in place for receiving the certification, which is publicly available on the certification body’s website. Corporate Knights will also accept methodology documents submitted directly to us by the certifying body in cases where the detailed documents are not available publicly. The methodology must contain all relevant information pertaining to the certification, including but not limited to the products/services it covers, requirements for obtaining and maintaining the certification, and a detailed description of the evaluation method.

Corporate Knights has developed detailed rubrics for assessing the robustness of the assessment methodologies employed by ecolabels for all relevant industries that can earn sustainable revenue from products with accepted certifications under CKSET. These rubrics may differ significantly from industry to industry in defining what is most relevant from a sustainability perspective, as the considerations for assessing the efficacy of an ecolabel that certifies appliances will differ from an ecolabel that certifies textiles. That being said, we have developed a rules-based framework for determining the material sustainability considerations for a given industry, which can then be applied to determine whether or not a label is accepted or rejected under CKSET, in addition to the level of sustainable revenue credit that accepted labels can earn.

In the end, this is to ensure that only the ecolabels that cover all the relevant criteria for a given product/industry are accepted by Corporate Knights.

Below is an example of how the Corporate Knights rubric for assessing methodologies for IT hardware ecolabels is applied, broken down by required and preferred criteria.

Required:

1. Energy efficiency: Best-in-class performance of energy efficiency (E.g. ENERGY STAR certified or equivalent)

Preferred:

1. Criteria for energy and emissions management during manufacturing
2. Criteria for responsible sourcing of inputs
3. Criteria for waste management during production
4. Criteria for worker health and safety practices in manufacturing

If the certification has the required condition, the sustainable revenue credit is determined as follows:

- 25% is earned for the methodology requiring that the energy performance of the product meets the Energy Star thresholds.
- An additional 25% can be earned for including 2/4 of the preferred criteria.
- An additional 50% can be earned for including 3/4 of the preferred criteria.
- An additional 50% can be earned for the presence of criteria for a full life cycle approach.

In this example, an ecolabel methodology that ensures that products meet Energy Star thresholds, includes three of the four preferred criteria and employs a life cycle approach would be credited at 100% sustainable revenue under CKSET.

### Third party certification

The second requirement is that third-party verification is needed to obtain the certification. This therefore excludes any self-bestowed certifications of the sustainability of products or services by the company that is selling the product or service. An exception may be made for a company bestowing its private ecolabel on its products if the vetting of the product and the awarding of the label has been outsourced to a neutral third party. Third-party verification is an important

condition, as it ensures an unbiased assessment under the certification method. The Austria-based OK biobased certification, which assesses the renewable raw-material contents of a given product, is an example of an ecolabel scheme that lacks a third-party certification process; parties wishing to be certified simply submit detailed documentation and samples of their products to the certifier, which will decide on the level of certification (no certification, one-star biobased, two-star biobased, three-star biobased or four-star biobased).

### Periodic reassessment

The third requirement assesses the criteria that must be satisfied for the maintenance and periodic renewal of the ecolabel. This is crucial, as the requirements to be eco-certified may change over time. A typical case is products being eco-certified for the absence of allergenic substances, harmful chemicals or volatile organic compounds above a certain level. As science evolves and new testing techniques come to light, certain chemical substances may be added or removed from those lists that are being tested for, which is why an ecolabel that requires regular reassessment and recertification is well positioned to address these occurrences. Periodic reassessments also ensure that the product/service in question continues to comply with the criteria set at the time of the grant of the ecolabel, thus ensuring that said product/service continues to deliver the stated benefits. An example of an ecolabel that lacks periodic reassessment is the China Environmental Labelling Program (CELP), an ecolabel that has existed since 1993, covering as many as 50 product categories ranging from automobile, electrical and electronic, construction, textile, packaging, printing and chemicals. As there is no requirement for periodic reassessment to maintain the CELP certification, there could be products certified in 1993 that have not been checked since to confirm they continue to meet the standard that they were originally measured against.

### Governance

Fourthly, Corporate Knights looks at the governance structure of the organization responsible for granting the ecolabel. Specifically, analysis of its board of directors or equivalent (sometimes called the board of advisors, the board of trustees, among others) is conducted to safeguard against greenwashing. Invariably, the board of directors sets the tone for the organization's policies around the robustness of the methodology and criteria. This important function would benefit from diverse expertise from different segments of the economy – from industry, the non-profit sector and academia, to name a few. In particular, and again in an effort to minimize the

risk of greenwashing, an ecolabelling organization that consists primarily of members from the industry itself is not considered optimal. As a result, whenever upon review of a given ecolabelling organization's board of directors or equivalent, it is found that the majority of its members are from the industry itself, such ecolabel would not qualify under CKSET. An example is the U.S.-based Carpet and Rug Institute's Green Label Plus, whose board of directors consists predominantly of industry members.

### Processes and outcomes

For an ecolabel to be approved by Corporate Knights, its requirements must subject a given product to verification against a set of predefined processes and outcomes. The case of the Nordic Swan Ecolabel for candles<sup>4</sup> offers a perfect illustration. It requires a high proportion of renewable raw materials, traceability and control of vegetable raw materials and prohibits the use of raw materials from palm and soybean oil. Additionally, there are prohibitions against the use of spray-tolerant and insect-resistant genetically modified agricultural crops in the raw materials, as well as set requirements on soot index and chemicals used in the candle production (e.g., chemical products as well as volatile organic compounds, heavy metals, halogenated organic solvents and fragrances). The manufacturer of the candle not only has to show that a number of processes to meet the criteria, but the outcomes of these processes also need to be verified through testing at duly certified laboratories. The opposite of these stringent requirements is a case where the ecolabel would look only at the manufacturer's policies, existence of processes or systems and/or declarations in granting the ecolabel. This type of approach does not meet the Corporate Knights requirement that a label be both process- and outcome-oriented, and it therefore would be excluded under CKSET.

### 3. Results and Conclusions

The application of the above screening approach results in the rejection of four out of five of the ecolabels we assess. As of February 2026 we have accepted 214 of the 1,006 ecolabels we have reviewed. That number is expected to grow as we continue to identify and assess new labels.

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<sup>4</sup> [https://www.nordic-swan-ecolabel.org/48f12c/contentassets/c09f5551912245deb9c0b0ba40f2796b/criteria-document\\_088\\_candles-088\\_english2.pdf](https://www.nordic-swan-ecolabel.org/48f12c/contentassets/c09f5551912245deb9c0b0ba40f2796b/criteria-document_088_candles-088_english2.pdf)

Applying this rigorous approach in the analysis of more than 2,800 companies globally for the year 2024, Corporate Knights has identified US \$379.9 billion of sustainable revenue that was earned from the sale of goods and services that were ecocertified by at least one of the Corporate Knights–approved ecolabels. Additionally, we identified US \$3.8 billion of investments – which includes capital expenditures, research and development, and acquisitions – allocated to increasing manufacturing capabilities of ecocertified products.

This is just one of the many ways that Corporate Knights Sustainable Economy Intelligence follows the money to find the companies that are leading the transition to the low-carbon economy through their product/service offerings and their investments by mapping revenues and investments against the Corporate Knights Sustainable Economy Taxonomy. To date, a total of US \$25.9 trillion of sustainable revenue and US \$4.4 trillion of sustainable investment have been identified. Learn more about Corporate Knights Sustainable Economy Intelligence [here](#).