

## SECTOR IN-DEPTH

15 October 2019

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## Asset Management – Global

# The impact of environmental, social and governance risks on asset managers' ratings

Increased scrutiny from investors and regulators have made environmental, social, and governance (ESG) risks an area of strategic focus for the asset management sector, and an opportunity for individual asset managers to differentiate themselves from competitors. This report examines the ESG risks asset managers face, and explains how they are captured in our credit analysis. ESG risk factors for asset managers include governance breaches that might lead to regulatory fines, social trends such as increased regulatory focus on treating customers fairly, or large holdings of assets with high exposure to climate risk.

**ESG risks are captured in our credit analysis.** We consider ESG factors in our analysis of asset managers' creditworthiness, even when they are not explicitly captured by our ratings methodology, or cannot be quantified. As regulated "human capital" enterprises, asset managers are exposed mainly to corporate governance and social risks. However, the products they offer to investors and the assets they carry on their balance sheets may expose them to environmental risks.

**Exposure to ESG risks varies by region.** Asset managers' ESG exposures and their focus on managing ESG risk varies by region, reflecting regulatory and social differences. The risk of mis-selling or misconduct litigation is greater in developed countries, which typically have stricter consumer protection laws. Governance is a key driver of credit quality, and is relevant for all asset managers.

**The rise of ESG risks creates threats and opportunities.** ESG risks cover a range of factors related to the sustainability and social impact of asset managers' activities and investments. These risks have become more significant due to evolving regulations, climate change and demographic trends, and changing consumer and investor expectations. This creates opportunities for asset managers that apply strong ESG criteria to their investments to stand out. Conversely, those that fail to do so may suffer reputational damage, regulatory penalties or financial loss.

**Sustainable finance is shaping asset managers' processes and products.** In many parts of the world, asset managers are under growing pressure from policymakers, regulators and investors to prioritize the allocation of capital towards the development of a sustainable economy. This has led to a strong increase in the volume of assets managed by dedicated ESG funds. One obstacle for asset managers is a relative scarcity of reliable data demonstrating the ESG characteristics of potential investments.

## ESG risks are captured in our credit analysis











ESG risks that directly affect an asset manager's credit profile are generally captured in the factors on the "scorecard" that we use to calculate our ratings. Exhibit 1 shows the rating factors that make up our asset manager methodology, with a brief description of how each captures ESG risk. If ESG risks do not affect the measures in a specific scorecard or model, they can be captured qualitatively outside the scorecard or model.

- » Governance risk typically has the greatest impact on our assessment of asset managers' creditworthiness, as poor risk governance can lead to severe deterioration in a firm's franchise. It can also materially affect profitability via client redemptions and potential regulatory fines.
- » Social risks can also affect asset managers' profitability. In some regions there are emerging risks associated with required disclosures on organizational diversity, gender pay and board composition. Such disclosures, in an industry that still lacks diversity, could trigger regulatory responses that might weigh on earnings, or induce some clients to allocate their assets to a better diversified manager.
- » Environmental factors have the least impact on asset managers' ratings, because their own environmental footprint tends to be limited. However, managers' clients expect them to assess environmental risks when investing their assets. Some asset managers may invest exclusively in fossil fuel assets or other non climate friendly assets, and face financial risk as a result.

If we believe an emerging ESG risk or trend is likely to result in weaker credit metrics or business risk profiles in the long term, we endeavour to build this into our analysis well before the effects are fully evident in the issuer's financial and operating performance.

Exhibit 1

### How ESG risks relate to rating factors

	ENVIRONMENTAL	SOCIAL	GOVERNANCE	
<b>RATING FACTOR</b>				
<b>Business Profile</b>				
Market Position				Asset Managers rely on human-capital assets and as such face risks and opportunities from a number of social and demographic factors. Poor stakeholder / customer / investor relations or corporate governance can damage market position and brand perception. Asset managers who adopt ESG-driven agendas may better appeal to investor populations who show increasing concern for these issues.
Business Diversification				Asset managers' investment portfolios are usually well diversified, both by industry and geography. However, asset managers with high asset exposures to carbon-intensive sectors may be vulnerable to outflows. Asset managers with high asset exposures to non-ESG compliant products may be vulnerable to performance risks and adverse investor sentiment. Asset managers rely on extensive distribution networks which are exposed to increasing regulatory oversight, increasing the risks associated with product mis-selling by third-party agents or representatives.
<b>Financial Profile</b>				
Financial Flexibility				Transparency, accountability and strong board governance are essential for financial firms' to sustain reliable investor access. In addition, weak environmental and social credentials are likely over time to lead to diminished (or more costly) financial market access as investors demand ESG compliant investments.
Profitability				Poor management of social and governance issues can lead to reputational damage and franchise erosion, which would increase costs of client acquisition and retention. It can also lead to fines, legal claims, which could impact profitability.
<b>Scorecard Qualitative Considerations (Notching Factors)</b>				
Management Governance and Risk Management				Where we feel that the risk function and governance framework is not adequate, or that the rigour of the board or management oversight is poor, we may reduce our aggregate profile score if we judge that any of these factors has a material bearing on the asset manager's overall risk profile. More exceptionally, we could apply a positive adjustment where we perceive sustained exemplary stewardship and controls over time.
Regulation and Litigation				
Accounting Policy and Disclosure				
Special Rating Situations				

Source: Moody's Investors Service

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

### Governance is the main ESG risk for asset managers

Asset managers' corporate governance and risk management frameworks are key drivers of their credit quality. Asset managers owe fiduciary duties to their investors, including a duty of care and a duty of loyalty. Historically, regulators have interpreted these duties as requiring asset managers to consider only the financial interests of their customers. However, this definition is evolving to encompass environmental and societal considerations as well, particularly in Europe. In order to meet these duties, asset managers need to ensure they have a solid investment framework and an appropriate risk management structure, as well as strong compliance and control functions.

Since asset managers are sensitive to investor confidence, a governance breach can cause reputational damage and franchise erosion that exceed any immediate regulatory impact, such as financial penalties. For example, Swiss fund manager GAM in 2018 lost nearly 40% of its investment management assets within few months after it suspended the head of its absolute return bond unit following an internal investigation into his risk management procedures and record keeping.

Asset managers also face potential fines if they fail to comply with regulatory requirements. In 2017, France's AMF market regulator fined the asset management arm of investment bank Natixis €35 million on the grounds that "unjustified charges" and misleading prospectus information had breached its obligations regarding certain guaranteed funds between 2012 and 2015.

In the UK, asset managers made voluntary payments totaling £34 million to investors after a market study by the UK conduct regulator concluded that active funds with around £109 billion under management in fact closely mirrored the market, and were significantly more expensive than passive funds. Two enforcement investigations are still ongoing.

Asset management regulation has become more onerous in Europe with the introduction in 2018 of the EU's second Markets in Financial Instruments Directive (MiFID II). MiFID II requires asset managers to provide clients with detailed information on the costs and charges they incur in providing investment services. It also introduces a product governance regime that applies to the product development and sales process. This requires asset managers to show that they have assessed all relevant risks, and that they have communicated this information to investors and/or distributors.

European asset managers are also required under disclosure and transparency rules agreed by the European Parliament and EU member states in March 2019 to report ESG risks and opportunities as part of their fiduciary duty. The objective is to eliminate "greenwashing"—the practice of making misleading claims about investment products' sustainability characteristics – and to provide investors with greater clarity overall on ESG investments. Falling short of these transparency requirements could expose asset managers to financial penalties.

### Rating factors capture governance risk

We do not assign a specific score for quality of risk governance when assessing asset managers' credit strength. Rather, our assessment of governance quality influences the scores that we assign to the various scorecard factors underlying the business profile, financial profile and liquidity of an asset manager.

For example, the Ba1 corporate family rating of GAMCO incorporates material governance considerations, all captured within the business and financial profiles of the company. These reflect the strong influence of the chief executive over its day-to-day operations, which raises key man and succession planning risk. GAMCO's ownership structure also gives the CEO's family control over the composition of its board of directors.

In cases where corporate governance considerations are not captured directly in our scorecard factors, our methodology also allows for a below-the-line adjustment to the aggregate score. Considerations that might result in such an adjustment include:

» **Strategy and management.** A radical departure in strategy, a shake-up in management, or an untested management team can all increase uncertainty regarding an asset manager's risk profile. Similarly, an aggressive growth plan can signal high risk appetite, and risk management weaknesses can increase exposure to adverse developments.

» **Ownership and control.** Concentrated ownership and control can lead to potential conflicts of interest. However, they can also have a positive influence by insulating management teams from short-term market pressures.

- » **Key person risk.** High dependence on a single executive or group of executives can pose increased risks, as their loss could adversely affect the asset manager's fundamentals.
- » **Dividend and financial policy.** An aggressive dividend policy or capital structure may imply reduced financial flexibility. Management teams are often slow to reduce dividends due to concerns about negative signaling and adverse share price impact.
- » **Compensation policy.** Similarly, an aggressive compensation policy – for example, high bonus payments relative to salaries that are skewed towards cash – may encourage short-term risk taking, to the detriment of bondholders.
- » **Compliance, controls and reporting.** Effective risk management can prevent operational and administrative failures that could materially affect cash flows and business risk. Financial reporting is essential to a better understanding of a company's credit risk.

Below-the-line adjustments are uncommon, and are mostly negative. For example, we have notched down Icahn Enterprises L.P.'s grid-implied rating of Baa3 to Ba3 due to the company's practice of investing in lower quality pro-cyclical segments, as well as governance issues related to succession planning and concerns about group opacity and complexity.

### Social Risks

The social risks that private sector issuers generally are exposed to fall into five categories: customer relations, human capital, health and safety, responsible production and demographic and societal trends (see Exhibit 2). The first three are typically most relevant to asset managers.

Exhibit 2

#### Five social categories are most material to asset managers' credit strength

Social categories most relevant for private sector (nongovernmental) issuers



Individual issues listed are representative and are not intended to be exhaustive. Categories draw from existing global standards (such as the Sustainability Accounting Standards Board), frameworks and literature

Source: Moody's Investors Service

We list examples of social risks facing asset managers within each of the five categories below.

- » **Customer Relations** – Accurate performance reporting and risk disclosures are critical for asset managers. Regulators require asset managers to communicate the drivers of investment outcomes to investors and intermediaries, and any breach of prospectus terms may damage brands and drive away customers. Cyber risk is emerging as a customer relations issue with the potential to cause reputational damage. In 2019, a data leak at BlackRock exposed information about 20,000 of the asset managers' advisers and clients.

- » **Human Capital** – Asset managers are highly dependent on the cultivation of talent and the organization of teams in key functions. Investors prize organizational stability as they recognize that past investment results are a guide to future performance only if there is a consistency of personnel, process, and philosophy. Diversity and fairness in hiring, compensation, and promotion are increasingly a basis for judging the strength of asset managers.
- » **Demographic & Societal Trends** – Changing social attitudes and perceptions can affect demand for asset management services. For example, the rise of passive investment formats accelerated just as consumers gained widespread access to electronic trading and portfolio management tools. Demographic changes can also affect aggregate risk preferences. In most developed countries, the total number of people that save is contracting due to population ageing, forcing workers to save longer for their retirement. Asset managers have a key role to play in long term wealth accumulation and decumulation, but must adjust their products to the evolving needs of this growing part of the population.
- » **Responsible Production** – In cases where asset managers have been caught up in schemes to improperly influence fiduciary decision makers mandated to hire them – such as public pension “pay to play” schemes in the US, which have been banned by the Securities and Exchange Commission (SEC) since 2010 – reputational risks may be high. While rising demand for thematic ESG products is an opportunity for asset managers, there are risks associated with misselling or misrepresenting ESG strategies. Earlier this year, Vanguard had to remove stocks from one of its ESG ETFs because they were ineligible under the fund marketing materials.
- » **Health and Safety** - Like businesses in any other sector, asset managers with effective staff safety and healthcare arrangements will benefit financially from increased staff productivity and fewer sickness-related absences. Staff retention and morale will also be higher, reducing the cost of training new hires.

We see the growth of ESG concerns among the investing public as a social risk for asset managers in its own right, as it has increased the risk that they might mismanage customers' ESG investments. According to Morningstar, US investors have more than 350 ESG funds and ETFs to choose from, representing a combined \$89 billion in assets under management.

For asset managers, whose investment returns are essentially intangible goods delivered over a future time horizon, client trust and confidence are critical business assets. Any action that impairs an asset manager's reputation therefore has a deleterious “social” consequence.

### Environmental risks

The environmental risks that private sector issuers generally are exposed to fall into the five categories depicted in Exhibit 3. As human capital-based information processing businesses, asset managers have very low direct exposure to these. However, depending on their portfolio strategies and industrial exposures, they may have indirect exposure. Conversely, asset managers that have the expertise to invest in businesses that mitigate environmental risk, or in industries transitioning away from environmental risks, may have a positive environmental profile.

Exhibit 3

**Categories of environmental risk that are most material to credit quality****AIR POLLUTION**

Industrial emissions with potential to harm health and habitats, excluding CO<sub>2</sub>, but including nitrous oxides, sulfur oxides, and particulate matters.

**SOIL/WATER POLLUTION & LAND-USE RESTRICTIONS**

Pollution from industrial, agricultural waste, and surface-water run-off. Land restrictions to preserve habitats, watersheds, species, etc.

**CARBON REGULATIONS**

Impact of current/future policy initiatives that seek to reduce the amount of CO<sub>2</sub> and other greenhouse gases emitted at a national and global level.

**WATER SHORTAGES**

Caused by a decrease in available water supplies (e.g. due to drought) or an increase in demand.

**NATURAL AND MAN-MADE HAZARDS**

Includes chronic climate trends (e.g. warming, rising sea levels), extreme weather events (e.g. flooding) and industrial disasters/incidents.

Source: Moody's Investors Service

Asset managers with investments concentrated in the energy extraction, generation, transportation, and infrastructure industries are exposed to the substitution of alternative energy for carbon-based energy sources. We seek to understand how these asset managers intend to manage their exposure. This could be through diversification into new investment areas, such as renewable energy, or by transitioning existing assets towards less environmentally harmful platforms (for example, power generation assets that switch from coal to natural gas).

[EIG Management Company LLC](#) (Ba2 stable), for example, is highly exposed to global shifts in demand away from carbon-based energy production. Offsetting these risks, the company has had an ESG program for almost a decade, and signed the United Nations' Principles for Responsible Investment (PRI) in 2013. It also has a growing business segment dedicated to renewable energy, and to transitioning generation assets from coal to natural gas. This has attracted large European institutional investors, who are increasingly turning to EIG to manage separate accounts in this area.

Asset managers with high environmental risk exposures are also vulnerable to potential regulations regarding the disclosure of sustainable investments, which would weigh more heavily on smaller and energy-focused managers. If the US enacts disclosure and transparency requirements similar to those in force in the EU, these managers may experience both margin pressures and potential franchise-strength pressures.<sup>1</sup>

**Exposure to ESG risk varies by region**

While asset managers worldwide are exposed to ESG risks, the type of exposure and its credit impact varies by region.

- » Governance factors are relevant for all asset managers, regardless of the region they operate in, and are mainly issuer-driven.
- » Asset managers worldwide are exposed to social risks, but the type of social issues and concerns that are important to regulators and the public differs considerably by region. Litigation risk as a result of misconduct tends to be higher in developed countries, where such behaviour is under close regulatory scrutiny, and is more likely to be disapproved of by the general public. Likewise, consumer protection legislation tends to be more onerous in developed markets.
- » Asset management companies, rather than exposing themselves directly to ESG risk through investments, instead earn fees for managing assets on behalf of clients. Environmental risks for asset managers are therefore largely driven by the perception of their ESG stewardship, and whether or not their ESG product suite meets the expectations of investors.

## The rise of ESG creates threats and opportunities

ESG risks have become an industry priority, as well as an area of strategic focus and an opportunity for individual asset managers to differentiate themselves from competitors. This is because investors and regulators, mainly in Europe and Japan, are driving demand for sustainable investment. The industry's significant commitment to developing a more sustainable economy is reflected in recent strong growth in sustainable investment assets (Exhibit 4).

Exhibit 4

### Sustainable investment assets have grown strongly worldwide

Sustainable investment assets (\$ trillions)

Region	2016	2018
Europe	\$12.0	\$14.1
United States	\$8.7	\$12.0
Japan	\$0.5	\$2.2
Canada	\$1.1	\$1.7
Australia/New Zealand	\$0.5	\$0.7
Total	\$22.9	\$30.7

All 2016 assets are converted to US dollars at the exchange rates as of year-end 2015. All 2018 assets are converted to US dollars at the exchange rates at the time of reporting.

Source: *Global Sustainable Investment Review 2018*

Increased focus on ESG risks brings both opportunities and threats. Asset managers recognize that ESG factors can affect the valuation and financial performance of the companies they invest in. Many are therefore integrating ESG criteria into their investment decisions in order to limit portfolio risk, reduce volatility, and improve long-run performance.

Amundi, for example, announced in October 2018 that it intends to integrate ESG analysis into all of its funds by 2021. The industry is also developing ESG product suites in response to growing demand from their customers. However, ESG-focused asset management products can also lead to reputational damage, or even litigation, should the manager fail in the mandate.

Similarly, L&G Investment Management (LGIM) announced last year that it will vote against the chairs of boards of FTSE 350 companies if they do not have a 25% female representation at board level. The objective is to raise the standards of the companies and markets in which it invests on behalf of its clients. The company revealed it voted against more than 100 UK chairs due to a lack of gender diversity in 2018.

One challenge for asset managers and their investors is a lack of commonly accepted definitions of ESG risks. Initiatives are under way to introduce more standardised definitions. These include the European Commission's taxonomy<sup>2</sup> on sustainable assets and activities, and the Sustainability Accounting Standards Board's (SASB) guidelines.

For asset managers, there are two sets of ESG considerations: Whether they manage client capital effectively while also adhering to sustainability principles (see highlight box), and whether their own conduct as business enterprises conforms with ESG principles.

### What is sustainable investment?

The Global Sustainable Investment Alliance (GSIA) criteria for typical sustainable investment strategies, published in the Global Sustainable Investment Review 2012, have emerged as a global standard. These are:

1. **NEGATIVE/EXCLUSIONARY SCREENING:** The exclusion from a fund or portfolio of certain sectors, companies or practices based on specific ESG criteria;
2. **POSITIVE/BEST-IN-CLASS SCREENING:** Investments in sectors, companies or projects are selected due to their positive ESG performance relative to industry peers;
3. **NORMS-BASED SCREENING:** Screening of investments against minimum standards of business practice based on international norms, such as those issued by the OECD, ILO, UN and UNICEF;
4. **ESG INTEGRATION:** The systematic and explicit inclusion by investment managers of environmental, social and governance factors into financial analysis;
5. **SUSTAINABILITY THEMED INVESTING:** Investment in themes or assets specifically related to sustainability (for example clean energy, green technology or sustainable agriculture);
6. **IMPACT/COMMUNITY INVESTING:** Targeted investments aimed at solving social or environmental problems. This includes community investing, where capital is specifically directed to traditionally underserved individuals or communities, as well as financing that is provided to businesses with a clear social or environmental purpose;
7. **CORPORATE ENGAGEMENT AND SHAREHOLDER ACTION:** The use of shareholder power to influence corporate behavior, including through direct corporate engagement (i.e., communicating with senior management and/or boards of companies), filing or co-filing shareholder proposals, and proxy voting guided by comprehensive ESG guidelines.

Source: Global Sustainable Investment Alliance

Asset managers make investments to achieve financial gains while adhering to a defined program of risk management. Traditional risk management is reflected in the selection of an appropriate minimum required rate of return, or hurdle rate. ESG considerations introduce an additional dimension of risk management, because they impose constraints on portfolio construction.

Since asset managers are "human capital" organizations, their own compliance with ESG principles can be measured using a range of criteria that capture whether or not they promote the well-being of their stakeholders, including clients, employees, commercial partners, creditors, and shareholders.

In our credit analysis, we evaluate ESG risks in the same way as we do any factor that can affect asset managers' creditworthiness. For example, governance failings (such as an inadequate control framework), social shortcomings (such as misrepresenting financial product risks) or inadequate environmental screening (such as investing in environmentally harmful projects) can all damage an asset manager's reputation, adversely affecting its franchise. In addition, some asset managers may choose to invest in assets that have higher environmental risk. This may expose them to higher mark-to-market risk and stranded asset risk, which can significantly affect their revenues.

### Sustainable finance is shaping asset managers' processes and products

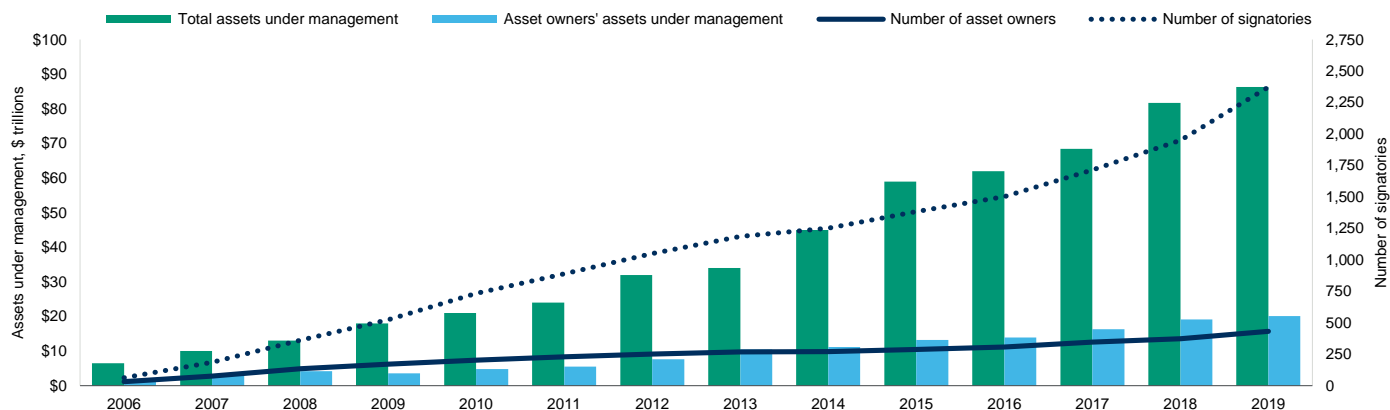
The rise of sustainable finance – defined by the European Commission as providing finance for investments that take ESG considerations into account – is reflected in a 60% increase in ESG funds' assets under management (AUM) to \$1.05 trillion globally between 2012 and 2018, according to Morningstar estimates.

At the same time, the combined assets under management (AUM) of firms that have signed the Principles for Responsible Investment (PRI) had grown to \$86.3 trillion as of March 2019 (Exhibit 5). Signatories to the PRI, which are voluntary, affirm their commitment to integrating responsible investment practices across their processes and systems.

Exhibit 5

### Assets managed by signatories to the Principles for Responsible Investment are growing

PRI: Growth of assets under management of asset owners, and number of asset owners



Source: UN PRI (<https://www.unpri.org/pri/about-the-pri/322.article> accessed 8/22/2019)

Although not all PRI signatories manage their assets to the same standard, the rate of growth in the number of signatories is a strong indicator of the trend towards sustainable investing. The asset management industry, which manages a high proportion of the world's total investable assets, is at the forefront of this shift.

The move towards sustainable finance partly reflects pressure from governments and supranational organisations, as illustrated by the Paris Climate Agreement (December 2015), the UN 2030 Agenda for Sustainable Development (September 2015) and the European Commission Action Plan on Sustainable Finance (March 2018).

Another key driver is investor demand, particularly from institutional investors such as pension funds. The California Public Employees' Retirement System (CalPERS), for example, has for many years required its mandated investment managers to incorporate ESG considerations into their investment processes. Institutional investors have also driven growth in the number of PRI signatories over the last decade.

Retail investors, who tend to align their investments with their personal values and priorities, also play a growing role. They are becoming more attuned to ESG issues, as government and non-government initiatives such as the PRI, the United Nations' Committee for Development Policy, and Ceres<sup>3</sup> promote environmental and social agendas. The emergence of the "millennial" generation, born between 1980 and 2000, is also supportive, as millennials are keen for their money to have a positive environmental and social impact. A 2017 survey by Morgan Stanley showed that millennials are twice as likely as the overall investor population to invest in companies targeting social or environmental goals.

However, asset managers wishing to increase their exposure to sustainable investments face challenges in: (i) obtaining consistent high-quality data demonstrating the ESG characteristics of potential investments, (ii) integrating this data into their investment processes and communicating their ESG strategy to investors, (iii) sourcing sustainable investment assets, which can be in short supply and (iv) ensuring their strategies generate competitive returns.

Finding ESG-related information is getting easier, especially for large public companies. However, high-quality, comparable information remains scarce due to a lack of harmonised reporting guidelines on ESG criteria. A further obstacle is the gradual development of some ESG risks, such as climate change, which makes their future severity hard to predict.

Asset managers must also balance the requirements of corporate social responsibility with their goal of maximizing investor returns. In the US, the Department of Labor stated in its Field Assistance Bulletin (FAB) 2018-01 that fiduciaries under the Employee Retirement

Income Security Act (ERISA) "must always put first the economic interests of the plan in providing retirement benefits" and must not too readily treat ESG factors as economically relevant to the investment choices at issue when making a decision. While adopting ESG investment criteria should contribute to better long term results for many asset managers, a definition of fiduciary responsibility that focuses narrowly on investment returns could increase litigation risk in the event of underperformance.

## Moody's related publications

- » [Moody's Environmental, Social and Governance \(ESG\) webpage](#)
- » [The impact of environmental, social and governance risks on insurance ratings](#)
- » [The impact of environmental, social and governance risks on bank ratings](#)
- » [Asset managers pioneering sustainable investment will benefit from EU's stricter disclosure rules](#)
- » [General Principles for Assessing Environmental, Social and Governance Risks](#)
- » [Cross-Sector: Frequently asked investor questions about environmental, social and governance issues](#)
- » [Social issues can be material to private issuers' credit quality but are not typically the primary driver](#)
- » [Environmental Risks – Global: Heat map: 11 sectors with \\$2.2 trillion debt have elevated environmental risk exposure](#)
- » [How demographics will shape labor markets and credit trends](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

## Endnotes

- [1](#) See "[Asset managers pioneering sustainable investment will benefit from EU's stricter disclosure rules](#)" for further details
- [2](#) EU classification system for environmentally sustainable economic activities.
- [3](#) Ceres is a sustainability nonprofit organization that works with investors and companies.

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